

Financial Results

for 2nd Quarter FY March 2014

October 25, 2013

Nomura Research Institute, Ltd.

Tadashi Shimamoto,
President & CEO



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(JPY million)

	1H FY Mar. 2013 (Apr.-Sep.)	1H FY Mar. 2014 (Apr.-Sep.)	Diff.	YoY Change
Sales	174,359	182,557	+8,197	+4.7%
Operating Profit	20,575	23,281	+2,705	+13.1%
Operating Profit Margin	11.8%	12.8%	+1.0P	
Net Income	13,406	15,977	+2,570	+19.2%
Earnings per share	¥68.20	¥80.63	+¥12.42	
Dividends per share	¥26.00	¥26.00	—	—

Highlights of Consolidated Financial Results <1H>

■ Comparison to forecasts

(JPY billion)

	1H FY Mar. 2014 (Forecast)*	1H FY Mar. 2014 (Result)	Comparison to forecasts	
Sales	183.0	182.5	(0.4)	(0.2%)
Operating Profit	23.5	23.2	(0.2)	(0.9%)
Net Income	16.0	15.9	(0.0)	(0.1%)

* Forecasts were announced on July 25, 2013

Key Factors in Financial Results for 1H FY March 2014

● 1H sales up 4.7%

- Sales rose across all key segments.
- Consulting buoyant in both public and private sectors.
- Financial IT Solutions increased sales in a number of sectors outside of insurance, including securities, banking, and asset management companies.
- Industrial IT Solutions grew sales in manufacturing and service sectors.
- IT Platform Services saw growth in PC and server network renewal.

● Operating profit up 13.1%

- For Consulting, operating profit rose 73.4% due to an improved utilization rate driven by sales growth.
- For Financial IT Solutions, profit rose 36.0% due to an improved utilization rate, growth in income linked to the securities market and the elimination of additional costs for insurance in the same period of the previous year.
- For Industrial IT Solutions, profit rose 26.1% on an increase in project profitability.
- Profit fell 33.4% for IT Platform Services, partly attributable to an increase in depreciation and upfront costs for new data centers and an increase in additional costs for some projects.

Sales by Segment <1H>

(JPY million)

	1H FY Mar.2013 (Apr.-Sep.)	Share	1H FY Mar.2014 (Apr.-Sep.)	Share	Diff.	YoY Change
Consulting	10,627	6.1%	11,608	6.4%	+980	+9.2%
Financial IT Solutions	104,697	60.0%	106,520	58.3%	+1,823	+1.7%
Securities	53,122	30.5%	54,118	29.6%	+996	+1.9%
Insurance	26,058	14.9%	23,748	13.0%	(2,310)	(8.9%)
Banking	13,351	7.7%	14,395	7.9%	+1,043	+7.8%
Other financial	12,164	7.0%	14,258	7.8%	+2,093	+17.2%
Industrial IT Solutions	40,384	23.2%	41,820	22.9%	+1,436	+3.6%
Distribution	21,805	12.5%	21,190	11.6%	(614)	(2.8%)
Manufacturing, service and other	18,579	10.7%	20,629	11.3%	+2,050	+11.0%
IT Platform Services	14,209	8.1%	17,865	9.8%	+3,655	+25.7%
Others	4,440	2.5%	4,742	2.6%	+302	+6.8%
Total	174,359	100.0%	182,557	100.0%	+8,197	+4.7%
Nomura Holdings	46,806	26.8%	42,533	23.3%	(4,273)	(9.1%)
Seven & i Holdings	21,927	12.6%	19,493	10.7%	(2,434)	(11.1%)

Note: Figures for sales to Nomura Holdings and Seven & i Holdings include sales to their respective subsidiaries and sales through lease companies, etc.

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Segment performance results <1H>

■ Including Inter-segment sales for each segment

(JPY million)

		1H FY Mar.2013 (Apr.-Sep.)	1H FY Mar.2014 (Apr.-Sep.)	Diff.	YoY Change
Consulting	Sales	10,688	11,708	+1,019	+9.5%
	OP	1,032	1,790	+758	+73.4%
	OPM	9.7%	15.3%	+5.6P	
Financial IT Solutions	Sales	104,788	106,589	+1,801	+1.7%
	OP	9,725	13,222	+3,496	+36.0%
	OPM	9.3%	12.4%	+3.1P	
Industrial IT Solutions	Sales	40,405	41,846	+1,441	+3.6%
	OP	2,719	3,430	+710	+26.1%
	OPM	6.7%	8.2%	+1.5P	
IT Platform Services	Sales	51,756	54,631	+2,875	+5.6%
	OP	5,752	3,831	(1,920)	(33.4%)
	OPM	11.1%	7.0%	(4.1P)	

Sales by Service <1H>

(JPY million)

	1H FY Mar.2013 (Apr.-Sep.)	Share	1H FY Mar.2014 (Apr.-Sep.)	Share	Diff.	YoY Change
Consulting Services	18,595	10.7%	19,174	10.5%	+578	+3.1%
System Development & System Application Sales	66,773	38.3%	66,032	36.2%	(741)	(1.1%)
System Management & Operation Services	84,584	48.5%	91,238	50.0%	+6,654	+7.9%
Product Sales	4,406	2.5%	6,111	3.3%	+1,705	+38.7%
Total	174,359	100.0%	182,557	100.0%	+8,197	+4.7%

P/L Highlight <1H>

	1H FY Mar.2013 (Apr.-Sep.)	1H FY Mar.2014 (Apr.-Sep.)	Diff.	(JPY million) YoY Change
Sales	174,359	182,557	+8,197	+4.7%
Cost of Sales	125,113	129,567	+4,454	+3.6%
Subcontracting Costs	60,335	60,628	+292	+0.5%
Gross Profit	49,246	52,989	+3,743	+7.6%
Gross Profit Margin	28.2%	29.0%	+0.8P	
SG&A	28,670	29,708	+1,037	+3.6%
Operating Profit	20,575	23,281	+2,705	+13.1%
Operating Profit Margin	11.8%	12.8%	+1.0P	

P/L Highlight <1H>

	1H FY Mar.2013 (Apr.-Sep.)	1H FY Mar.2014 (Apr.-Sep.)	Diff.	(JPY million) YoY Change
Operating Profit	20,575	23,281	+2,705	+13.1%
Non-operating gain and loss	989	2,043	+1,053	
Dividend Income	746	1,227	+481	
Equity in earnings of affiliates	107	706	+598	
Other Income and Expense	89	326	+237	
Income taxes etc.	8,248	9,679	+1,431	
Net Income	13,406	15,977	+2,570	+19.2%

Order Backlog (Outstanding)

(JPY million)

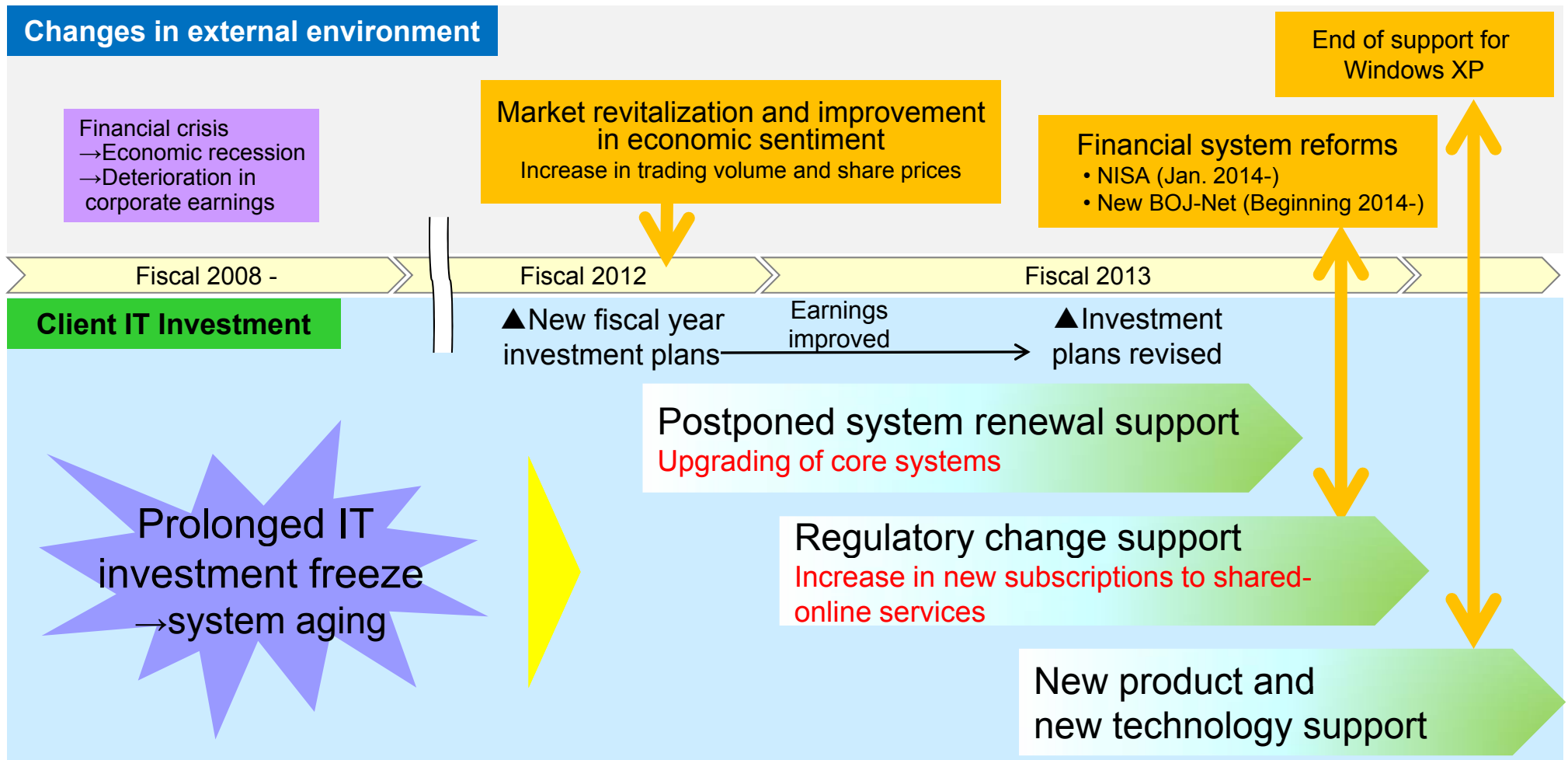
	At end of Sep. 2012	At end of Sep. 2013	Diff.	YoY Change
Consulting	5,998	7,052	+1,054	+17.6%
Financial IT Solutions	72,374	83,352	+10,978	+15.2%
Industrial IT Solutions	28,897	29,192	+295	+1.0%
IT Platform Services	9,231	19,009	+9,778	+105.9%
Other	2,733	2,494	(239)	(8.7%)
Total	119,235	141,102	+21,867	+18.3%
Order backlog in the current FY	115,674	128,373	+12,699	+11.0%

