
Financial Results

for 1st Quarter FY March 2012

July 27, 2011

Nomura Research Institute, Ltd.



Highlights of Consolidated Financial Results

(Unit:JPY million)

	1Q FY Mar.2011	1Q FY Mar.2012	Diff.	YoY Change
Sales	80,650	78,465	(2,184)	(2.7%)
Operating Profit	6,560	8,641	+2,080	+31.7%
Operating Profit Margin	8.1%	11.0%	+2.9P	
Net Income	4,082	12,881	+8,799	+215.6%

Sales by Segment

(Unit:JPY million)

	1Q FY Mar.2011	Share	1Q FY Mar.2012	Share	Diff.	YoY Change
Consulting	3,788	4.7%	4,314	5.5%	+526	+13.9%
Financial IT Solutions	49,666	61.6%	47,747	60.9%	(1,918)	(3.9%)
Securities	23,144	28.7%	23,080	29.4%	(64)	(0.3%)
Insurance	13,797	17.1%	14,092	18.0%	+294	+2.1%
Banking	7,354	9.1%	5,470	7.0%	(1,884)	(25.6%)
Other financial	5,369	6.7%	5,104	6.5%	(264)	(4.9%)
Industrial IT Solutions	21,131	26.2%	21,417	27.3%	+286	+1.4%
Distribution	10,611	13.2%	10,528	13.4%	(82)	(0.8%)
Manufacturing, service and other	10,519	13.0%	10,888	13.9%	+369	+3.5%
IT Platform Services	3,879	4.8%	2,984	3.8%	(895)	(23.1%)
Others	2,184	2.7%	2,001	2.6%	(183)	(8.4%)
Total	80,650	100.0%	78,465	100.0%	(2,184)	(2.7%)
Nomura Holdings	19,155	23.8%	18,487	23.6%	(668)	(3.5%)
Seven & i Holdings	10,610	13.2%	9,611	12.2%	(998)	(9.4%)

*Figures of Nomura Holdings and Seven & i Holdings, in principle, include sales to subsidiaries.

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Segment performance results

■including Inter-segment sales for each segment

(Unit:JPY million)

		1Q FY Mar.2011	1Q FY Mar.2012	Diff.	YoY Change
Consulting	Sales	3,810	4,328	+518	+13.6%
	OP	(732)	(101)	+631	-
	OPM	(19.2%)	(2.3%)	+16.9P	
Financial IT Solutions	Sales	49,682	47,764	(1,917)	(3.9%)
	OP	3,740	5,100	1,359	+36.3%
	OPM	7.5%	10.7%	+3.1P	
Industrial IT Solutions	Sales	22,181	22,586	+405	+1.8%
	OP	153	638	+485	-
	OPM	0.7%	2.8%	+2.1P	
IT Platform Services	Sales	20,012	18,168	(1,843)	(9.2%)
	OP	2,631	2,470	(160)	(6.1%)
	OPM	13.1%	13.6%	+0.5P	

Sales by Service

(Unit:JPY million)

	1Q FY Mar.2011	Share	1Q FY Mar.2012	Share	Diff.	YoY Change
Consulting Services	6,517	8.1%	8,709	11.1%	+2,192	+33.6%
System Development & System Application Sales	29,862	37.0%	27,706	35.3%	(2,155)	(7.2%)
System Management & Operation Services	42,272	52.4%	40,350	51.4%	(1,922)	(4.5%)
Product Sales	1,998	2.5%	1,699	2.2%	(299)	(15.0%)
Total	80,650	100.0%	78,465	100.0%	(2,184)	(2.7%)

Key Factors in Financial Results for 1Q of FY March 2012

- Sales were down 2.7% year on year, but generally within the range of expectations

1. Sales decreased mainly due to slower performance in the Financial IT Solutions segment (particularly in Banking) and the IT Platform Services segment.
2. Sales to the securities sector were sluggish, but large-scale projects for the major client proceeded according to plans.

- Operating profit was up 31.7% on improvements in profitability
Significantly higher net income in the 1Q due to extraordinary income

1. Compared to the same period in the previous fiscal year, the operating profit margin improved in main segments including Financial IT Solutions, Industrial IT Solutions, and IT Platform Services.
2. Extraordinary income in the first quarter resulted from the sale of stock of an affiliated company, and receipt of additional dividends.

- Order backlog increased substantially year on year,
and the effect of the aftermath of the earthquake disaster was limited

1. The backlog of orders in the first quarter was up compared to the same period in the previous fiscal year. Some orders were delayed due to the earthquake disaster, but these began to get moving following inquiries and consultations.
2. Costs for electricity-saving measures in response to power shortages were not significant.

P/L Highlight

(Unit:JPY million)

	1Q FY Mar.2011	1Q FY Mar.2012	Diff.	YoY Change
Sales	80,650	78,465	(2,184)	(2.7%)
Cost of Sales	60,041	55,689	(4,351)	(7.2%)
Subcontracting Costs	24,920	25,129	+208	+0.8%
Gross Profit	20,609	22,776	+2,167	+10.5%
Gross Profit Margin	25.6%	29.0%	+3.5P	
SG&A	14,048	14,135	+86	+0.6%
Operating Profit	6,560	8,641	+2,080	+31.7%
Operating Profit margin	8.1%	11.0%	+2.9P	

P/L Highlight continued

(Unit:JPY million)

	1Q FY Mar.2011	1Q FY Mar.2012	Diff.	YoY Change
Operating Profit	6,560	8,641	+2,080	+31.7%
Non-operating gain and loss	942	911	(30)	
Dividend income	946	830	(115)	
Equity in losses of affiliates	(41)	-	+41	
Other Income and Expense	(317)	11,221	+11,538	
Gain on sales of subsidiaries and affiliates' stocks	-	8,564	+8,564	
Bonus dividends income	-	3,010	+3,010	
Income taxes etc.	3,101	7,892	+4,790	
Net income	4,082	12,881	+8,799	+215.6%

