Financial Results
For the year ended 31st March, 2005

Akihisa Fujinuma, President, CEO&COO

Nomura Research Institute, Ltd.
April 27, 2005
# Highlights of Consolidated Results

## <<Year on Year>>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales</strong></td>
<td>238,067</td>
<td>252,963</td>
<td>+14,895</td>
<td>+6.3%</td>
</tr>
<tr>
<td><strong>Operating Profit</strong></td>
<td>28,022</td>
<td>30,159</td>
<td>+2,136</td>
<td>+7.6%</td>
</tr>
<tr>
<td><strong>Operating Profit Margin</strong></td>
<td>11.8%</td>
<td>11.9%</td>
<td>+0.2P</td>
<td></td>
</tr>
<tr>
<td><strong>Net Income</strong></td>
<td>18,269</td>
<td>16,303</td>
<td>(1,966)</td>
<td>(10.8%)</td>
</tr>
<tr>
<td><strong>Earnings per share</strong></td>
<td>JPY399.44</td>
<td>JPY362.30</td>
<td>(JPY37.14)</td>
<td>(9.3%)</td>
</tr>
<tr>
<td><strong>Dividends per share</strong></td>
<td>JPY40.00</td>
<td>JPY100.00</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Amount of less than JPY million were rounded down.
## Highlights of Consolidated Results

(Unit: JPY million)

<table>
<thead>
<tr>
<th></th>
<th>FY Mar.2005 (Forecasts)</th>
<th>FY Mar.2005 (Results)</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>250,000</td>
<td>252,963</td>
<td>+2,963</td>
</tr>
<tr>
<td>Operating Profit</td>
<td>30,000</td>
<td>30,159</td>
<td>+159</td>
</tr>
<tr>
<td>Net Income</td>
<td>15,500</td>
<td>16,303</td>
<td>+803</td>
</tr>
</tbody>
</table>

Note: Forecasts are announced on January 28, 2005.

* Amount of less than JPY million were rounded down.
Sales by sector

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Share</td>
<td>Diff.</td>
<td>Share</td>
<td>Diff.</td>
<td>YoY Change</td>
</tr>
<tr>
<td>Financial sector</td>
<td>125,104</td>
<td></td>
<td>149,864</td>
<td></td>
<td>+24,760</td>
</tr>
<tr>
<td>Distribution sector</td>
<td>44,676</td>
<td></td>
<td>43,138</td>
<td>-1,537</td>
<td>(3.4%)</td>
</tr>
<tr>
<td>Other private sector</td>
<td>48,427</td>
<td></td>
<td>42,668</td>
<td>-5,759</td>
<td>(11.9%)</td>
</tr>
<tr>
<td>Public sector</td>
<td>19,859</td>
<td></td>
<td>17,291</td>
<td>-2,568</td>
<td>(12.9%)</td>
</tr>
<tr>
<td>Total</td>
<td>238,067</td>
<td>100.0%</td>
<td>252,963</td>
<td>100.0%</td>
<td>+14,895</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Nomura Securities Group</td>
<td>59,423</td>
<td>+7,577</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Ito-Yokado Group</td>
<td>24,855</td>
<td>+5,742</td>
</tr>
</tbody>
</table>

* Amount of less than JPY million were rounded down.
## Sales by segment

(Unit: JPY million)

<table>
<thead>
<tr>
<th>Segment</th>
<th>FY Mar.2004</th>
<th>FY Mar.2005</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Share</td>
<td>Share</td>
</tr>
<tr>
<td>System Development &amp; System Application Sales</td>
<td>78,339</td>
<td>32.9%</td>
</tr>
<tr>
<td>System Management &amp; Operations</td>
<td>93,502</td>
<td>39.3%</td>
</tr>
<tr>
<td>Product Sales</td>
<td>23,203</td>
<td>9.7%</td>
</tr>
<tr>
<td>System Solution Services</td>
<td>195,045</td>
<td>81.9%</td>
</tr>
<tr>
<td>Consulting &amp; Knowledge Services</td>
<td>43,022</td>
<td>18.1%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>238,067</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

