



Financial Results

for 1st Quarter FY March 2008

July 25, 2007

Nomura Research Institute, Ltd.

Contents

1. Financial Results for 1st Quarter FY March 2008

2. Financial Results Forecast for FY March 2008

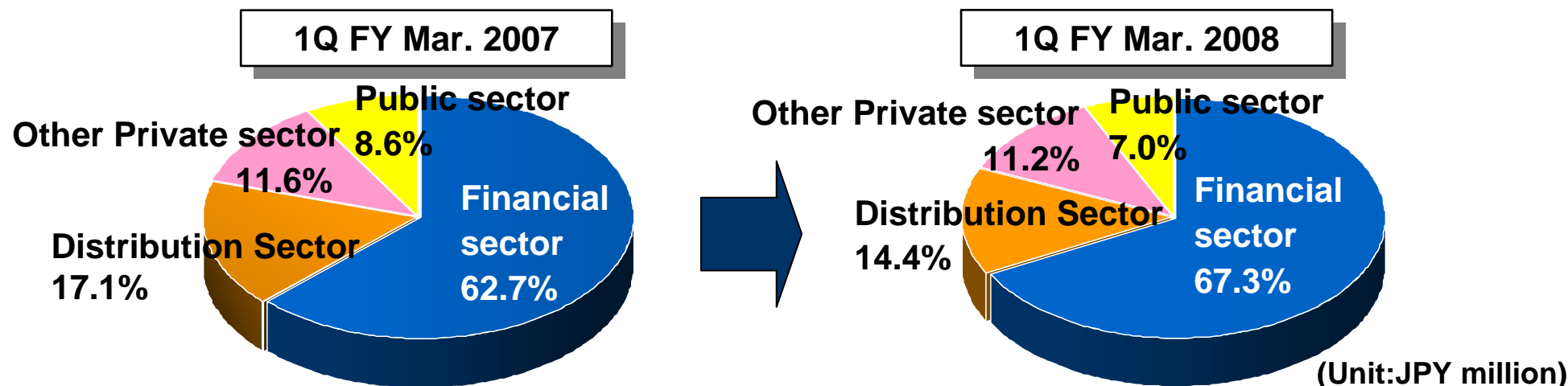
Highlights of Consolidated Financial Results

(Unit:JPY million)

	1Q FY Mar.2007	1Q FY Mar.2008	Difference	YoY Change
Sales	68,383	77,486	+9,102	+13.3%
Operating Profit	8,220	10,742	+2,522	+30.7%
Operating Profit Margin	12.0%	13.9%	+1.8P	
Net Income	5,647	8,061	+2,413	+42.7%

* Amount of less than JPY million were rounded down.

Sales by sector



	1Q FY Mar.2007	Share	1Q FY Mar.2008	Share	Diff.	YoY Change
Financial sector	42,878	62.7%	52,171	67.3%	+9,293	+21.7%
Distribution sector	11,659	17.1%	11,185	14.4%	(474)	(4.1%)
Other private sector	7,935	11.6%	8,707	11.2%	+772	+9.7%
Public sector	5,909	8.6%	5,421	7.0%	(487)	(8.3%)
Total	68,383	100.0%	77,486	100.0%	+9,102	+13.3%
Nomura Holdings	19,926	29.1%	23,885	30.8%	+3,959	+19.9%
SEVEN & i HOLDINGS	8,013	11.7%	9,005	11.6%	+991	+12.4%

* 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)

	1Q FY Mar.2007	Share	1Q FY Mar. 2008	Share	Diff.	YoY Change
Consulting Services	6,079	8.9%	6,389	8.2%	+309	+5.1%
System Development & System Application Sales	26,698	39.0%	34,397	44.4%	+7,699	+28.8%
System Management & Operation Services	30,389	44.4%	34,380	44.4%	+3,991	+13.1%
Product Sales	5,215	7.6%	2,318	3.0%	(2,897)	(55.5%)
IT Solution Services	62,303	91.1%	71,096	91.8%	+8,793	+14.1%
Total	68,383	100.0%	77,486	100.0%	+9,102	+13.3%

* Amount of less than JPY million were rounded down.

The Points of Financial results for 1Q FY March 2008

- **Intensified project management resulted in a greater-than-expected increase in business capabilities**

Project management intensification and increased productivity led to steady development and product release, which made it possible to move on to the next themes ahead of schedule.