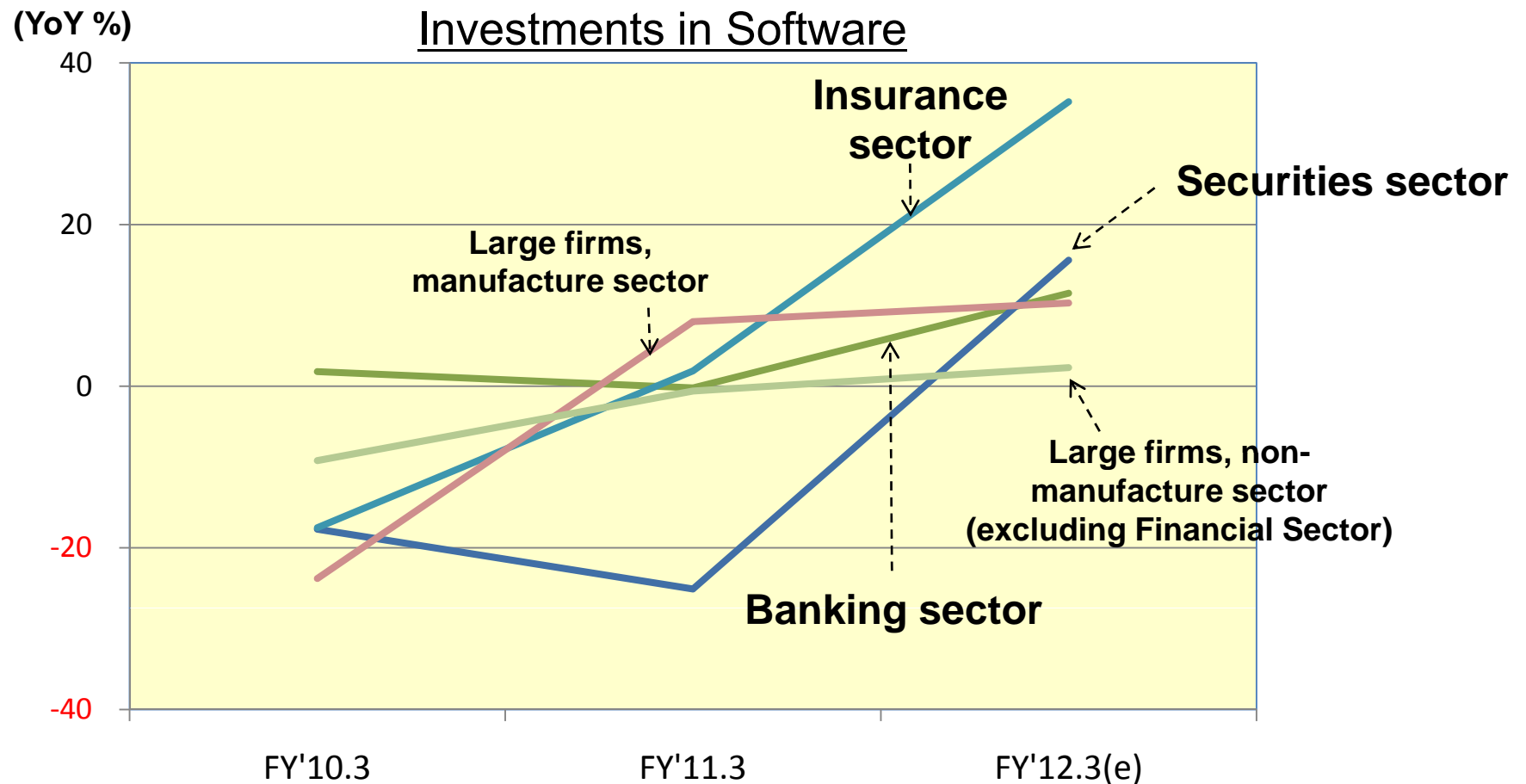
Order Backlog (Outstanding)

(Unit:JPY million)

	At end of June 2010	At end of June 2011	Diff.	YoY Change
Consulting	4,364	5,091	+727	+16.7%
Financial IT Solutions	103,292	97,817	(5,475)	(5.3%)
Industrial IT Solutions	42,984	42,563	(420)	(1.0%)
IT Platform Services	8,037	6,556	(1,480)	(18.4%)
Other	3,382	3,298	(84)	(2.5%)
Total	162,061	155,327	(6,734)	(4.2%)
Order backlog in the next FY	161,108	153,678	(7,429)	(4.6%)

Assessing the business environment

- BoJ Tankan Survey reports trend toward an increase in software investment (plans) in the current fiscal year