* Amount of less than JPY million were rounded down.
## P/L Highlight

(Units: JPY million)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales</strong></td>
<td>238,067</td>
<td>252,963</td>
<td>+14,895</td>
<td>+6.3%</td>
</tr>
<tr>
<td><strong>Cost of sales</strong></td>
<td>178,096</td>
<td>190,732</td>
<td>+12,635</td>
<td>+7.1%</td>
</tr>
<tr>
<td><strong>Subcontracting cost</strong></td>
<td>67,618</td>
<td>73,173</td>
<td>+5,554</td>
<td>+8.2%</td>
</tr>
<tr>
<td><strong>Gross Profit</strong></td>
<td>59,971</td>
<td>62,230</td>
<td>+2,259</td>
<td>+3.8%</td>
</tr>
<tr>
<td><strong>Gross Profit Margin</strong></td>
<td>25.2%</td>
<td>24.6%</td>
<td>(0.6P)</td>
<td></td>
</tr>
<tr>
<td><strong>SG&amp;A</strong></td>
<td>31,948</td>
<td>32,071</td>
<td>+122</td>
<td>+0.4%</td>
</tr>
<tr>
<td><strong>Operating Profit</strong></td>
<td>28,022</td>
<td>30,159</td>
<td>+2,136</td>
<td>+7.6%</td>
</tr>
<tr>
<td><strong>Operating profit margin</strong></td>
<td>11.8%</td>
<td>11.9%</td>
<td>+0.2P</td>
<td></td>
</tr>
<tr>
<td><strong>Non-operating gain and loss</strong></td>
<td>1,271</td>
<td>828</td>
<td>(442)</td>
<td></td>
</tr>
<tr>
<td><strong>Equity in earnings of affiliates</strong></td>
<td>400</td>
<td>226</td>
<td>(174)</td>
<td></td>
</tr>
<tr>
<td><strong>Dividend income</strong></td>
<td>629</td>
<td>474</td>
<td>(154)</td>
<td></td>
</tr>
</tbody>
</table>

*Amount of less than JPY million were rounded down.*
## P/L Highlight

### (Unit: JPY million)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Other Income</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gain on investment securities</td>
<td>1,217</td>
<td>5,524</td>
<td>+4,307</td>
<td></td>
</tr>
<tr>
<td>Gain on investments in affiliates</td>
<td>3,784</td>
<td>-</td>
<td>(3,784)</td>
<td></td>
</tr>
<tr>
<td><strong>Other Expenses</strong></td>
<td>1,680</td>
<td>9,592</td>
<td>+7,911</td>
<td></td>
</tr>
<tr>
<td>Loss on devaluation of software</td>
<td>-</td>
<td>6,526</td>
<td>+6,526</td>
<td></td>
</tr>
<tr>
<td>Loss on investment securities</td>
<td>41</td>
<td>1,555</td>
<td>+1,514</td>
<td></td>
</tr>
<tr>
<td>Head office relocation cost</td>
<td>-</td>
<td>981</td>
<td>+981</td>
<td></td>
</tr>
<tr>
<td>Loss on property sales option</td>
<td>1,196</td>
<td>-</td>
<td>(1,196)</td>
<td></td>
</tr>
<tr>
<td><strong>Income taxes etc.</strong></td>
<td>14,657</td>
<td>11,058</td>
<td>(3,599)</td>
<td></td>
</tr>
<tr>
<td><strong>Net Income</strong></td>
<td>18,269</td>
<td>16,303</td>
<td>(1,966)</td>
<td>(10.8%)</td>
</tr>
</tbody>
</table>

*Amount of less than JPY million were rounded down.*
### Cash Flow

(Unit: JPY million)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating activities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income taxes paid</td>
<td>(10,620)</td>
<td>(16,668)</td>
<td>(6,047)</td>
</tr>
<tr>
<td><strong>Investing activities</strong></td>
<td>(19,143)</td>
<td>(81,981)</td>
<td>(62,838)</td>
</tr>
<tr>
<td>(A) Cash management purpose</td>
<td>-</td>
<td>(69,589)</td>
<td>(69,589)</td>
</tr>
<tr>
<td>Investment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Free Cash Flow</strong></td>
<td>10,169</td>
<td>(54,411)</td>
<td>(64,581)</td>
</tr>
<tr>
<td>Free Cash Flow except(A)</td>
<td>10,169</td>
<td>15,178</td>
<td>5,008</td>
</tr>
</tbody>
</table>

* Amount of less than JPY million were rounded down.
Financial Results Forecast
for fiscal year ended March 2006
## Highlights of Forecast