- **Business inquiries from financial sector companies were brisk, especially in securities and insurance**

Financial sector companies increased investment to support management strategies emphasizing IT. They worked particularly to strengthen the retail sector in order to meet needs from 'savings to investment', and strove to enhance reliability, strengthen compliance, and differentiate themselves from their competitors.

- **NRI achieved both 'top-line growth' and 'improved readiness for the medium- and long-term'**

Total sales, R&D expenses, and software investment all increased substantially in comparison with the same period of the same fiscal year. Internal investments also expanded steadily.

P/L Highlight

(Unit:JPY million)

	1Q FY Mar.2007	1Q FY Mar. 2008	Diff.	YoY Change
Sales	68,383	77,486	+9,102	+13.3%
Cost of Sales	50,420	54,837	+4,416	+8.8%
Subcontracting cost	21,478	27,979	+6,500	+30.3%
Gross Profit	17,962	22,649	+4,686	+26.1%
Gross Profit Margin	26.3%	29.2%	+3.0P	
SG&A	9,741	11,906	+2,164	+22.2%
Operating Profit	8,220	10,742	+2,522	+30.7%
Operating profit margin	12.0%	13.9%	+1.8P	

* Amount of less than JPY million were rounded down.

P/L Highlight Continued

(Unit:JPY million)

	1Q FY Mar.2007	1Q FY Mar.2008	Diff.	YoY Change
Operating Profit	8,220	10,742	+2,522	+30.7%
Non operating gain and loss	1,156	1,564	+408	+35.3%
Interest income	97	308	+211	
Dividend income	756	1,070	+314	
Equity in earnings of affiliates	210	31	(178)	
Other Income	14	1,385	+1,371	
Gain on investment securities	-	1,364	+1,364	
Other Expense	7	-	(7)	
Loss on investment securities	7	-	(7)	
Income taxes etc.	3,735	5,631	+1,895	
Net Income	5,647	8,061	+2,413	+42.7%

* Amount of less than JPY million were rounded down.

Cash Flow

(Unit:JPY million)

	1Q FY Mar.2007	1Q FY Mar.2008	YoY Change
Operating activities	(1,719)	(1,322)	+397
Investing activities	4,083	(21,390)	(25,474)
(A)Cash management purpose Investment	7,432	(11,903)	(19,335)
Free Cash Flow	2,364	(22,712)	(25,077)
Free Cash Flow except (A)	(5,067)	(10,809)	(5,741)

* Amount of less than JPY million were rounded down.

Order Backlog (Outstanding)

(Unit:JPY million)

	At end of June 2006	At end of June 2007	Diff.	YoY Change
Consulting Services	7,364	7,098	(265)	(3.6%)
System Development & System Application Sales	31,392	34,005	+2,613	+8.3%
System Management & Operation Services	83,064	90,510	+7,446	+9.0%
IT Solution Services	114,456	124,515	+10,059	+8.8%
Total	121,821	131,614	+9,793	+8.0%

* Amount of less than JPY million were rounded down.

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1. Financial Results for 1st Quarter FY March 2008