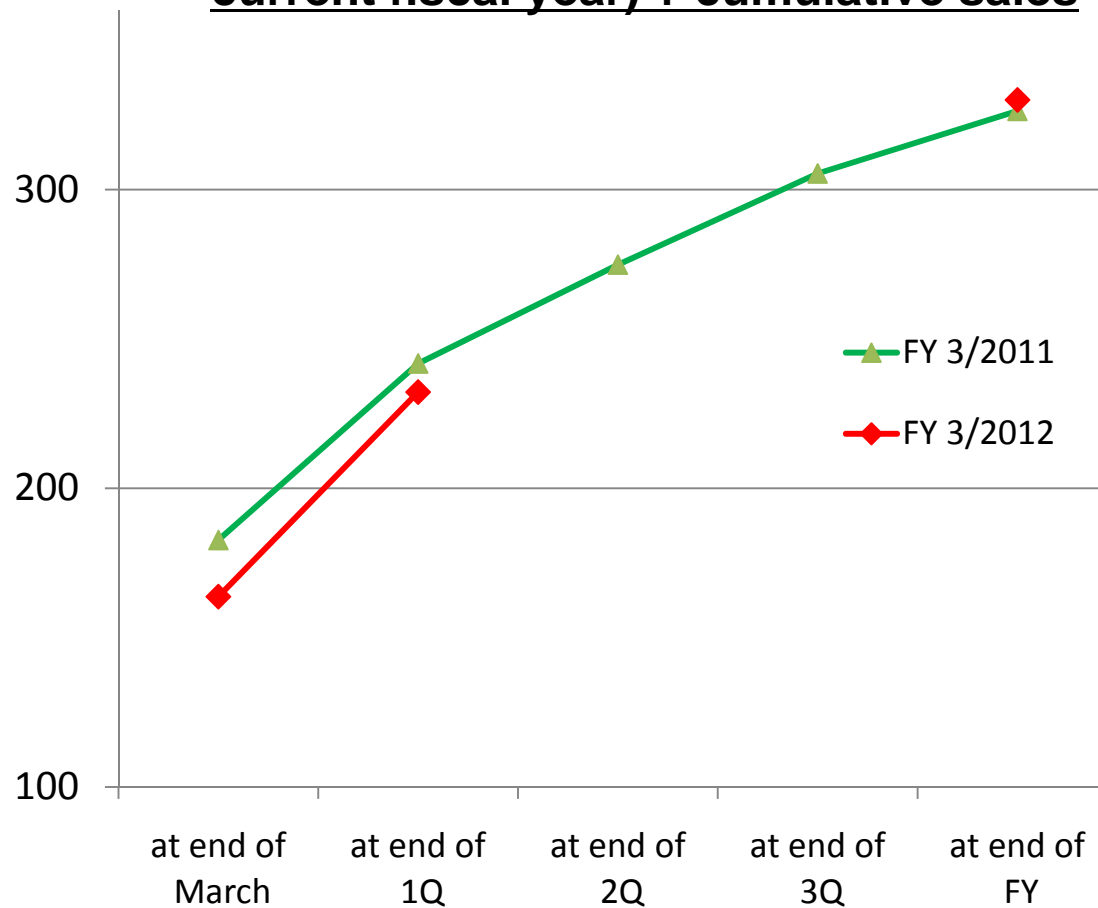


Source: BoJ Tankan Survey (June, 2011) based on survey given to companies

Sales + Consolidated Order Backlog








- Order backlog in the first quarter increased substantially year on year

Fluctuations in order backlog (of which current fiscal year) + cumulative sales



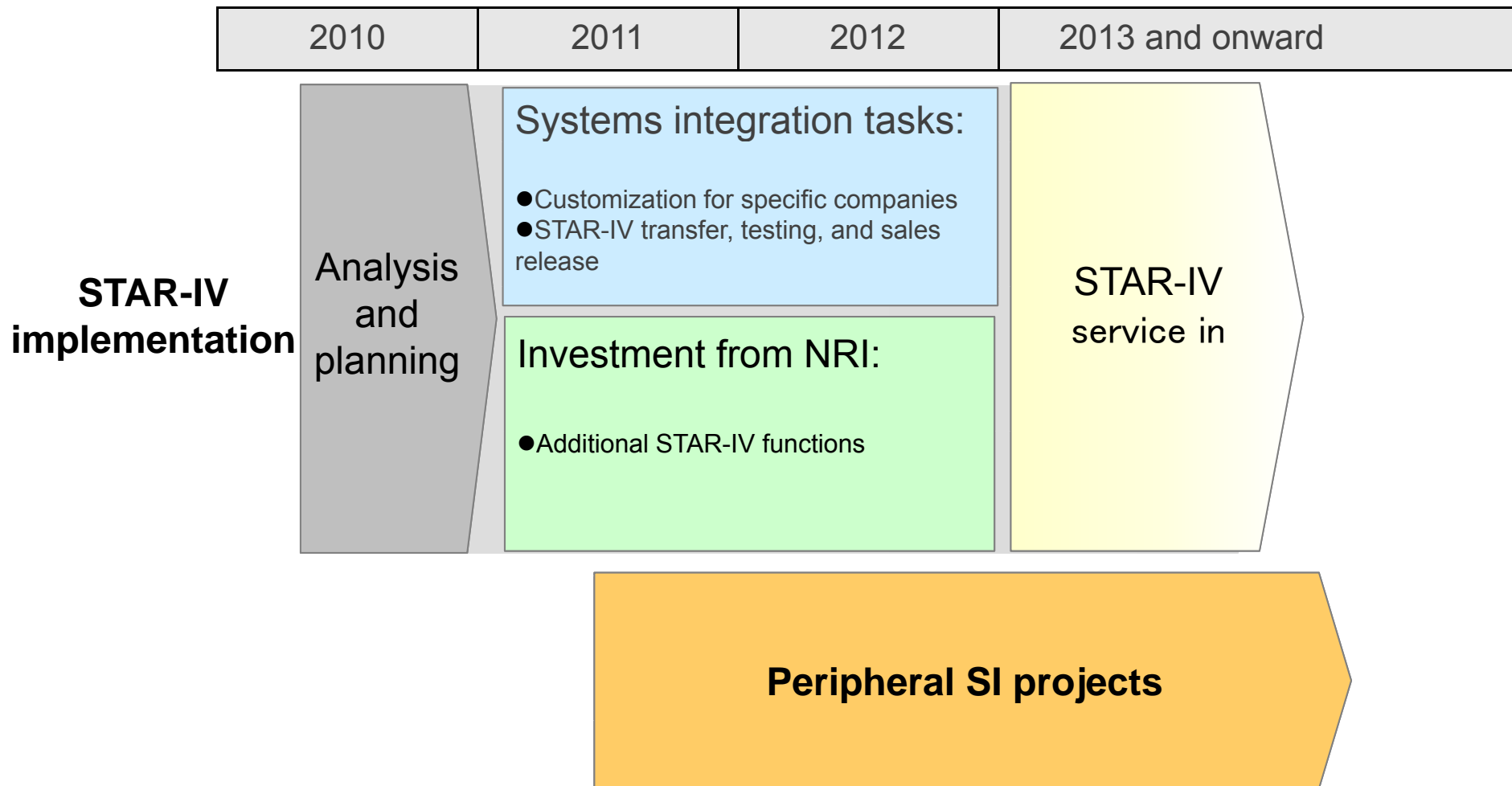
Current Business Conditions

- Working toward a recovery in the 2H of the fiscal year by stepping up sales efforts to acquire new projects