1. Financial Results for 2nd Quarter FY March 2014

2. Priority Measures for Medium to Long-term Growth

Current External Environment

- **NRI expects improvement in clients' software investment, including support for aging infrastructure and financial system reforms, etc.**

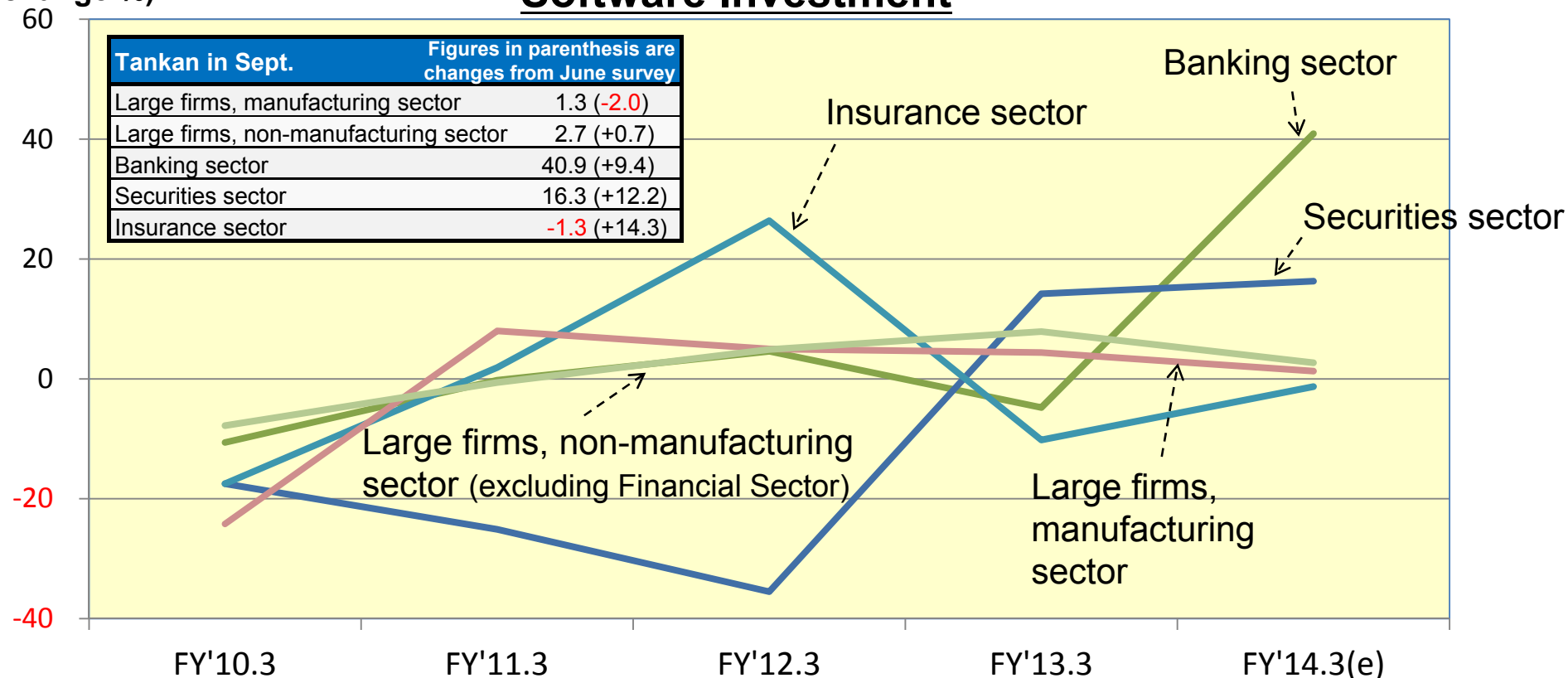


Assessing Business Environment (BOJ Tankan Survey)

- Growth expected in banking and securities sectors, signs of recovery seen in investment in insurance sector
- Manufacturing and non-manufacturing (large enterprises) maintaining positive year-on-year growth

(YoY change %)

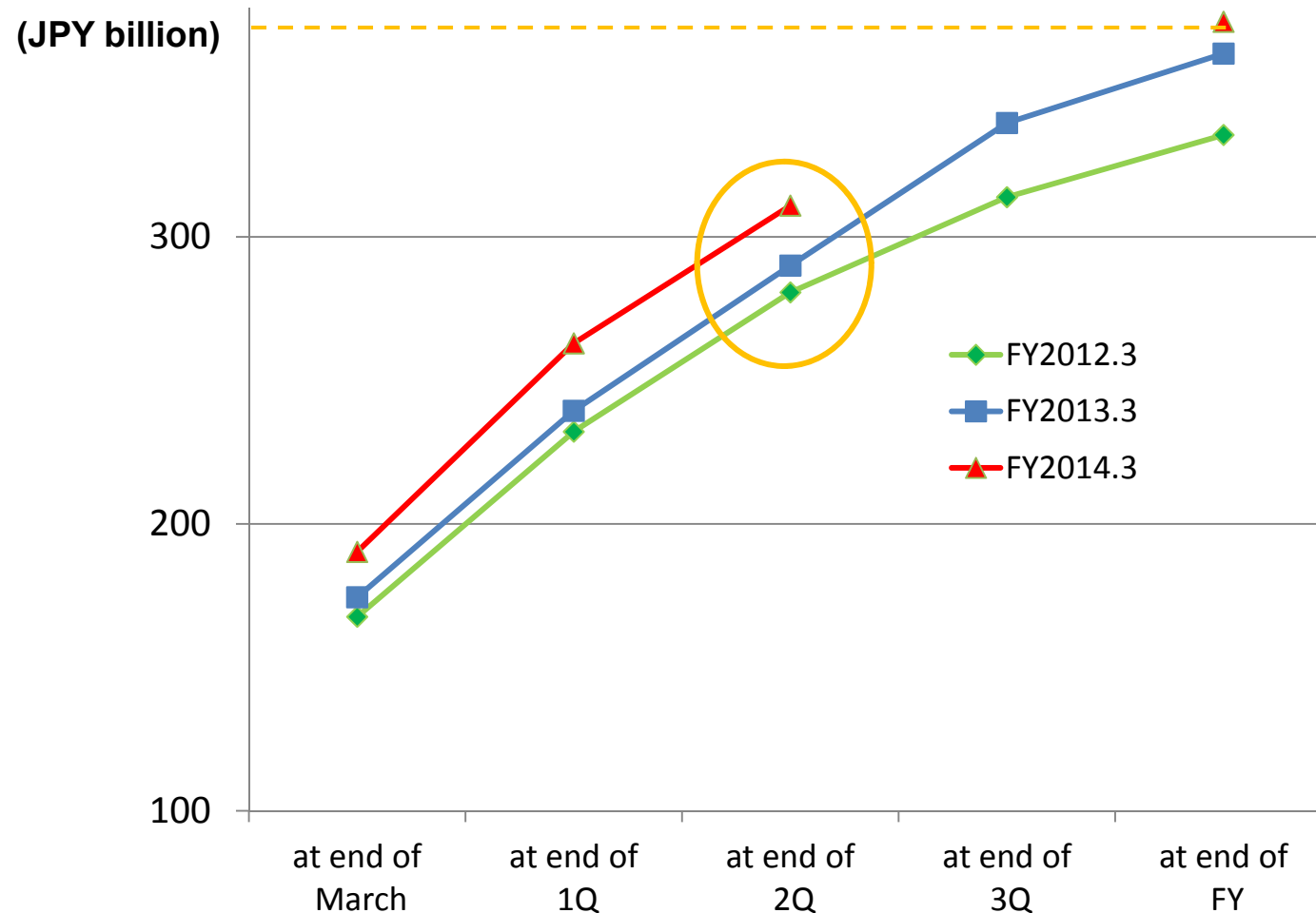
Software Investment



Sales + Consolidated Order Backlog

➤ Order backlog remains healthy








Order backlog (of which, current fiscal year) + cumulative sales



Current Business Conditions

- **Aiming to secure large-scale projects, acquire new customers, and expand business with existing customers**