2. Financial Results Forecast for FY March 2008

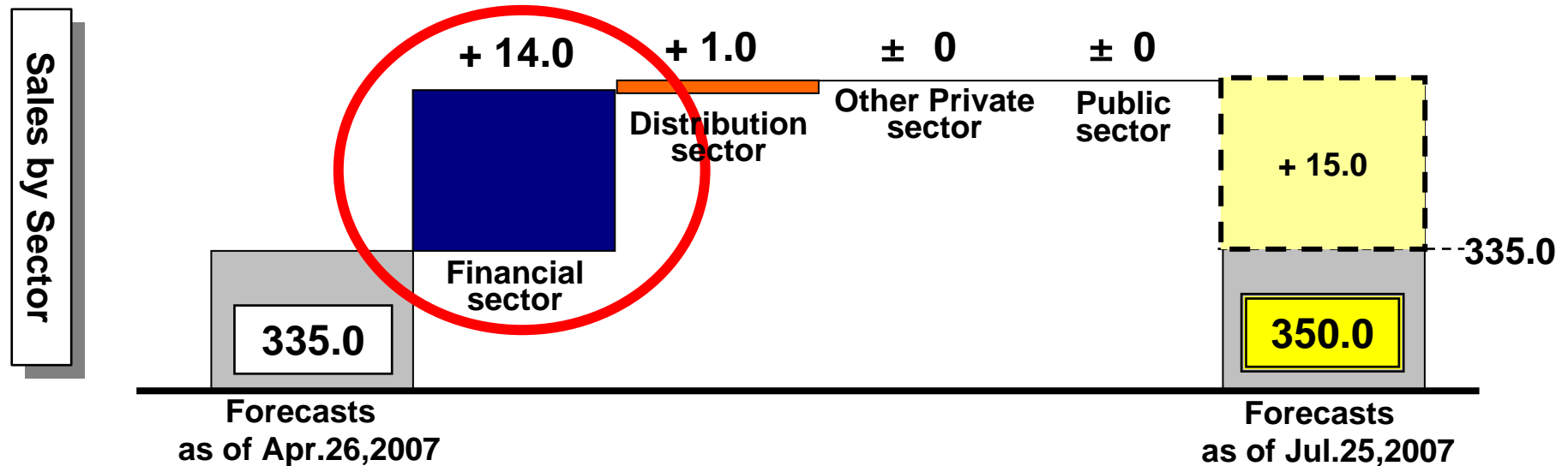
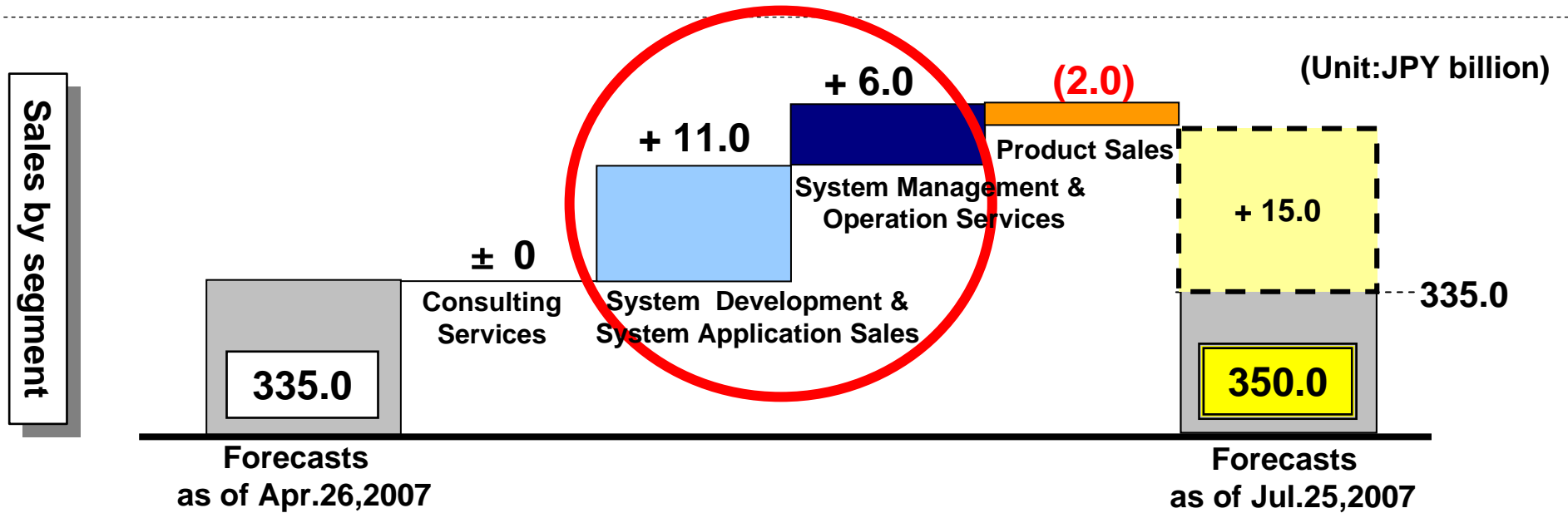
Forecasts for FY Mar.2008

(Unit:JPY billion)

	FY Mar. 2007 (Results)	FY Mar.2008 (Forecasts)	Diff.	YoY Change	FY Mar. 2008 (Forecasts as of Apr.26,2007)
Sales	322.5	350.0	+27.4	+8.5%	335.0
Operating Profit	43.8	52.0	+8.1	+18.5%	46.0
Operating Profit Margin	13.6%	14.9%	+1.3P		13.7%
Net Income	27.0	33.5	+6.4	+24.0%	28.5
Earnings per share	Note JPY132.95	JPY164.54	+JPY31.58	+23.8%	JPY140.02
Dividends per share	Note JPY36	JPY48	+JPY12	+33.3%	JPY40
Dividend payout ratio	27.1%	29.2%	+2.1P		28.6%