Consulting		<ul style="list-style-type: none"> While results improved compared to the same period in the previous fiscal year, some orders were delayed as a result of the earthquake disaster.
Financial IT Solutions		
Securities		<ul style="list-style-type: none"> Start planning and development to install STAR-IV at Nomura Securities. Production activities are expected to increase from the 2Q. Investment in STAR-IV is progressing, and the utilization of NRI employees in the securities sector as increased.
Insurance		<ul style="list-style-type: none"> Actively gain additional projects focusing on existing clients Expand services for private insurance sector to respond to trends in industry reorganization
Banking		<ul style="list-style-type: none"> Develop Internet banking system, 'Value Direct' Expand bank account IT services for banking through alliances with other IT vendors Upgrade core banking systems for trust bank customers.
Other financial		<ul style="list-style-type: none"> For asset management ASP, (1) expand new client base and promote shift to new versions (2) Enhance asset management front-line and mid-level services for asset management ASP. Promote the BPO business
Industrial IT Solutions		
Distribution		<ul style="list-style-type: none"> Capitalize on investment demand from major clients in areas such as overseas businesses
Manufacturing, service and other		<ul style="list-style-type: none"> Continue to work to attract new customers and acquire projects with a focus on the consumer products industry.

Recent Activities: STAR-IV Implementation Project for Nomura Securities

- Systems integration (SI) and investment is progressing according to plans, and design and development was stepped up considerably in the 2nd quarter



Recent Activities:

Development of Shared-online Services

- From January 2012 NRI will begin offering Value Direct, a shared-use Internet banking solution for the banking industry

Value Direct

Internet banking service

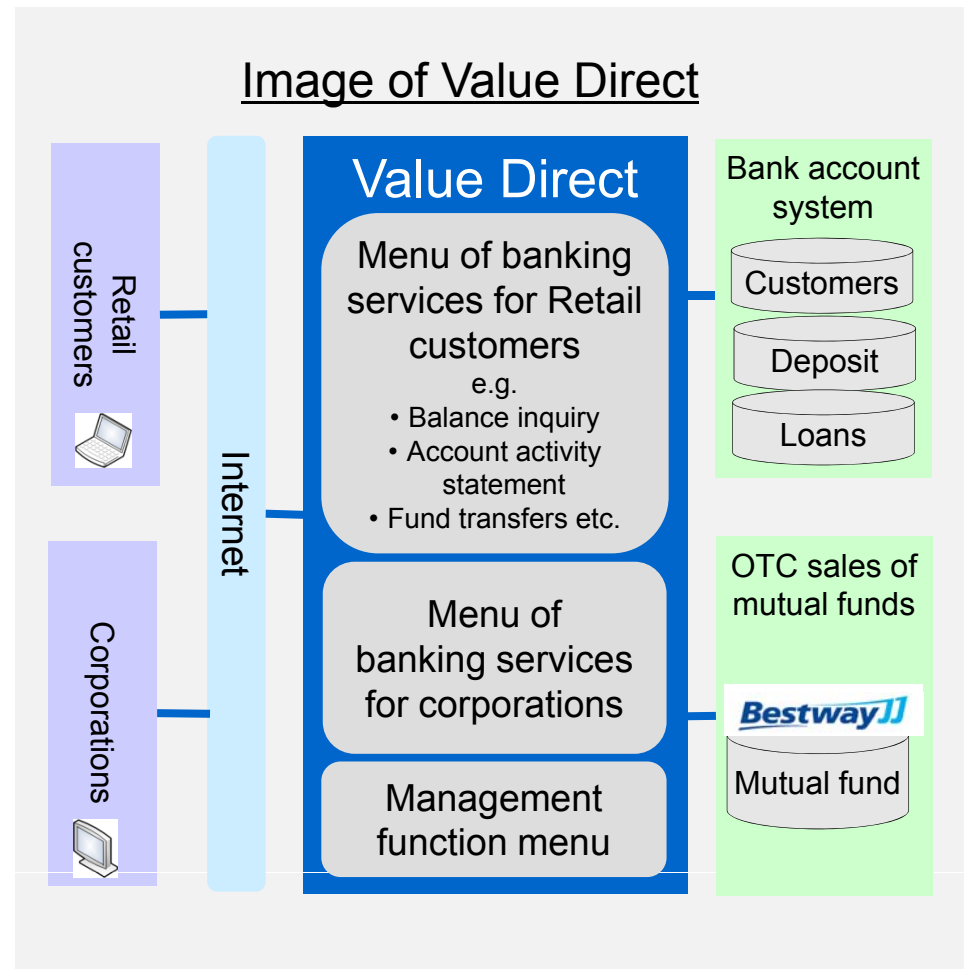
Completed development of the service package at the end of July

↓
Start test runs

↓
Begin offering the service in January 2012

Agreements with 4 banks to introduce service
Aiming to introduce to 20 banks in 5 years

Image of Value Direct



1Q Results and Forecasts for the Full Fiscal Year

➤ First quarter results are in line with full-year earnings forecasts

(unit: JPY billion)

		1Q	2Q	3Q	4Q	FY
FY March 2010	Sales	81.5	85.3	85.2	86.4	338.6
	OP	9.9	12.1	10.6	7.3	40.0
	OPM	12.2%	14.2%	12.5%	8.5%	11.8%
FY March 2011	Sales	80.6	81.4	79.8	84.3	326.3
	OP	6.5	9.4	11.0	11.4	38.4
	OPM	8.1%	11.6%	13.8%	13.5%	11.8%
FY March 2012 1Q results Forecasts from 2Q	Sales	78.4	81.5	170.0		330.0
	OP	8.6	10.3	21.0		40.0
	OPM	11.0%	12.7%	12.4%		12.1%

Notes:

- Figures for the 2Q of the fiscal year ending March 31, 2012 were calculated by subtracting 1Q results from forecasts for 1H.
- Financial forecasts for the fiscal year ending March 31, 2012 were announced on June 17, 2011.