Initiatives in Fiscal March 2014

Consulting		<ul style="list-style-type: none"> • Operations consulting, public sector projects, operation x IT consulting, support IT department restructuring (PMO, etc.), and global projects, etc.
Financial IT Solutions		
Securities		<ul style="list-style-type: none"> • Upgrade IT systems at Nomura Securities in Japan (full-scale next step after introduction of STAR-IV) • Upgrade shared services (STAR-IV) for regulatory changes, including NISA • Enhance functions of front-office services (NRI Advisor Platform), acquire new clients
Insurance		<ul style="list-style-type: none"> • Acquire new clients • Expand business of life and non-life insurance companies
Banking		<ul style="list-style-type: none"> • Transition and establish introduction of Bestway/JJ to mega-banks • Upgrade shared services (Bestway) for regulatory changes, including NISA • Acquire new releases and new clients with Value Direct Internet banking system
Other financial		<ul style="list-style-type: none"> • For asset management ASP, (1) strengthen front-line and mid-level services and (2) update services utilizing cloud technology and pursue BPO businesses
Industrial IT Solutions		
Distribution		<ul style="list-style-type: none"> • Respond to domestic and overseas expansion by major client
Manufacturing, service and other		<ul style="list-style-type: none"> • Aim to develop new clients and expand business with existing clients through cooperation between consulting and systems

Long-term vision : “Vision 2015”

Growth potential: 7% growth target
Profitability: 13% OPM or more
Strong business portfolio

Increased advancement of services in financial sector

- *Providing industry-standard business platforms to meet wide-ranging needs for more clients in financial sector*

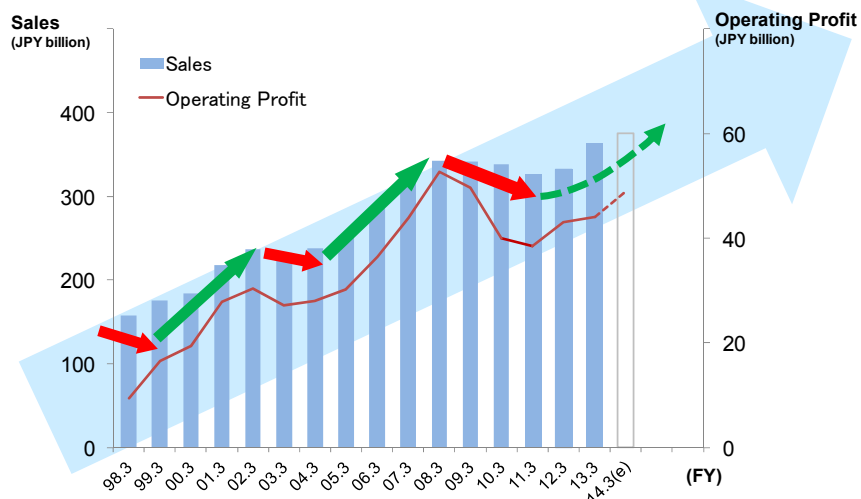
Expansion into industrial sectors

- *Expanding the range of companies we serve and the services we offer, principally in consumer industries directly reaching people*

Reinforcement and expansion of business in China and Asia

- *Building another NRI in China/Asia and contributing to enterprises and society through “Navigation × Solution”*

Productivity improvement and human resource development



Progress of Priority Strategies for Vision 2015

Key Priority Strategies

Consulting	<ul style="list-style-type: none">● Expansion of operational consulting
Financial IT Solutions	<ul style="list-style-type: none">● Support Nomura Securities' IT system upgrade projects in Japan (post STAR)
	<ul style="list-style-type: none">● Support for system updates (NISA)
	<ul style="list-style-type: none">● Expansion of shared-online service business
	<ul style="list-style-type: none">● Expansion of BPO business
Industrial IT Solutions	<ul style="list-style-type: none">● Expansion of ERP business
IT Platform Services	<ul style="list-style-type: none">● Meeting needs for IT system infrastructure restructuring

Expansion of Operational Consulting

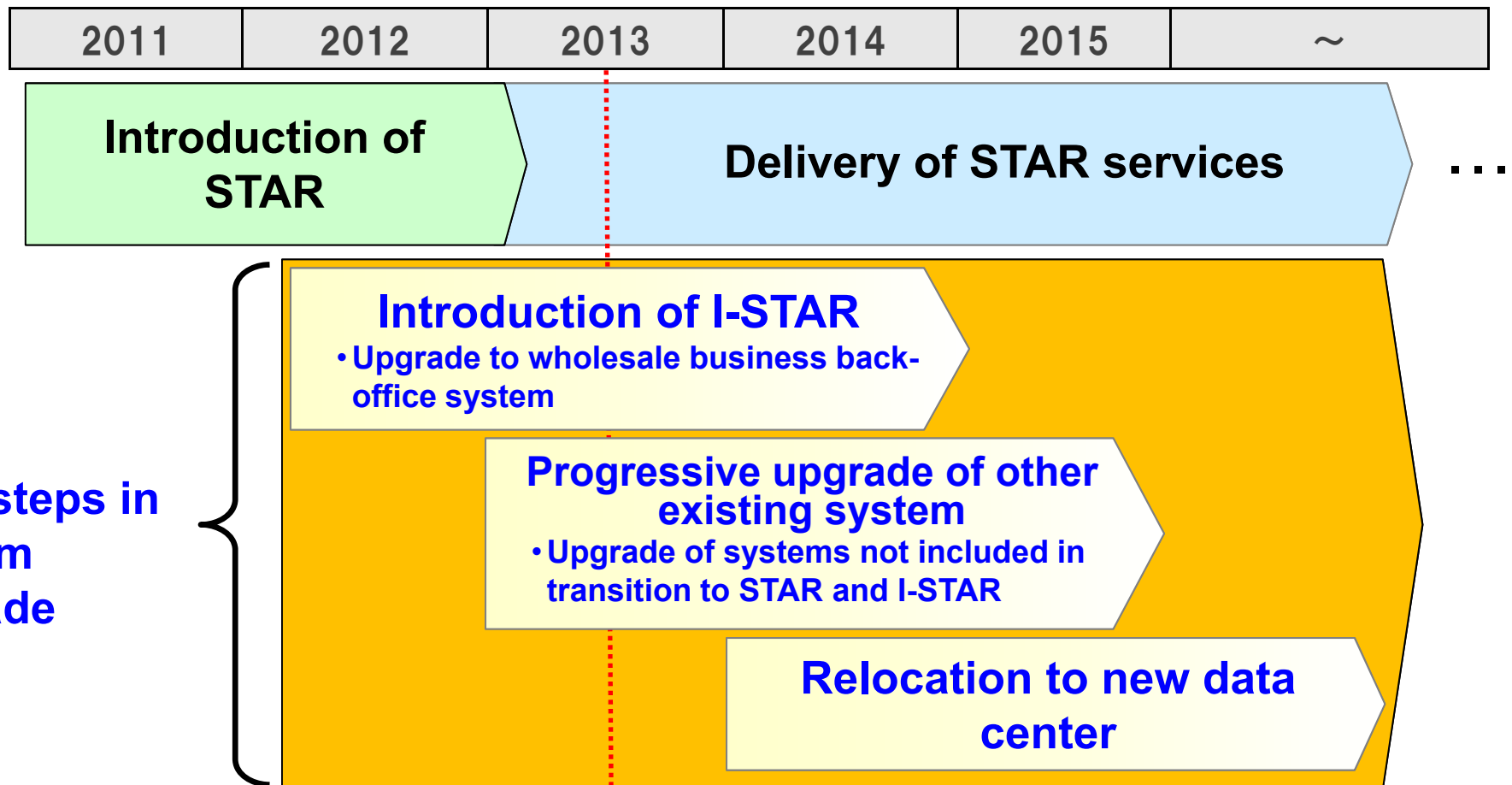
- **Operational consulting is thriving**
- **Operation-related projects expanding in both public and private sectors**

Examples of operational consulting themes and projects

Public	<ul style="list-style-type: none">• Operation of secretariat for Project to Promote Cutting Edge Facility Investment (METI)• Operation of secretariat for Project to Promote Internationalization of Medical Equipment and Services (METI)• Support and verification of Japanese SMEs' expansion overseas (JICA)
Private	<ul style="list-style-type: none">• Support for company-wide restructuring (pharmaceutical company)• Support for restructuring of sales service (department store)• PMI support (transport company)
Overseas	<ul style="list-style-type: none">• Support for project to set up public housing using PFI (Taipei)• Support for strengthening competitiveness to offset appreciation of the won (South Korean company)• Formulation of plans for redevelopment of factory site (Chinese company)• Support for business development in ASEAN (Japanese-affiliated media company)• Support for PMI in Africa (Japanese-affiliated manufacturer)