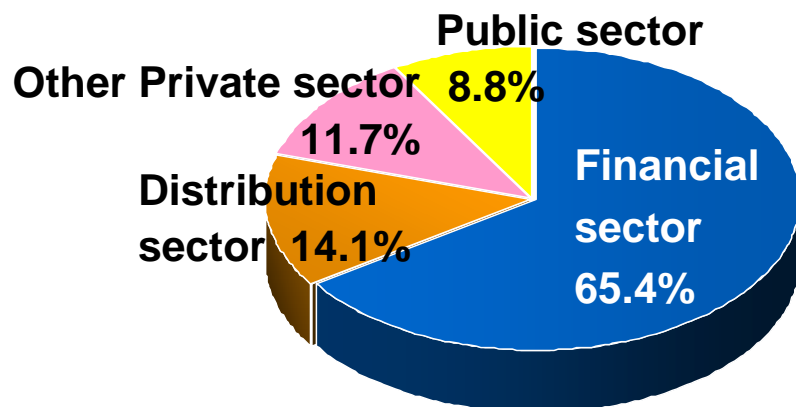
Note: Figures represent dividend per share expressed on 1:5 forward stock split basis.

Change of Forecasts

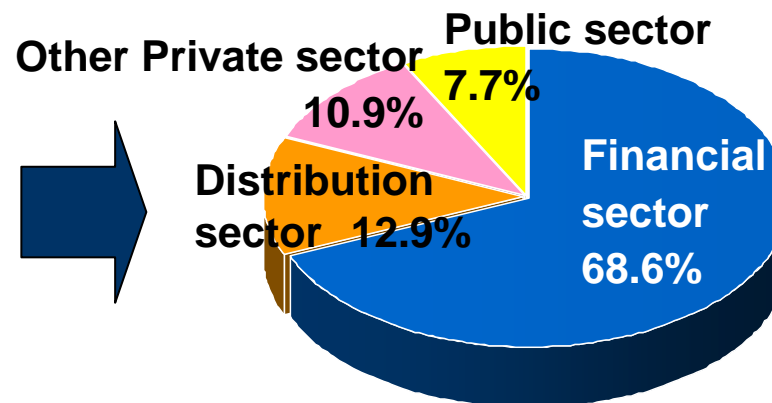


Sales Forecasts by Sector for FY Mar.2008

FY Mar. 2007(Results)



FY Mar. 2008(Forecasts)



(Unit:JPY billion)

	FY Mar.2007 (Results)	Share	FY Mar.2008 (Forecasts)	Share	Diff.	YoY Change	FY Mar. 2008 (Forecasts as of Apr.26,2007)
Financial sector	210.9	65.4%	240.0	68.6%	+29.0	+13.7%	226.0
Distribution sector	45.6	14.1%	45.0	12.9%	(0.6)	(1.4%)	44.0
Other private sector	37.6	11.7%	38.0	10.9%	+0.3	+1.0%	38.0
Public sector	28.2	8.8%	27.0	7.7%	(1.2)	(4.5%)	27.0
Total	322.5	100.0%	350.0	100.0%	+27.4	+8.5%	335.0

Sales Forecasts by Segment for FY Mar.2008

(Unit:JPY billion)

	FY Mar.2007 (Results)	Share	FY Mar.2008 (Forecasts)	Share	Diff.	YoY Change	FY Mar. 2008 (Forecasts as of Apr.26,2007)
Consulting Services	29.8	9.3%	32.0	9.1%	+2.1	+7.1%	32.0
System Development & System Application Sales	135.7	42.1%	153.0	43.7%	+17.2	+12.7%	142.0
System Management & Operation Services	126.5	39.3%	139.0	39.7%	+12.4	+9.8%	133.0
Product Sales	30.3	9.4%	26.0	7.4%	(4.3)	(14.4%)	28.0
IT Solution services	292.6	90.7%	318.0	90.9%	+25.3	+8.7%	303.0
Total	322.5	100.0%	350.0	100.0%	+27.4	+8.5%	335.0

The Points of revisions to forecasts for FY March 2008

● External environment near optimum scenario

Projects in NRI's expertise area of securities and insurance companies increased, driving an upward adjustment to the sales forecast for the financial sector.