Forecasts for FY March 2012 (announced on June 17)

- The forecast for net income in the current fiscal year was revised on June 17, 2011, to reflect a gain on sales of investment securities of an affiliated company and additional dividends from a portion of total shares held

(unit: JPY billion)

	FY Mar.2011 (Results)	FY Mar.2012 (Forecasts as of June 17) –(A)	FY Mar.2012 (Forecasts as of April 27) –(B)	Diff. (A)-(B)
Sales	326.3	330.0	330.0	-
Operating Profit	38.4	40.0	40.0	-
Operating Profit Margin	11.8%	12.1%	12.1%	-
Net Income	23.1	31.5	24.0	+7.5

Forecasts by Segment for FY March 2012

- Forecasts of sales by segment in the current fiscal year were recalculated according to a reorganization (unit: JPY billion)

	FY Mar.2012 (Forecasts as of July 27) -(A)	FY Mar.2012 (Forecasts as of April 27) -(B)	Diff. (A)-(B)
Consulting	20.0	20.0	-
Financial IT Solutions	199.5	206.0	(6.5)
Securities	98.5	104.5	(6.0)
Insurance	56.0	56.0	-
Banking	23.0	23.0	-
Other financial	22.0	22.5	(0.5)
Industrial IT Solutions	90.0	86.0	+4.0
Distribution	41.5	41.5	-
Manufacturing, service and other	48.5	44.5	+4.0
IT Platform Services	12.0	9.5	+2.5
Others	8.5	8.5	-
Total	330.0	330.0	-

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. Other Financial Result-related Data**
- 2. Recent Activities (excerpts from articles in magazines, newspapers, etc.)**
- 3. Example of projects**
- 4. Other**

1. Other Financial Result-related Data

Forecasts for FY March 2012

- The forecast for net income in the current FY was revised on June 17, 2011

(unit: JPY billion)

	FY Mar.2011 (Results)	FY Mar.2012 (Forecasts as of June 17)	Diff.	YoY Change
Sales	326.3	330.0	+3.6	+1.1%
Operating Profit	38.4	40.0	+1.5	+4.1%
Operating Profit Margin	11.8%	12.1%	+0.3P	
Net Income	23.1	31.5	+8.3	+35.8%
Earnings per share	¥119.11	¥161.62	+¥42.51	+35.7%
Dividends per share	¥52.00	¥52.00	-	-
Payout Ratio	43.7%	32.2%	(11.4P)	

1. Other Financial Result-related Data

Forecasts by Segment for FY March 2012

➤ Segment sales forecasts and results in the previous fiscal year have been recalculated according to a reorganization

(unit: JPY billion)

	FY Mar.2011 (Results)	Share	FY Mar.2012 (Forecasts as of July 27)	Share	Diff.	YoY Change
Consulting	19.7	6.0%	20.0	6.1%	+0.2	+1.4%
Financial IT Solutions	194.9	59.7%	199.5	60.5%	+4.5	+2.3%
Securities	94.9	29.1%	98.5	29.8%	+3.5	+3.8%
Insurance	54.4	16.7%	56.0	17.0%	+1.5	+2.9%
Banking	23.5	7.2%	23.0	7.0%	(0.5)	(2.4%)
Other financial	22.0	6.7%	22.0	6.7%	(0.0)	(0.1%)
Industrial IT Solutions	87.9	27.0%	90.0	27.3%	+2.0	+2.3%
Distribution	41.1	12.6%	41.5	12.6%	+0.3	+0.8%
Manufacturing, service and other	46.8	14.3%	48.5	14.7%	+1.6	+3.6%
IT Platform Services	15.3	4.7%	12.0	3.6%	(3.3)	(21.9%)
Others	8.3	2.6%	8.5	2.6%	+0.1	+2.1%
Total	326.3	100.0%	330.0	100.0%	+3.6	+1.1%

1. Other Financial Result-related Data

Forecasts by Service for FY March 2012

➤ No revisions have been made to the forecasts announced on April 27, 2011

(unit: JPY billion)