Upgrade to IT Systems at Nomura Securities in Japan

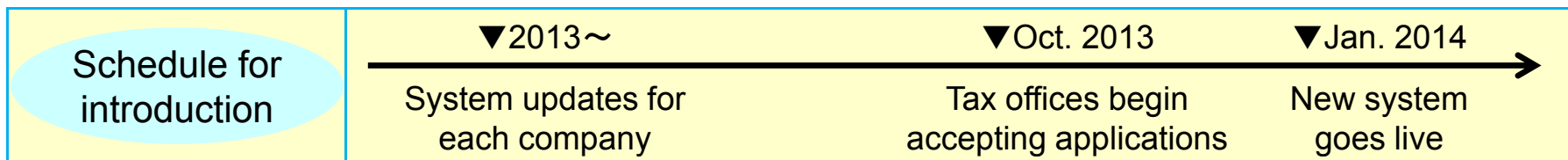
- Commence next step of upgrade to IT systems in Japan following introduction of STAR
- Project continuing at good pace



Support for NISA

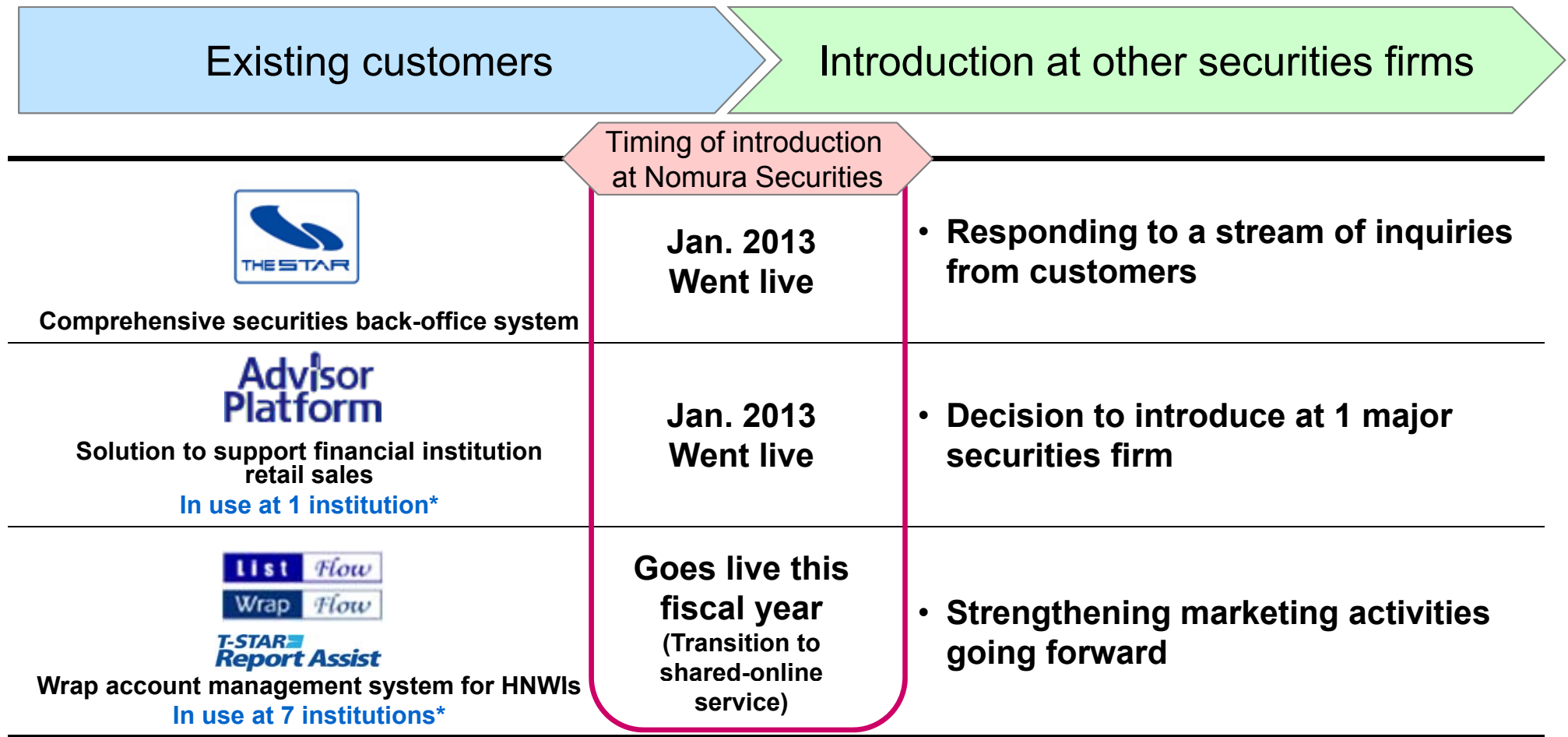
- Implemented support for NISA ahead of other companies
- Plan to deliver NISA functions to companies ahead of system commencement in January 2014

<p>Comprehensive securities back-office system</p>  <p>In use at 54 institutions* Approx. 80% use NISA</p>	<p>Mutual fund account management system for over-the-counter sales</p>  <p>In use at 107 institutions* Approx. 80% use NISA</p>	<p>Shared use Internet banking service</p>  <p>In use at 9 institutions* (Another 12 institutions have decided to adopt) Virtually all use NISA</p>
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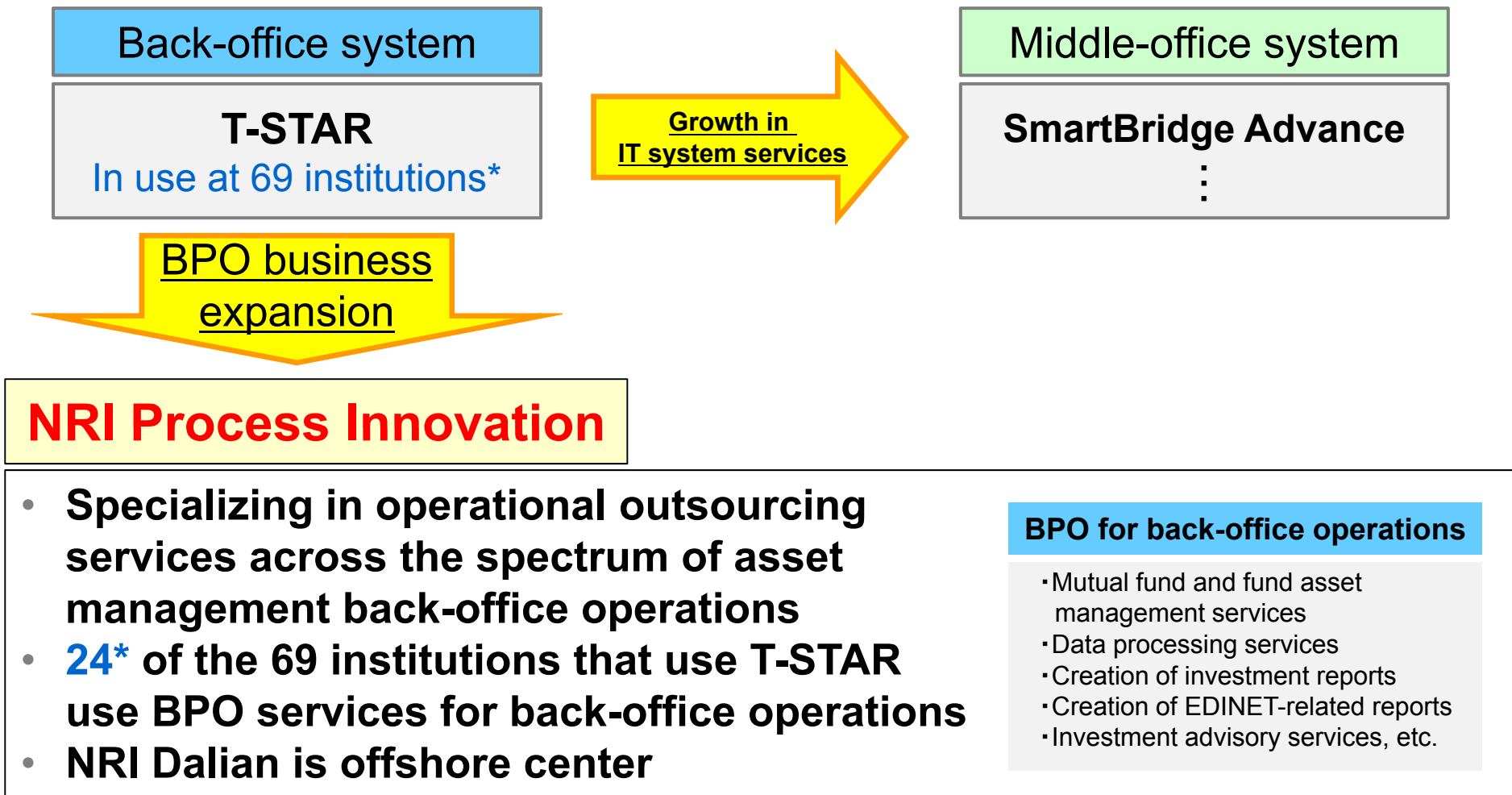
Expansion of Shared-Online Service Business