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales</strong></td>
<td>252.9</td>
<td>260.0</td>
<td>+7.0</td>
<td>+2.8%</td>
</tr>
<tr>
<td><strong>Operating Profit</strong></td>
<td>30.1</td>
<td>32.0</td>
<td>+1.8</td>
<td>+6.1%</td>
</tr>
<tr>
<td><strong>Operating Profit Margin</strong></td>
<td>11.9%</td>
<td>12.3%</td>
<td>+0.4P</td>
<td></td>
</tr>
<tr>
<td><strong>Net Income</strong></td>
<td>16.3</td>
<td>19.5</td>
<td>+3.1</td>
<td>+19.6%</td>
</tr>
<tr>
<td><strong>Earnings per share</strong></td>
<td>JPY362.30</td>
<td>JPY433.34</td>
<td>+JPY71.04</td>
<td>+19.6%</td>
</tr>
<tr>
<td><strong>Dividends per share</strong></td>
<td>JPY100.00</td>
<td>JPY130.00</td>
<td>+JPY30.00</td>
<td></td>
</tr>
<tr>
<td><strong>Dividend payout ratio</strong></td>
<td>27.6%</td>
<td>30.0%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Sales forecasts by sector

**FY Mar. 2005**

- Public sector: 6.8%
- Financial sector: 59.2%
- Distribution sector: 17.1%
- Other private sector: 16.9%

**FY Mar. 2006 (Forecast)**

- Public sector: 6.5%
- Financial sector: 61.5%
- Distribution sector: 17.7%
- Other private sector: 15.0%

(Unit: JPY billion)

<table>
<thead>
<tr>
<th></th>
<th>FY Mar. 2005</th>
<th>FY Mar. 2006 (Forecasts)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Share</td>
<td>Share</td>
</tr>
<tr>
<td>Financial sector</td>
<td>149.8</td>
<td>160.0</td>
</tr>
<tr>
<td>Distribution sector</td>
<td>43.1</td>
<td>46.0</td>
</tr>
<tr>
<td>Other private sector</td>
<td>42.6</td>
<td>37.0</td>
</tr>
<tr>
<td>Public sector</td>
<td>17.2</td>
<td>17.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>252.9</strong></td>
<td><strong>260.0</strong></td>
</tr>
</tbody>
</table>
### Sales forecasts by segment

<table>
<thead>
<tr>
<th></th>
<th>FY Mar.2005</th>
<th>FY Mar.2006 (Forecasts)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Share</td>
<td>Share</td>
</tr>
<tr>
<td><strong>System Development &amp; System Application Sales</strong></td>
<td>89.3 35.3%</td>
<td>101.0 38.8%</td>
</tr>
<tr>
<td><strong>System Management &amp; Operations</strong></td>
<td>97.5 38.6%</td>
<td>101.0 38.8%</td>
</tr>
<tr>
<td><strong>Product Sales</strong></td>
<td>26.2 10.4%</td>
<td>17.0 6.5%</td>
</tr>
<tr>
<td><strong>System Solution Services</strong></td>
<td>213.2 84.3%</td>
<td>219.0 84.2%</td>
</tr>
<tr>
<td><strong>Consulting &amp; Knowledge Services</strong></td>
<td>39.7 15.7%</td>
<td>41.0 15.8%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>252.9 100.0%</td>
<td>260.0 100.0%</td>
</tr>
</tbody>
</table>

(Unit: JPY billion)
FY March 2006 Priority Measures

FY Mar.2005 self-assessment

Strengthen sales capabilities
Expand business base
Promote self-reform

Medium to long-term focus

Strengthen navigation capabilities
Strengthen solutions capabilities
Identify growth areas
Develop structure to promote growth

FY Mar.2006 priority measures

1) Strengthen partnerships with key customers
2) Develop business base for medium to long-term growth
3) Promote self-reform
Strengthen Partnerships with Key Customers

Handle projects of key customers with assurance

- Prioritize resources -

Nomura Securities group

Develop next-generation systems
(Domestic retail, global)

New themes

Ito-Yokado group

CGS
(Corporate group system)

New themes

Strengthen strategic proposal capabilities

Center for Innovative Systems
Research for Financial Industry

Center for Innovative Systems
Research for Distribution Industry

Develop true partnerships
Optimize company-wide resources by flattening organization

Flexible resource allocation
Develop Medium- to Long-Term Business Base

Consulting based on industry knowledge + Project management with business understanding + Basic Information Technology

Ability to propose high-value-added business systems

High-value added proposals utilizing a variety of specialties
Develop Medium- to Long-Term Business Base

Consulting
Strengthen Asia business
Aim for 100 employees at three offices in Asia

Financial sector
Gain business opportunities amid financial reorganization
Ex. Build, maintain, and support operations of an investment trust sales system for Japan Post