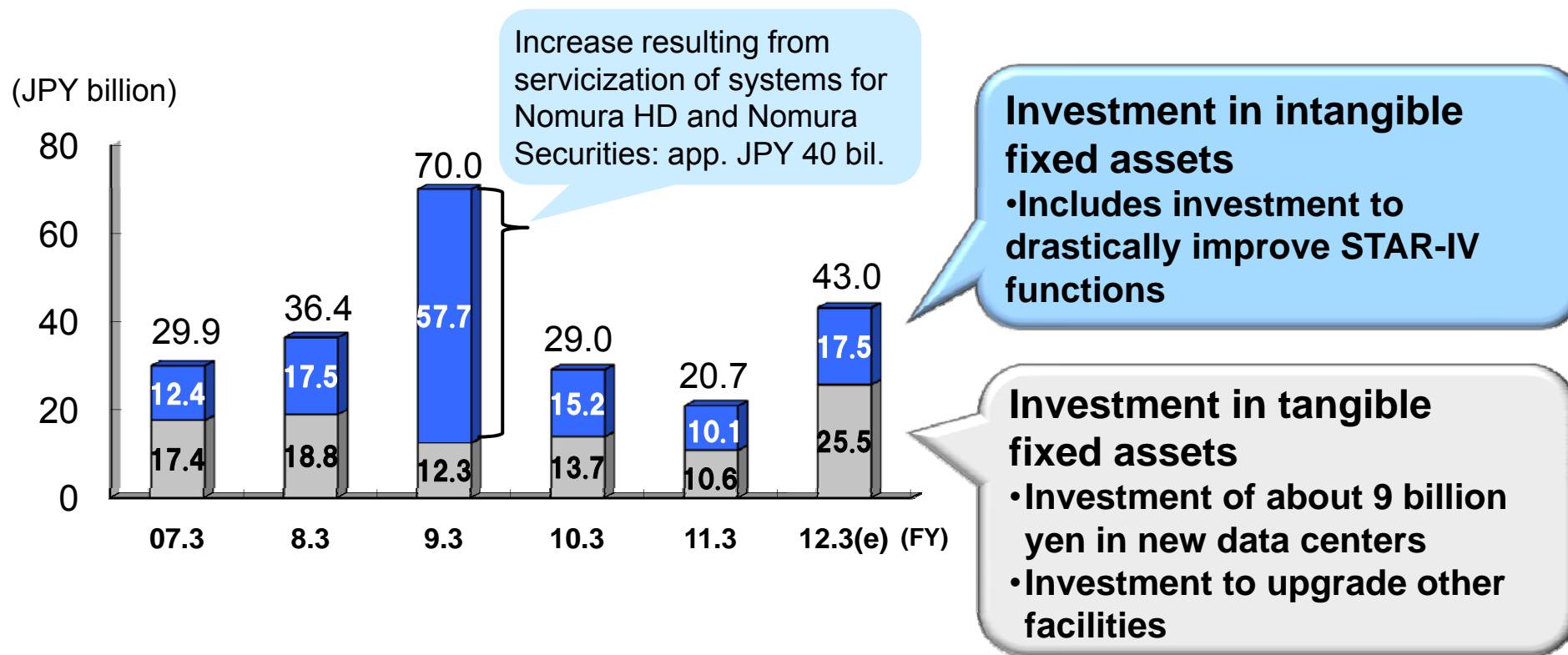
	FY Mar.2011 (Results)	Share	FY Mar.2012 (Forecasts as of April 27)	Share	Diff.	YoY Change
Consulting Services	32.9	10.1%	34.0	10.3%	+1.0	+3.1%
System Development & System Application Sales	117.0	35.9%	124.0	37.6%	+6.9	+5.9%
System Management & Operation Services	166.5	51.0%	163.0	49.4%	(3.5)	(2.1%)
Product Sales	9.7	3.0%	9.0	2.7%	(0.7)	(7.3%)
Total	326.3	100.0%	330.0	100.0%	+3.6	+1.1%

1. Other Financial Result-related Data

Capital Investments

- Investment related to STAR-IV is proceeding on track
- Construction of a new data center began in May and is scheduled for completion in 2012

Trends in capital investment



Initiatives to Save Electricity

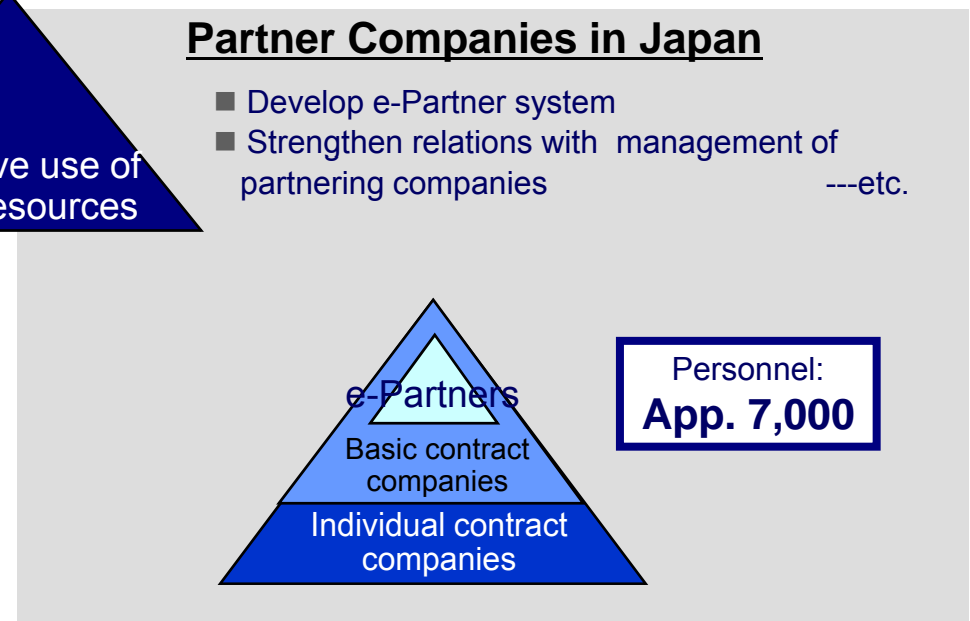
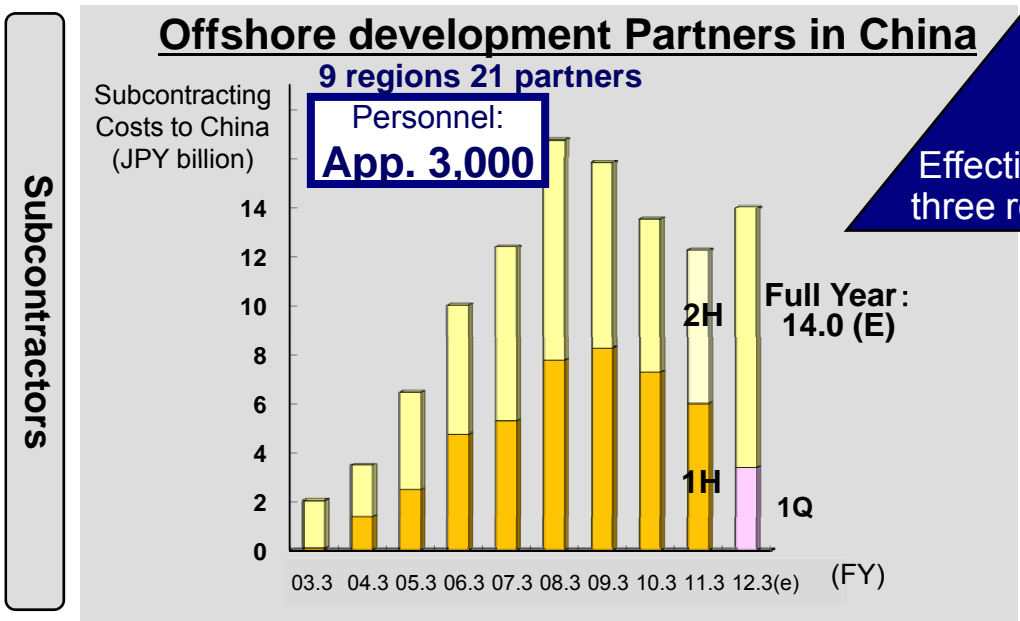
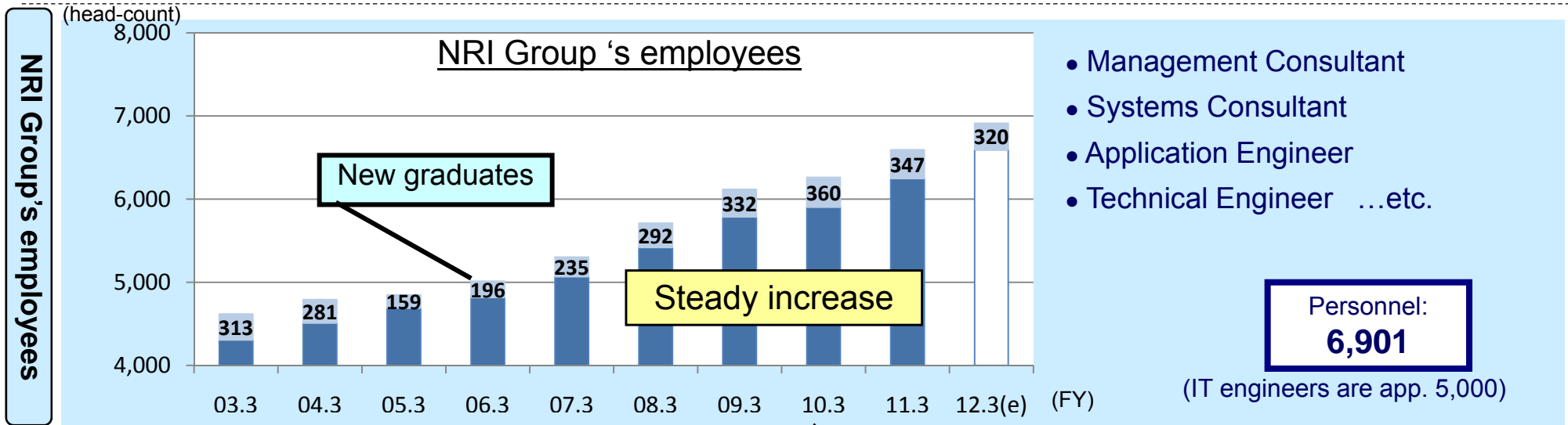
- NRI has developed a “smart power style” approach designed to reduce electricity consumption while enabling the company to continue offering secure and reliable services.
 - NRI is implementing measures to save electricity at a higher rate than the Japanese government’s target of reducing consumption by 15%. Measures include meticulous management of building floor operations that considers the efficiency of saving electricity at each of its offices and buildings, and workplace reforms encompassing increased usage of notebook PCs and the wider implementation of free-seating office spaces.*