- Promoted further expansion of shared-online services for securities industry



Expansion of BPO Business

- **Aggressively expanding BPO amidst business growth in asset management sector**



Expansion of ERP Business

- **Increase in adoption of ERP packages**
- **Aiming to deliver solutions tailored to customer needs to expand business**

Apparel company: introduction of SAP ERP

- Adopted SAP apparel industry solution when restructuring backbone system
- Also utilized NRI Hybrid Cloud (AWS + NRI cloud) to increase cost competitiveness

Wholesaler: introduction of SAP HANA*1

- Strengthened data platform with the aim of strengthening sales capabilities, expanding products handled and improving inventory of strategic products
- Proposed introduction of SAP HANA, achieving package that incorporated advanced data analysis functions through a fusion of consulting and IT solutions

Overseas sites of Japanese manufacturers and trading companies: introduced cloud ERP

- Delivering cloud ERP services to Japanese manufacturers and trading companies in Asia as global SCM solution (introduced by approx. 66 companies at 124 sites in 15 countries*2)

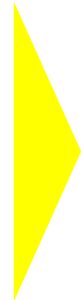
*1 An SAP software product that enables real time analysis of big data by integrating a powerful calculation engine and database in the main memory and performing in-memory data processing

*2 No. of companies current as of September 30, 2013

Meeting Needs for System Infrastructure Restructuring

- Secured a number of system infrastructure restructuring projects
- Will leverage expertise in large-scale system construction and operation to steadily implement projects

Prolonged IT investment freeze
→ aging of IT systems



- Updates accompanying aging of IT systems
- Expiry of product warranty maintenance period for hardware (servers, PCs, etc.)
- End of support for terminal OS (Windows XP) in April 2014



Examples of system infrastructure construction projects
<ul style="list-style-type: none">• Securities: PC standardization and network integration• Insurance: mainframe migration• Banking: update of Internet system infrastructure• Banking: system update accompanying expiry of hardware product warranty maintenance period• Distribution: update of backbone infrastructure system• Public sector: large-scale network systems

Issue of Corporate Bonds

- **NRI issued ¥30 billion in three- and five-year straight corporate bonds in September 2013**
- **Straight corporate bonds raised funds for redemption of warrants**

	First series of NRI, limited unsecured straight bonds (with limited inter-bond pari passu clause)	Second series of NRI, limited unsecured straight bonds (with limited inter-bond pari passu clause)
Total amount of issue	15 billion yen	15 billion yen
Maturity	Three years	Five years
Interest rate	0.247% per annum	0.361% per annum
Issue price	100 yen per face value of 100 yen	100 yen per face value of 100 yen
Issue date	September 20, 2013	September 20, 2013
Redemption date	September 20, 2016	September 20, 2018
Rating	"AA-" from Rating and Investment Information, Inc. (R&I)	"AA-" from Rating and Investment Information, Inc. (R&I)

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.

Figures given in the reference data related to the financial results forecasts are figures which are only intended to convey the Company's current circumstances and outlook. The Company does not undertake to revise the forecasts to reflect new information 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

Order Volume <1H>

(JPY million)

	1H FY Mar. 2013 (Apr.-Sep.)	1H FY Mar. 2014 (Apr.-Sep.)	Diff.	YoY Change
Consulting	13,040	14,019	+979	+7.5%
Financial IT Solutions	66,492	71,227	+4,734	+7.1%
Industrial IT Solutions	25,734	20,081	(5,652)	(22.0%)
IT Platform Services	7,946	22,652	+14,706	+185.1%
Other	5,138	4,664	(473)	(9.2%)
Total	118,351	132,646	+14,294	+12.1%

1. Other Financial Result-related Data

Highlights of Consolidated Financial Results <2Q>

(JPY million)

	2Q FY Mar. 2013 (Jul.-Sep.)	2Q FY Mar. 2014 (Jul.-Sep.)	Diff.	YoY Change
Sales	89,947	94,306	+4,358	+4.8%
Operating Profit	12,329	12,771	+441	+3.6%
Operating Profit Margin	13.7%	13.5%	(0.2P)	
Net Income	7,707	8,172	+465	+6.0%
Earnings per share	¥39.16	¥41.17	+¥2.01	

1. Other Financial Result-related Data

Sales by Segment <2Q>

(JPY million)

	2Q FY Mar.2013 (Jul.-Sep.)	Share	2Q FY Mar.2014 (Jul.-Sep.)	Share	Diff.	YoY Change
Consulting	6,023	6.7%	6,579	7.0%	+556	+9.2%
Financial IT Solutions	53,476	59.5%	54,756	58.1%	+1,279	+2.4%
Securities	26,510	29.5%	27,266	28.9%	+755	+2.9%
Insurance	13,789	15.3%	12,591	13.4%	(1,197)	(8.7%)
Banking	7,064	7.9%	7,681	8.1%	+617	+8.7%
Other financial	6,113	6.8%	7,217	7.7%	+1,104	+18.1%
Industrial IT Solutions	20,752	23.1%	21,134	22.4%	+381	+1.8%
Distribution	11,290	12.6%	10,664	11.3%	(626)	(5.5%)
Manufacturing, service and other	9,462	10.5%	10,469	11.1%	+1,007	+10.6%
IT Platform Services	7,537	8.4%	9,520	10.1%	+1,983	+26.3%
Others	2,156	2.4%	2,315	2.5%	+158	+7.4%
Total	89,947	100.0%	94,306	100.0%	+4,358	+4.8%
Nomura Holdings	23,362	26.0%	22,033	23.4%	(1,328)	(5.7%)
Seven & i Holdings	11,552	12.8%	9,814	10.4%	(1,737)	(15.0%)

Note: Figures for sales to Nomura Holdings and Seven & i Holdings include sales to their respective subsidiaries and sales through lease companies, etc.

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1. Other Financial Result-related Data

Segment performance results <2Q>

■ Including Inter-segment sales for each segment

(JPY million)

		2Q FY Mar.2013 (Jul.-Sep.)	2Q FY Mar.2014 (Jul.-Sep.)	Diff.	YoY Change
Consulting	Sales	6,056	6,605	+548	+9.0%
	OP	1,180	1,561	+381	+32.3%
	OPM	19.5%	23.6%	+4.2P	
Financial IT Solutions	Sales	53,533	54,802	+1,268	+2.4%
	OP	6,094	7,162	+1,068	+17.5%
	OPM	11.4%	13.1%	+1.7P	
Industrial IT Solutions	Sales	20,743	21,146	+402	+1.9%
	OP	1,599	1,780	+181	+11.3%
	OPM	7.7%	8.4%	+0.7P	
IT Platform Services	Sales	26,364	28,559	+2,194	+8.3%
	OP	2,929	1,850	(1,079)	(36.8%)
	OPM	11.1%	6.5%	(4.6P)	

1. Other Financial Result-related Data

Sales by Service <2Q>

(JPY million)

	2Q FY Mar.2013 (Jul.-Sep.)	Share	2Q FY Mar.2014 (Jul.-Sep.)	Share	Diff.	YoY Change
Consulting Services	10,399	11.6%	10,629	11.3%	+230	+2.2%
System Development & System Application Sales	34,563	38.4%	34,529	36.6%	(34)	(0.1%)
System Management & Operation Services	42,580	47.3%	45,505	48.3%	+2,925	+6.9%
Product Sales	2,404	2.7%	3,641	3.9%	+1,236	+51.4%
Total	89,947	100.0%	94,306	100.0%	+4,358	+4.8%

1. Other Financial Result-related Data

P/L Highlight <2Q>

	(JPY million)			
	2Q FY Mar.2013 (Jul.-Sep.)	2Q FY Mar.2014 (Jul.-Sep.)	Diff.	YoY Change
Sales	89,947	94,306	+4,358	+4.8%
Cost of Sales	63,507	67,068	+3,560	+5.6%
Subcontracting Costs	29,903	31,727	+1,823	+6.1%
Gross Profit	26,439	27,237	+797	+3.0%
Gross Profit Margin	29.4%	28.9%	(0.5P)	
SG&A	14,110	14,466	+355	+2.5%
Operating Profit	12,329	12,771	+441	+3.6%
Operating Profit Margin	13.7%	13.5%	(0.2P)	

1. Other Financial Result-related Data

P/L Highlight <2Q>

	(JPY million)			
	2Q FY Mar.2013 (Jul.-Sep.)	2Q FY Mar.2014 (Jul.-Sep.)	Diff.	YoY Change
Operating Profit	12,329	12,771	+441	+3.6%
Non-operating gain and loss	158	304	+146	
Other Income and Expense	0	10	+9	
Income taxes etc.	4,781	4,909	+128	
Net Income	7,707	8,172	+465	+6.0%

1. Other Financial Result-related Data

Forecasts for FY March 2014

【Full Year】

(JPY billion)

	FY Mar. 2013 (Results)	FY Mar. 2014 (Forecasts as of Jul. 25)	Diff.	YoY Change
Sales	363.8	375.0	+11.1	+3.1%
Operating Profit	44.0	49.0	+4.9	+11.3%
Operating Profit Margin	12.1%	13.1%	+1.0P	
Net Income	28.6	32.0	+3.3	+11.8%
Earnings per share	¥145.28	¥161.49	+¥16.21	
Dividends per share	¥52.00	¥52.00	—	—
Payout Ratio	35.9%	32.3%	(3.6P)	