● A better-than-expected internal environment

Analysis of results for 1Q FY Mar.2008 shows that the success of recent measures, including the intensification of project management and increased productivity, are not temporary phenomena. They are well established, and have increased NRI's capabilities.

New computer center construction project

■ Aiming to expand the asset management type business

● Construction is progressing smoothly

Exterior and interior work have both commenced. Facilities installation will be completed in early September, and the center is scheduled for completion in October, 2007.

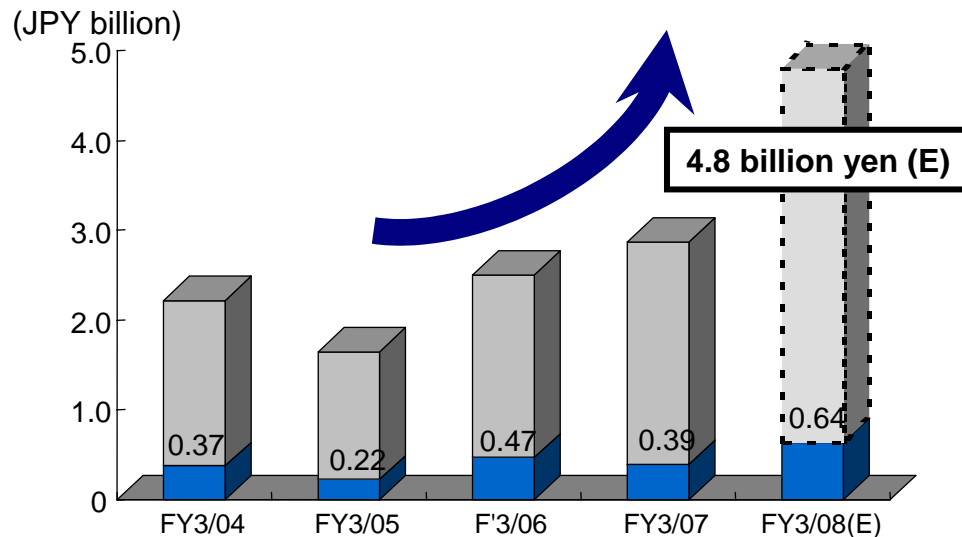
● Operational status... Strong

Many business inquiries from major corporations, particularly large financial companies.



R&D projects

- Up-front investment in financial and non-financial fields, as well as China and the rest of Asia



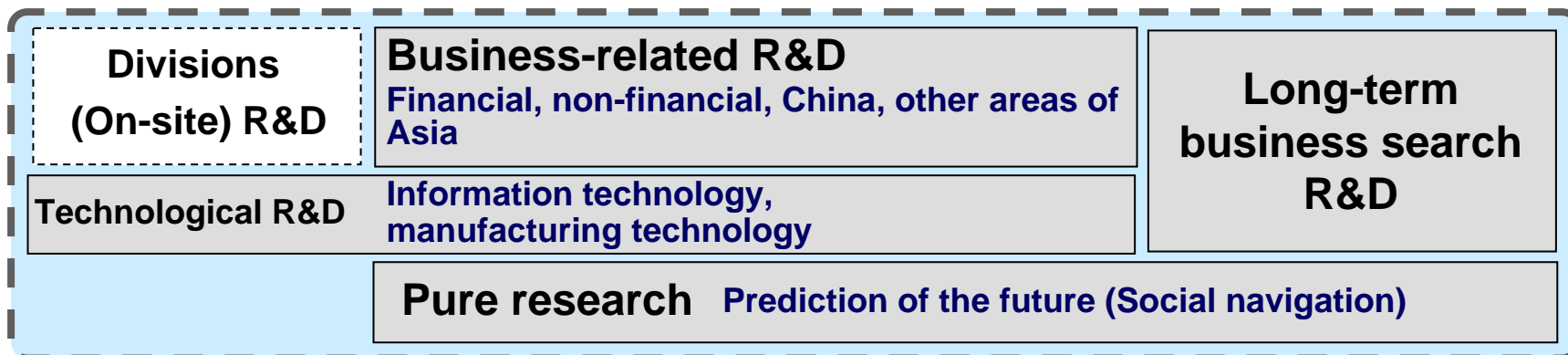
Some of this fiscal year's R&D themes

- IT solutions for Financial 'front business'
- IT solutions for communication-carrier companies
- Business to Electric power companies
- Credit-card-related business
- Solutions for operations in China
- Research into production management and testing support methods
- Technological assessment of the newest RFID platforms...etc.