Initiative	Details of activities
Reduction of general electricity usage	<ul style="list-style-type: none"> • Strictly controlling lighting levels, including decreasing the number of lights used and the installation of LED lighting • Strictly controlling room temperatures in each work area • Promoting “Super Cool Biz,” a government campaign to encourage workers to wear even lighter and more casual dress than its original “Cool Biz” campaign
Reduction of electricity usage during peak hours	<ul style="list-style-type: none"> • Decreasing air-conditioned office space by as much as 25% by eliminating the use of certain floors and concentrating staff in certain areas • Reviewing air conditioning usage times and operating air conditioners intermittently • Promoting systematically staggered work hours and shortened work days, and encouraging employees to take consecutive holidays and half-days off • Implementing flexible workplace conditions including free-seating office spaces and telecommuting
Strengthening of systems for managing electricity usage	<ul style="list-style-type: none"> • Enhancing electricity usage monitoring • Improving management of electricity demand sources such as air conditioning and lighting in every work area
Commencement of mid-to long-term reductions to electricity consumption	<ul style="list-style-type: none"> • Conducting facility planning that considers measures to save energy and electricity • Reorganizing and decentralizing in-house servers and other equipment • Stepping up the installation of energy-saving equipment such as lighting and monitoring devices • Actively making use of natural energy sources

* NRI’s Data Center is paying careful attention to the security and reliability of data while implementing this electricity-saving measure.

1. Other Financial Result-related Data

NRI's employees + Partners(in Japan & China)



2. Recent Activities

Business Continuity Plan Service for Financial Institutions

- NRI has begun providing newly systemized services related to business continuity plans (BCP) for financial institutions, targeting companies employing the BESTWAY online-shared service and the T-STAR family and I-STAR family of shared-online services.
- The BCP-related service brings together existing disaster recovery services and enables users to manage and expand operations in the four areas of consulting, systems, offices, and human resources.
- NRI's shared-online services functioned normally during the Great East Japan Earthquake that struck in March 2011, earning praise from clients for availability during the disaster.