1. Other Financial Result-related Data

Sales Forecasts by Segment for FY March 2014

【Full Year】

(JPY billion)

	FY Mar. 2013 (Results)	Share	FY Mar. 2014 (Forecasts as of Jul. 25)	Share	Diff.	YoY Change
Consulting	22.7	6.3%	24.0	6.4%	+1.2	+5.4%
Financial IT Solutions	219.7	60.4%	220.0	58.7%	+0.2	+0.1%
Securities	115.9	31.9%	111.0	29.6%	(4.9)	(4.2%)
Insurance	50.1	13.8%	51.0	13.6%	+0.8	+1.7%
Banking	27.9	7.7%	30.0	8.0%	+2.0	+7.5%
Other financial	25.7	7.1%	28.0	7.5%	+2.2	+8.6%
Industrial IT Solutions	83.6	23.0%	84.0	22.4%	+0.3	+0.5%
Distribution	44.8	12.3%	42.5	11.3%	(2.3)	(5.1%)
Manufacturing, service and other	38.8	10.7%	41.5	11.1%	+2.6	+6.9%
IT Platform services	28.8	7.9%	37.0	9.9%	+8.1	+28.2%
Others	8.9	2.4%	10.0	2.7%	+1.0	+12.2%
Total	363.8	100.0%	375.0	100.0%	+11.1	+3.1%

1. Other Financial Result-related Data

Sales Forecasts by Service for FY March 2014

【Full Year】

(JPY billion)

	FY Mar. 2013 (Results)	Share	FY Mar. 2014 (Forecasts as of Jul. 25)	Share	Diff.	YoY Change
Consulting Services	39.0	10.7%	38.0	10.1%	(1.0)	(2.8%)
System Development & System Application Sales	140.4	38.6%	142.0	37.9%	+1.5	+1.1%
System Management & Operation Services	174.9	48.1%	185.0	49.3%	+10.0	+5.7%
Product Sales	9.3	2.6%	10.0	2.7%	+0.6	+7.0%
Total	363.8	100.0%	375.0	100.0%	+11.1	+3.1%

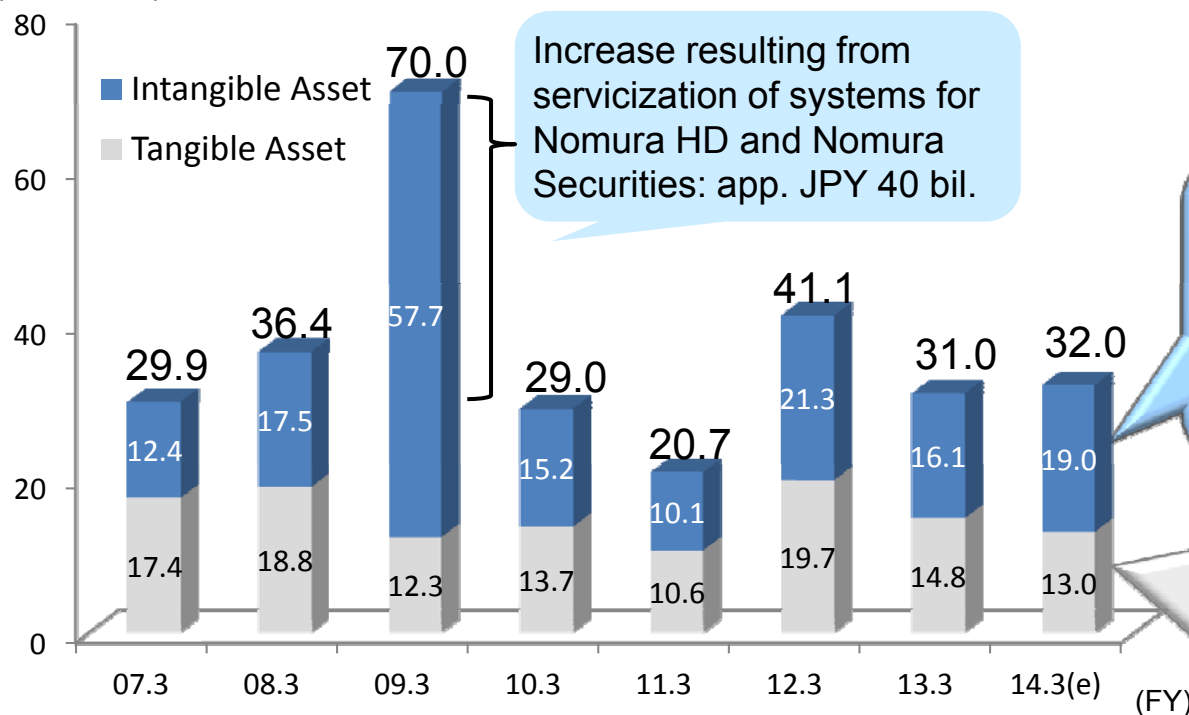
1. Other Financial Result-related Data

Capital Investments

➤ Capital expenditure forecast to be ¥32.0 billion

Trends in capital investments

(JPY billion)



Increase resulting from servicization of systems for Nomura HD and Nomura Securities: app. JPY 40 bil.

Investment in intangible fixed assets

- Investment in shared-online services to support financial regulatory changes, etc.

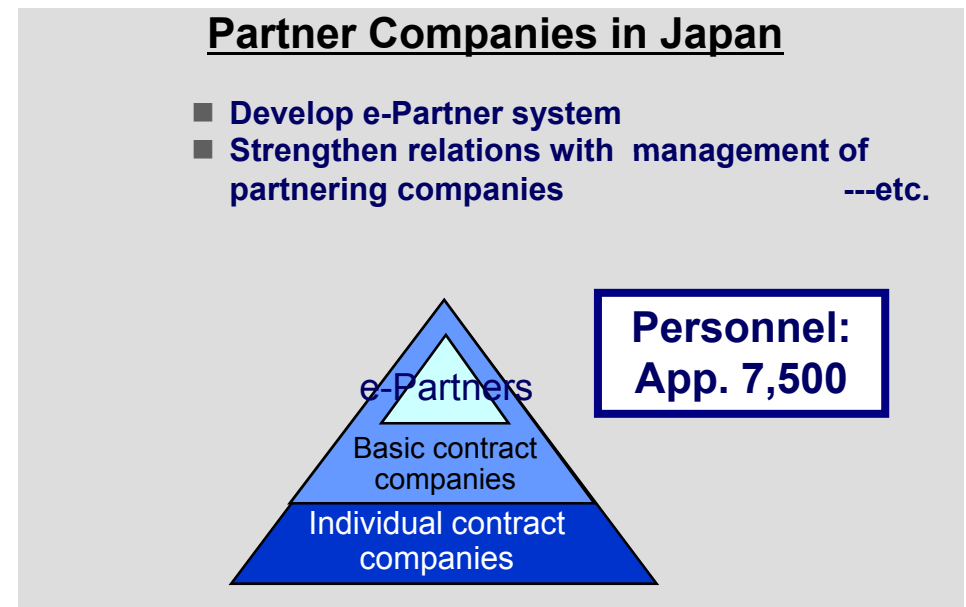
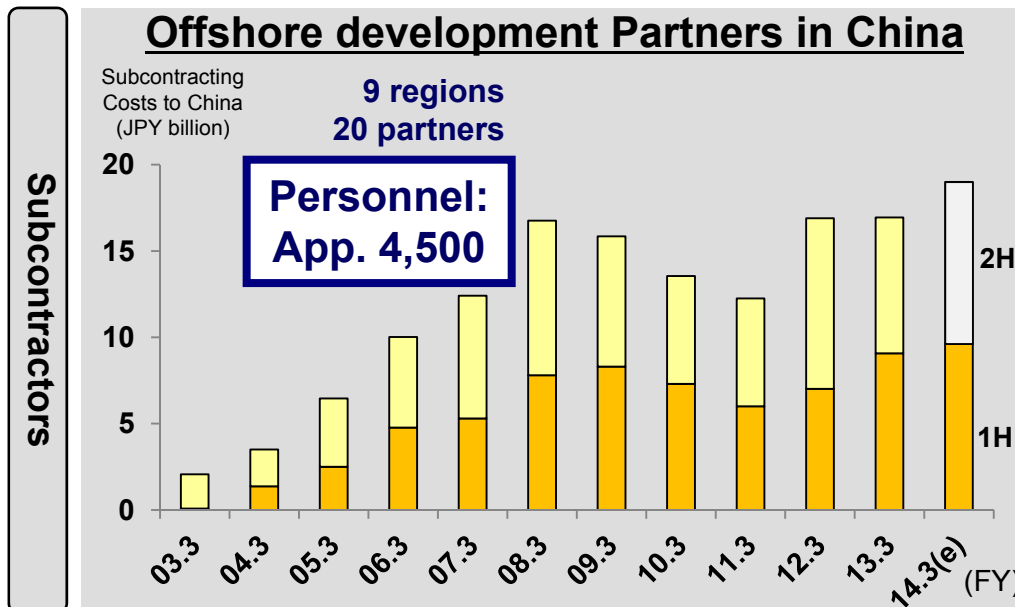
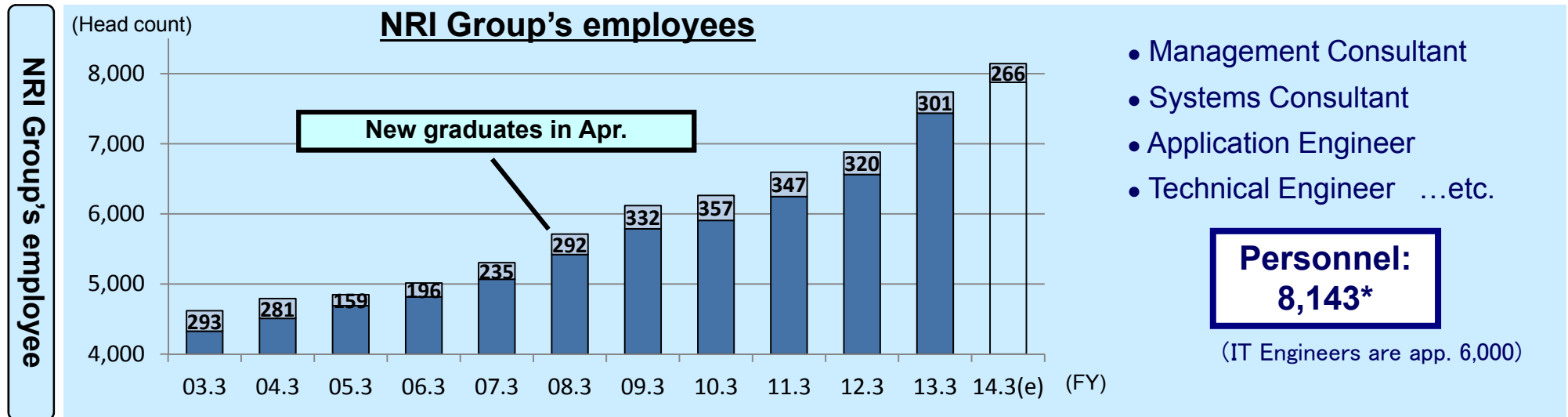
Investment in tangible fixed assets