Short term (1-2 years)

Medium-term (3-5 years)

Long-term (5 years -)



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

- 1. Recent activities**
- 2. Projects**
- 3. Others**

1. Recent activities - Excerpts from various media features (1)

1st IT Japan Award 2007 Grand Prize / Minister of Economy, Trade, and Industry Prize

- Seven-Eleven Japan's "6th Generation Total Information System" wins the 1st IT Japan Award 2007 Grand Prize / Minister of Economy, Trade, and Industry Prize
- There were no project delays or trouble after the system was introduced, and the system is expected to increase electronic-money members and halt the decline in per-store net sales.



P.14-15 Nikkei Computer, July 9, 2007 issue

Name of system: 6th Generation Total Information System

Operating period: April 2006 – April 2007

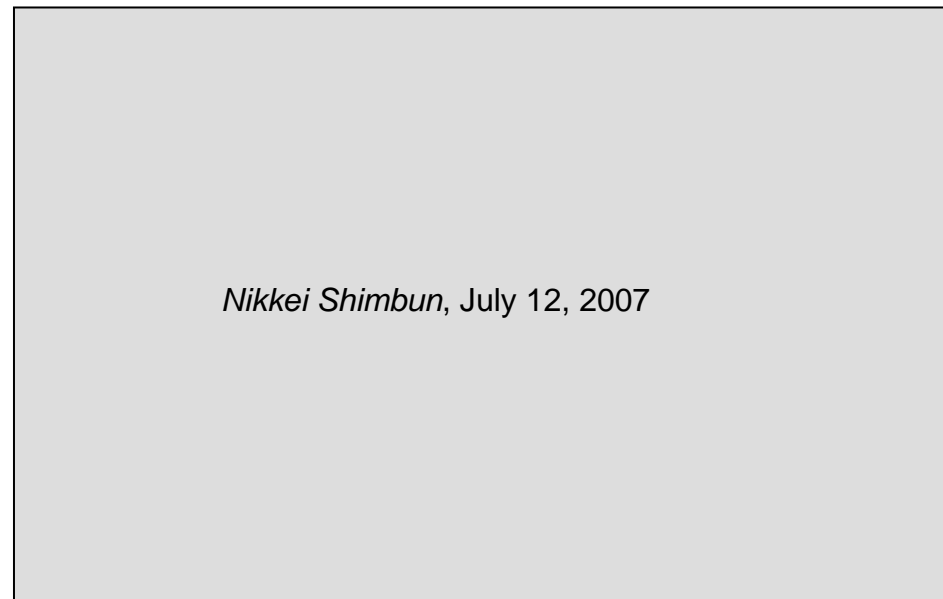
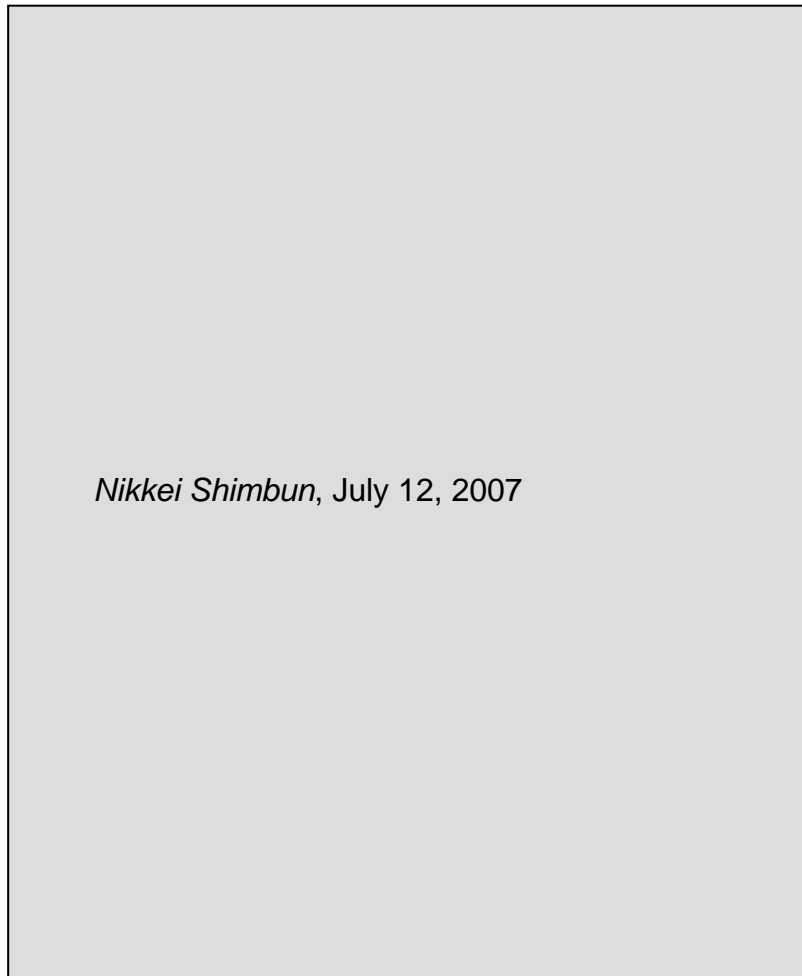
Cooperating Vendors: NRI, NEC