Distribution and other private sector
Acquire projects through “linkage” strategy
Ex. Outsource center operations and system development, maintenance, and administration for major food manufacturer

Major projects from M&A
Use dedicated organization to pursue projects
Target electric power and insurance industries
Opportunities Amid Financial Reorganization

Abundant opportunities to create new business

**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 / branch ATMs
  - Respond to new banks (entrants from other industries)
- New finance-related IT
  - E-money / IC cards / biometric authentication
  (SMA: Separately Managed Account)

**Efficient financial and capital markets**
System reform

**Market reform**
- Securities settlement system reform (STP)
  - Stock exchanges, settlement organizations, scripless trading, inter-industry solutions, internal STP
- 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 individual investors

**Corporate management regulations**
- Financial institution risk management
  - Operating risk / BCP & DR
  - Basel II / SOA
- Strengthen IT governance and CSR

**Individual protection regulations**
- Information security control
  - Personal Information Protection Law
- Sales of risk products to individuals
  - Investment Services Law (FSA)
  - Strengthen compliance
- Financial product liability
  (BCP: Business Continuity Planning)
  (DR: Disaster Recovery)
  (SOA: Sarbanes-Oxley Act)
Priority Areas of “Linkage” Strategy

Focus on food and beverage industry, pharmaceutical industry, and retail customers
Develop Business Base for Medium- to Long-Term Growth — Implement NRI Business Model —

Increase share
**Promote Self Reform**

**System operations innovation**
(enhance efficiency of center operations)

- Raise productivity through standardization and IT deployment
- Use project management tool (DevNet)
- Transfer operations to partnering companies

---

**Reform enhancement work**
(system maintenance, improvement, function enhancement, etc.)

- Raise productivity through standardization and IT deployment
- Use project management tool (DevNet)
- Transfer operations to partnering companies

---

**Employees (Yokohama Center)**

<table>
<thead>
<tr>
<th>Year</th>
<th>2003/04</th>
<th>2004/04</th>
<th>2005/04</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees</td>
<td>100</td>
<td>87</td>
<td>76</td>
</tr>
</tbody>
</table>

(2003/04 taken as 100)

---

**Project management tool (DevNet)**

Integrated management by theme, task, problem, etc.

Customer <=> NRI <=> Development outsourcer

Surpass 10,000 users
Promote Self Reform
-Utilize Offshore Development Outsourcing in China-

Progress of subcontractors in China

Increase offshore development projects in China and quickly expand local development personnel

Continuously strive to improve management
- Project management
- Quality management
- Security management

(JPY billion)

21 companies in 7 regions
New Executive Compensation System

Strengthen link between executive compensation and the company’s performance and stock price and abolish retirement allowance program

- Conventional stock options
- Equity compensation stock options (New stock options)
- Annual bonus
- Performance-based compensation
- Basic compensation

Medium to long-term incentives linked to stock price
Deferred compensation linked to stock price (JPY1 options)
Performance-based annual bonus
Performance-based monthly cash compensation
Monthly cash compensation based on current position, employment history, etc.
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
Mitsubishi Securities and UFJ Tsubasa Securities

- Systems integration for merger -

- NRI has been providing system support to both companies

- For the October 2005 merger, the companies’ retail operations are being integrated using STAR (currently used by UFJ Tsubasa) and their wholesale operations are being integrated using the Mitsubishi Securities’ system

Nikkei Financial Daily
February 8, 2005
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.
FY Mar. 2005 Activities: Insurance

**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

*Nikkel Computer*
December 13, 2004 issue
**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
Collaboration with TEPCO subsidiary

- Developing systems for electric power companies -

- Developing new areas of business through joint R&D and business development with Tokyo Electric Power subsidiary TEPCO SYSTEMS

- Enables both companies to increase sales, improve quality, and enhance productivity in priority businesses by supplementing their respective strengths and weaknesses

*Developing new areas of business through joint R&D and business development with Tokyo Electric Power subsidiary TEPCO SYSTEMS*

*Enables both companies to increase sales, improve quality, and enhance productivity in priority businesses by supplementing their respective strengths and weaknesses*
Consulting

Responding to Personal Information Protection Law

- Service assesses the level of compliance understanding using the personal computers at employee desks, promoting employee understanding and compliance with the Personal Information Protection Law.

- Released TRUE TELLER Personal Information Filter, which significantly raises the efficiency of redaction work by automatically removing names, telephone numbers, and other personal information from text documents.