金融機関向けBCP関連サービス

野村総研が拡充・体系化

分散型コンサル形式で支援

野村総合研究所（NRI）は、BCP（継続性計画）サービスを提供する中、既存のDR（災害復旧）サービスと連携し、金融機関向けにBCP関連の共同利用型サービスを開始した。既存のDRサービスに加え、BCP関連の共同利用型サービスとして、BCPの構築・運用・保守・改善に関するコンサルティング、BCPの構築・運用・保守・改善に関するコンサルティング、BCPの構築・運用・保守・改善に関するコンサルティングを提供している。

BCPは、災害発生時の業務継続性を確保するための重要な取り組みである。NRIは、金融機関のBCP構築をサポートし、業務の中断を最小限に抑えるための支援を提供している。また、BCPの運用・保守・改善に関するコンサルティングも提供している。

BCPの構築には、リスクの特定、影響の分析、BCPの策定、BCPのテスト、BCPの運用・保守・改善などが必要である。NRIは、これらのプロセスをサポートし、金融機関のBCP構築をサポートしている。

BCPの運用・保守・改善には、BCPの定期的なテスト、BCPの定期的な見直し、BCPの定期的な更新などが必要である。NRIは、これらのプロセスをサポートし、金融機関のBCP運用・保守・改善をサポートしている。

BCPの構築・運用・保守・改善に関するコンサルティングは、金融機関のBCP構築をサポートし、業務の中断を最小限に抑えるための支援を提供している。また、BCPの運用・保守・改善に関するコンサルティングも提供している。

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Kinyu Keizai Shimbun, June 27, 2011

2. Recent Activities

Uni-ID RP Express

- NRI is providing Uni-ID RP Express as a platform for a new real-time point conversion service offered by JCB Co., Ltd., that instantly exchanges customer points.
- As an industry-first, the online service allows users to instantly convert points issued by credit card companies to points redeemable by other businesses.
- In the future, NRI aims to design a platform to provide safe, secure and convenient services on the Internet by all types of users.

Note: NRI created a solution for the Uni-ID RP Express Website to provide functions that facilitate to acquire the ID information of users of various external service providers and connect to business services.

NR I
JCBの基盤に採用
カード業界初
ヤフーポイントと即時交換

野村総合研究所(NRI)は、7月13日、野村総合研究所(NRI)が提供する「Uni-ID RP Express」のサービスについて、JCB Co., Ltd.と提携し、即時交換サービスを提供している。このサービスは、リアルタイムでポイント交換を行うことができる。NRIは、このサービスを提供するために、JCBのシステムと連携し、即時交換を実現している。また、このサービスは、業界初のサービスとなる。NRIは、このサービスを提供するために、JCBのシステムと連携し、即時交換を実現している。また、このサービスは、業界初のサービスとなる。

オンライン上でクレジットカード会社が発行するポイントと、他の事業者のポイントへ即時交換できるサービスは、業界初となる。NRIは、このサービスを提供するために、JCBのシステムと連携し、即時交換を実現している。また、このサービスは、業界初のサービスとなる。

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Nikkan, July 22, 2011

2. Recent Activities

Ensuring the Security of Software Installed on External Computers Used In-House

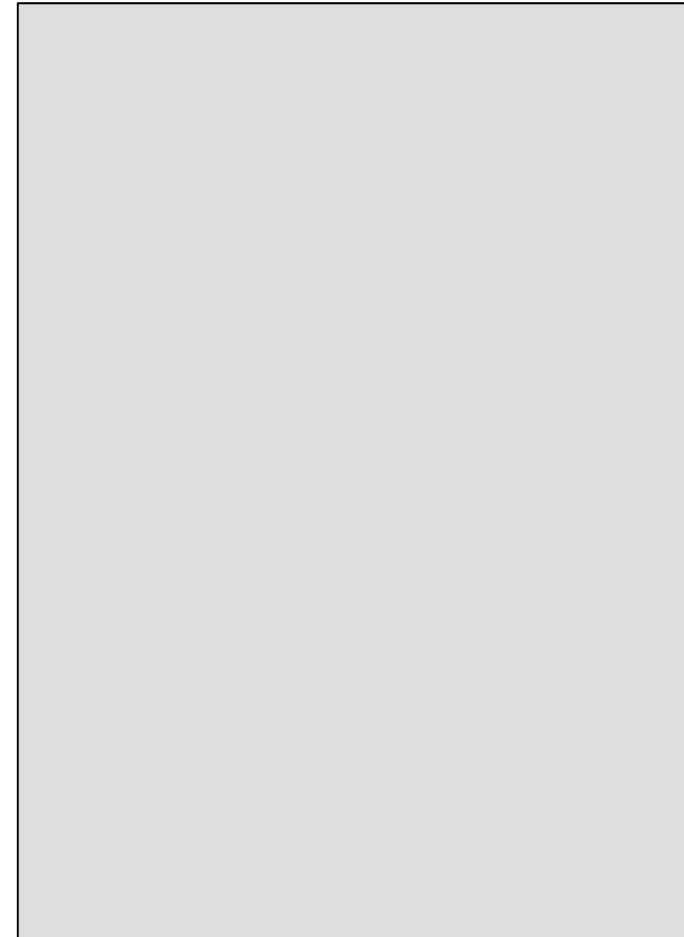
- From July 1, 2011, NRI began offering virtual desktop solutions that make its consulting and other services compatible with virtual desktop products sold by Microsoft Japan.
- As part of its efforts to improve the continuity of operations, NRI began operating the system on about 3,000 of its own computers from late June 2011. NRI will apply the knowledge and experience gained from this trial in its sales activities and product proposals.
- Sales targets are 300 million yen in fiscal 2011 and 1 billion yen in fiscal 2013.

Nikkei Business Daily, June 9, 2011

2. Recent Activities

Collaborating in the Development of an Eco City

- NRI is collaborating in the development of an environmentally conscious eco-city for Tangshan City in China's Hebei Province.
- NRI is offering city planning proposals as well as introducing Japanese companies with environmental technologies, with the aim of increasing export of Japanese corporate infrastructure including energy-saving buildings and facilities that make use of renewable energy sources.



Nikkei Sangyo Shimbun, June 15, 2011

3. Examples of Projects



MU投資顧問株式会社

MU Investments Co., Ltd.

Providing new T-STAR benchmark evaluation functions for pension investment funds to provide solutions to asset management companies

4. Other Activities - Communications

Forums and conferences



May 2011

Proposing measures for recovery from the earthquake disaster



May 2011

The Spring 2011 IT Roadmap Seminar



June 2011

Offering proposals concerning business continuity plans at the time of a disaster

Publications



Examples of books published since late April 2011