Overview:

An information system including a store system, new point-of-sales registers, headquarters information analysis, and electronic money. Standardization of the development process reduced costs by 30%.

Extracted from article

1. Recent activities - Excerpts from various media features (2)



1. Recent activities - Excerpts from various media features (3)



<http://www.nri-aitd.com/oss99/>

Open Source Emergency Center

- NRI has begun to offer the NRI Open Source Emergency Center service for firms that have adopted open source software (OSS). This service resolves system faults associated with OSS, thereby contributing to stable operation.
- Software engineers familiar with the source code of about 30 OSS packages provide resolution of OSS-related system faults, and support stable operations thereafter.



Nikkan Kogyo Shimbun, May 17, 2007



<http://www.nri-aitd.com/openstandia/>

2. Projects



SAPPORO

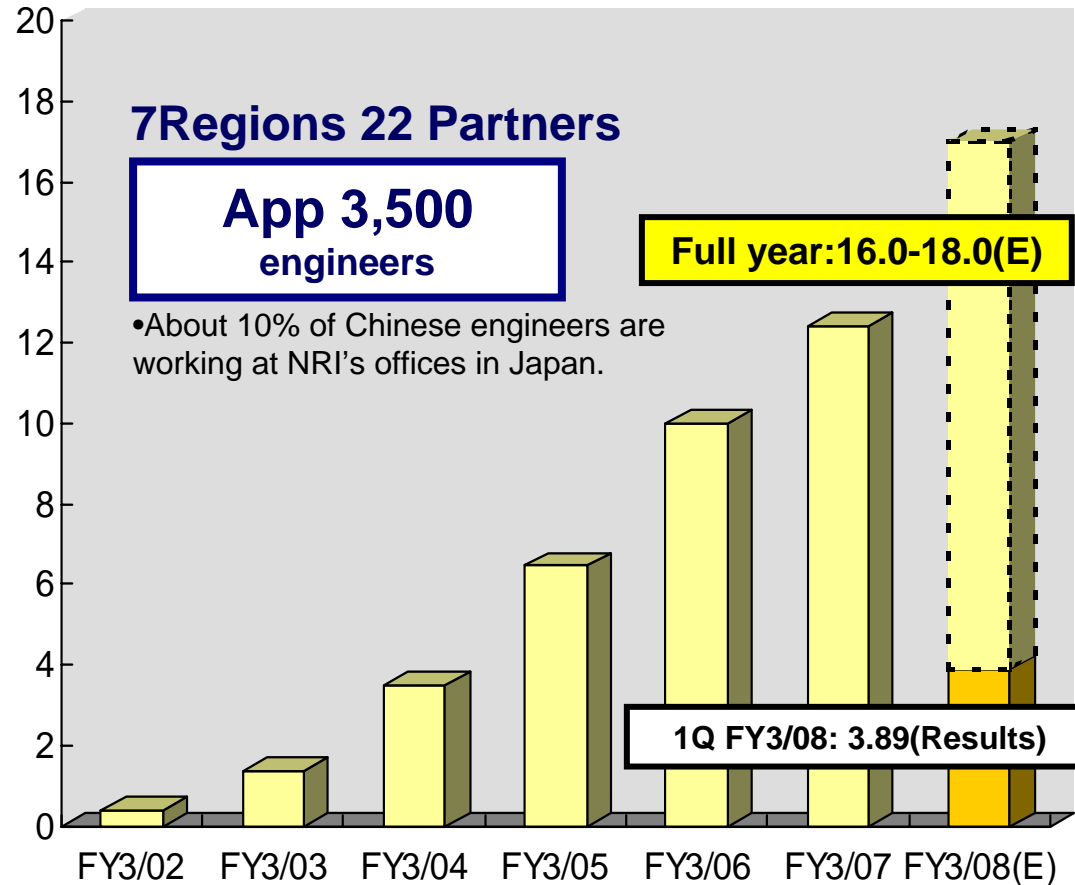
SAPPORO BREWERIES LIMITED

Outsourcing of Information systems

3. Others - Offshore development in China

Subcontracting costs to Chinese Partners

(Unit:JPY billion)