- Construction of financial cloud
- Updating of data center-related facilities, etc.

(JPY billion)

1. Other Financial Result-related Data

Depth in Human Resources -NRI's employees + Partners(in Japan & China)



2. Recent Activities

Information Security Business

➤ **Government and corporate need for information security is being driven up by greater concerns over cyber attacks**

⇒ **Strong business results at NRI SecureTechnologies (sales up 10%, profit up 30%)**



- ◆ A group of experts in charge of NRI Group's information security business.
- ◆ Established in 2000. Approximately 250 employees, including group companies.
- ◆ Sales have grown to ¥9 billion, No 1 in Japan.

Security consulting

- Website vulnerability diagnosis, security audits, regulation compliance
- Projects to develop government-related cutting-edge technology, cyber attack response consultation
- Services to support global roll out of IT security, etc.

Security strategy services

- Cyber attack response service
- Security monitoring and real-time incident response (24-hour, 365-day monitoring service using sites in Japan and the U.S.)

Security software

- Secure file exchange service (Cryptobin)
- ID log and access control product for system managers (Access Check)
- End point security management services, etc.

2. Recent Activities

Tokyo Data Center 1 Wins Green IT Award

- NRI won a METI Minister Award at the Green IT Awards 2013.
- This recognized the following energy-saving innovations at Tokyo Data Center 1, which opened in 2012:
 - Double deck structure: Computer room air conditioning system made efficient by completely separating the area for server equipment, which generates heat, and the area for facility equipment.
 - Free cooling: Can be used for a long period, not only in winter, thanks to heat source equipment that can use less-chilled water, allowing computer systems to be run with about half the facility power used in the past.

省エネ8製品が受賞

グリーンITアワード発表 経産省

経済産業省は、優れた省エネ機器・取組みを評価する「グリーンITアワード」の受賞企業を発表した。

アワードは、機器自体の電力消費を抑えるなどの「ITの省エネ」と、システムや取組みによって行う「ITによる社会の省エネ」の2種類を対象とする。今回の受賞対象となる。今回の受賞対象は、

各4件ずつの8件となった。省エネ機器・取組みを評価している。

経済産業大臣賞には、野村総合研究所の「東京第一データセンター」と、東芝アックスの「ペーパーリユースシステム」の2製品が選ばれた。ほか、商務情報政策局長賞として、東芝の「ビット」が選ばれている。

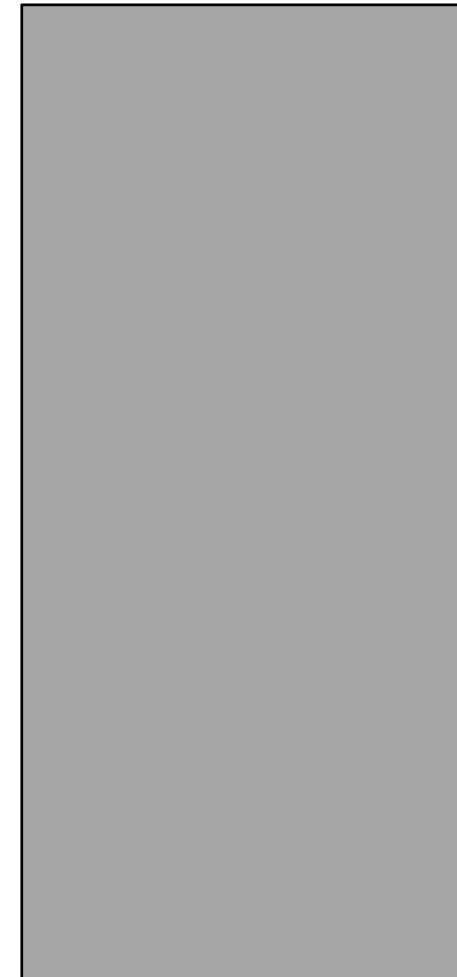
クレータの潮流に対応するトータル・ソリューション「インベシオンエンタープライズ向けSSD・HDD」と、セフンイーレブ・ジャパンとNECの「コンプレックスシステムの省エネ化と改革を支える」電気の見える化システム「インテリジェント分電盤」がそれぞれ選ばれている。

Information Industries and Market
News, September 23, 2013

2. Recent Activities

NRI Invests in Indian Research Company

- The NRI Group invested in major Indian research company Market Xcel Data Matrix Pvt. Ltd. (MX).
- NRI aims to expand orders for its consulting business by drawing on MX's extensive research network in India.
- Taking advantage of MX's know how in consumer-targeted Internet research and other fields, NRI has enhanced its research capacity in purchasing behavior analysis and other fields.
- NRI will deliver consulting services, including evaluation and identification of local partners and joint venture support, to Japanese firms and others seeking to expand their businesses in India.

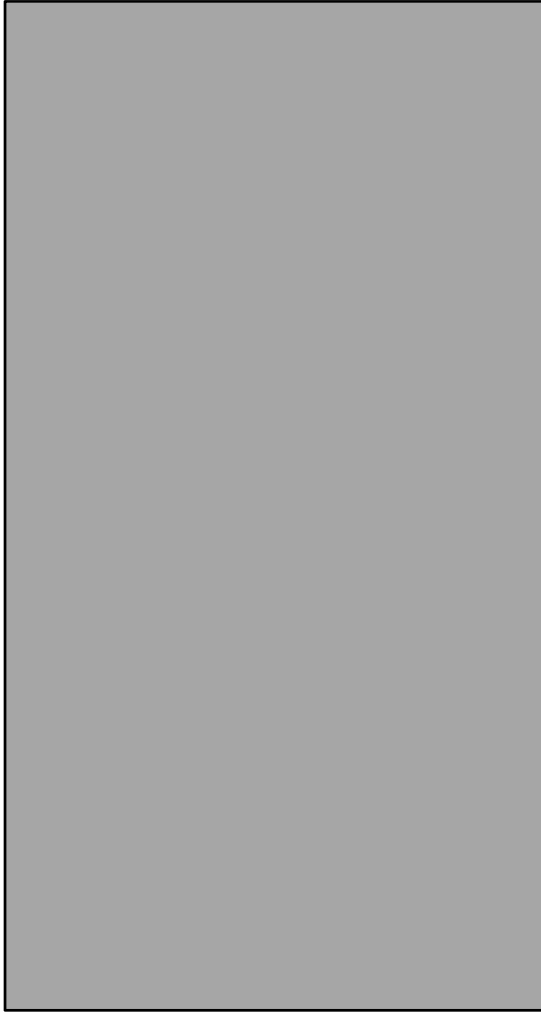


Nikkei Business Daily,
July 24, 2013

2. Recent Activities

NRI Launches Call Center Support Service with Moshi Moshi Hotline

- NRI and Moshi Moshi Hotline, Inc., have jointly created and launched a total support structure for call center-related operations.
- The service will promptly analyze operational issues at the call centers of client companies using a proprietary diagnosis program.
- Following diagnosis, optimum strategies and policies will be formulated on a case-by-case basis. These solutions will exploit the synergies between Moshi Moshi Hotline's call center business know how and NRI's analysis and strategy creation capabilities. The new service will propose practical system solutions and outsourcing services designed to rectify the issues detected.