ニュース&トレンド

中国に偏る日本のオフショア開発 規模は5年で2.4倍、総務省調査で判明

ITベンダーのオフショア開発規模は2005年度から2010年度までの5年で2.4倍になる。総務省の調査で急拡大するオフショア開発の実態が浮かび上がった。ただ委託先はほとんどは中国で、米国籍が積極的に開拓するインドへの出陣が目立っている。

今回の調査結果で注目すべき点は、委託先だ。相手国の第1位は中国(40%)。オフショアに取り組み企業の約80%が中国と取引があると回答。金額も全体の83.5%を占めている。2位は大きく離れてインド。海外に開発委託していると答えた企業の25%が「インドと取引がある」と回答したが、金額では全体の8.3%にすぎない。

委託先選定のポイントとして多くの企業が価格やコストを挙げ、委託業務は下流工程が中心だ。一方、総務省が米国籍企業に調査したところ、委託先は圧倒的にインドが多い。オフショアに取り組み米国籍企業の94.3%がインドと取引があると回答している。委託先の選定理由としてはやはり価格が大ききウエイトを占めるが、それよりも重視しているのが技術力。上流工程の委託も盛んだ。米国のITベンダーはインドの人員を急速に増やしている。本誌が調べたインドでの雇用者数は、IBMが約5万3000人、ヒューレット・パッカーが約2万3000人、オラクルが約2万1000人、EDSが約1万9000人。マイクロソフトが5000人超まで拡大している。投資にも積極的で設備面だけでなく、人材教育にも力を入れている。

インドのソフト・サービス事業者協会(NASSCOM)によるとインドのソフトウェア・サービス輸出先は、7割が米国、2割が欧州で、日本は2%に過ぎない。

総務省はオフショア開発の増加について、国内の雇用減を招く可能性は低いと分析する。多くのベンダーが今後、国内開発とオフショア開発の両方で規模を拡大する見込みだが、国内のソフトウェア・サービス産業雇用者数はここ数年はほぼ、ベンダーの期待ほど国内の開発案件は伸びないとしても、「雇用が減る心配は少ない」(総務省情報通信政策局の井上知義 情報通信経済室長)としている。

今回の調査は総務省が7月3日に発表した平成19年版の情報通信白書の一部。国内のオフショア開発では、上場企業3628社と非上場の情報サービス関連企業1104社の計4732社に対して今年2月にアンケートを送付。514社から有効回答を得た。米国籍企業にはウェブでの調査を実施。160社から有効回答を得た。

(西田 洋明)

16 NIKKEI COMPUTER 2007.7.9

P.14 Nikkei Computer, July 9,2007 issue

3. Others - Supplementary explanation

■ FY March 2008 Consolidated Earnings Model

- Sales of JPY350.0 billion and operating profit of JPY52.0 billion

(Unit:JPY billion)

	FY Mar.2007 (Results)	FY Mar.2008 (Forecasts as of July 25,2007)	YoY		FY Mar.2008 (Forecasts as of April 26,2007)
			Diff.	Change	
Sales	322.5	350.0	+27.5	+9%	335.0
Cost of Sales	234.5	249.0	+14.5	+6%	244.0
Personnel	50.1	55.5	+5.4	+11%	54.0
Subcontracting Costs	102.3	117.5	+15.2	+15%	110.0
Depreciation	18.8	16.5	(2.3)	(12%)	17.5
Gross Profit	87.9	101.0	+13.1	+15%	91.0
Gross Profit Margin	27.3%	28.9%	+1.6P		27.2%
SG&A	44.0	49.0	+5.0	+11%	45.0
Operating Profit	43.8	52.0	+8.2	+19%	46.0
Operating Profit Margin	13.6%	14.9%	+1.3P		13.7%

Note: Figures are consolidated estimates for preparing this earnings model.