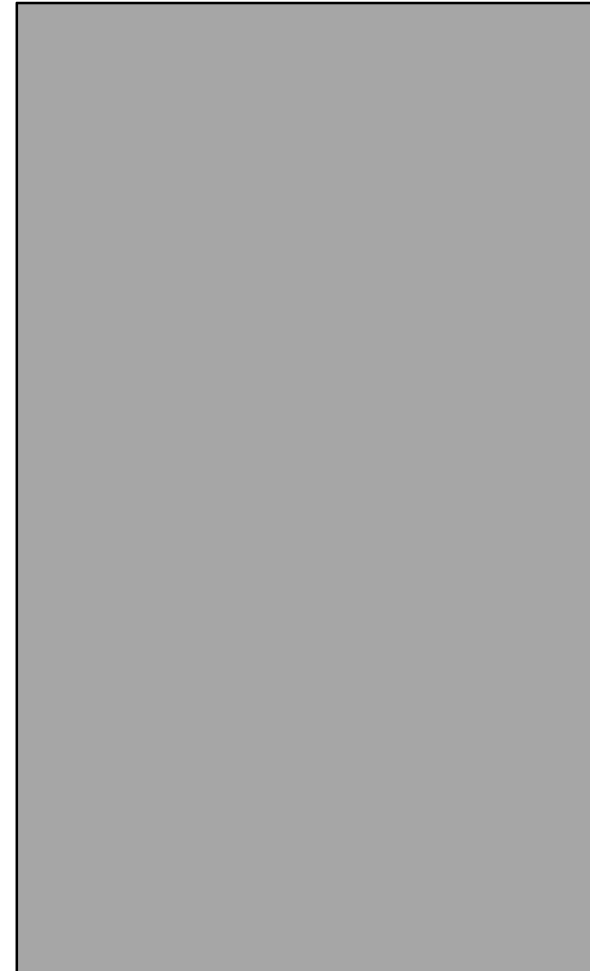


Nikkei Business Daily,
July 25, 2013

2. Recent Activities

Alliance with IIJ in Corporate IT Solutions Market

- NRI has agreed to form a strategic alliance with Internet Initiative Japan Inc. (IIJ) in the corporate IT solutions market.
- The first effort under the alliance will be to strengthen cooperation in the information security sector. NRI SecureTechnologies, Ltd. (NRI Secure) and IIJ will cooperate to deliver consulting services on topics such as formulating information security policy and evaluating information security management status.
- The two companies have already been collaborating on individual projects. Support for cloud and big data services will further develop the partnership and tap into demand.

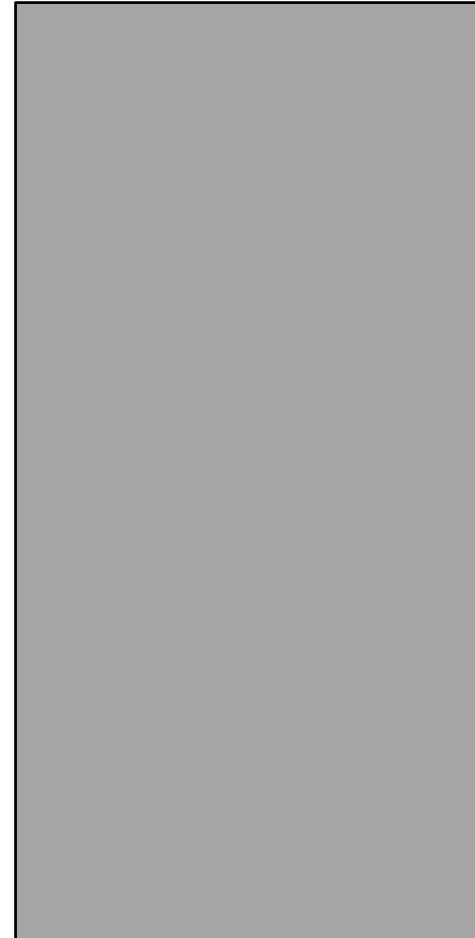


Nikkei Business Daily,
August 1, 2013

2. Recent Activities

Delivery of eLearning on Secure Programming

- NRI SecureTechnologies Ltd. (NRI Secure) launched an eLearning service that teaches system design and programming with an emphasis on awareness of information security issues.
- NRI Secure concluded a sole agency agreement for Japan with US-based Secure Innovation, Inc., which delivers eLearning courses on secure programming.
- NRI Secure will translate course content into Japanese and deliver services to engineers and companies that train engineers in Japan.

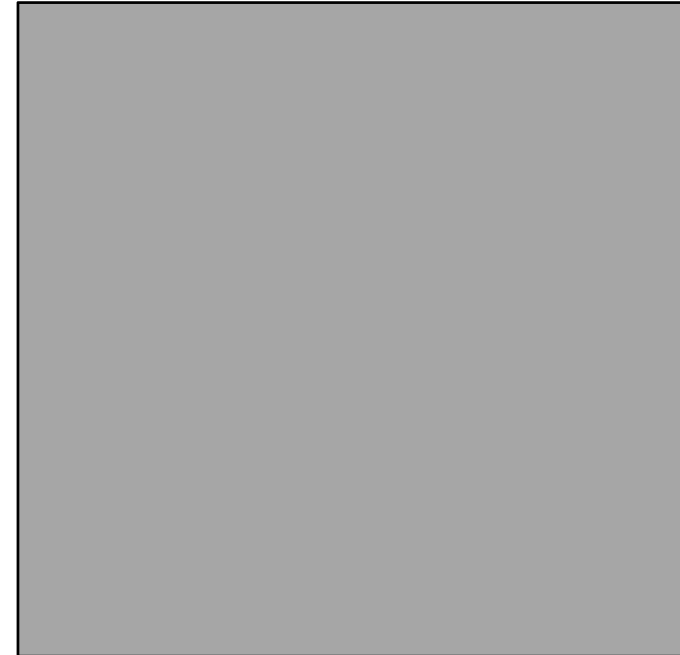


Nikkei Business Daily,
September 25, 2013

2. Recent Activities

Delivery of Japanese Extracts for Chinese Patent Information

- NRI Cyber Patent, Ltd. launched a service that delivers information on patents filed in China in Japanese and English.
- The service makes it easy to search information registered at the State Intellectual Property Office of the P.R.C. (SIPO) by combining Japanese digests prepared by the Japan Patent Office (JPO) with English digests from NRI. Because the service displays names and digests of inventions in Japanese, English and Chinese, users can find out what kind of patents have been filed in China without having to read Chinese.
- The service will be added as a new feature of the NRI CYBER PATENT DESK 2 Internet patent information service.

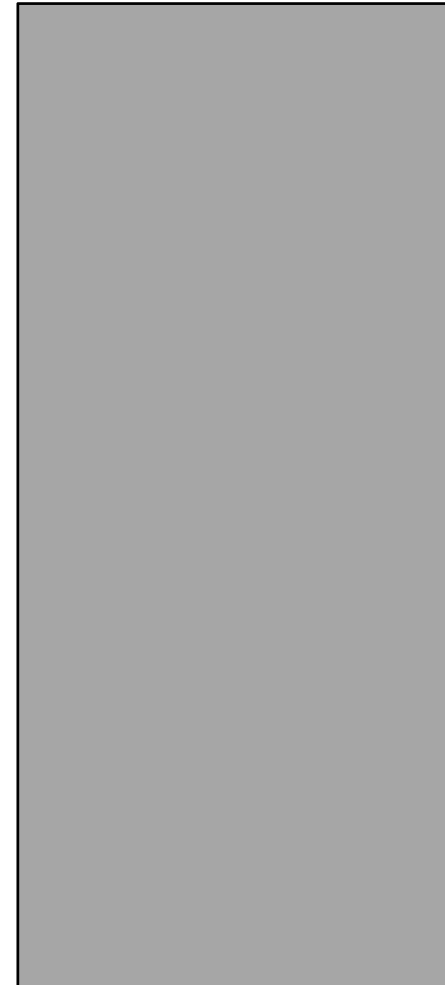


Nihon Keizai Shimbun,
September 2, 2013

2. Recent Activities

Delivering Cloud Services to Silver Human Resource Centers

- NRI Social Information System Services, Ltd. (NRI Social) launched a new cloud service for silver human resource centers that alleviates the burden of investment and accounting administration.
- NRI Social will progressively increase its market share by acquiring the new demand for streamlining at the centers in each region.
- Moreover, there has been an increase in the number of centers seeking the introduction of cloud services as a precaution against loss and theft of data. Disaster strategy needs are also driving the introduction of cloud services.
- Going forward, NRI Social will provide support for business and system introduction, including advisory activities for human resource centers.



Nikkei Business Daily,
September 26, 2013

3. One of NRI's Projects

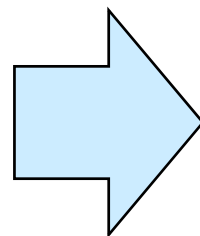


Migration of non-life insurance backbone system

Host backbone system

Host system with over 30 years since construction

System size: approx. 7 million steps



New server backbone system

Backbone system with all operations running on server

Utilizing system infrastructure through NRI Cloud

4. Others - Supplementary explanation

■ FY March 2014 Consolidated Earnings Model - Sales of JPY375.0 billion and operation profit of JPY49.0 billion

(JPY billion)

	FY Mar. 2012 (Results)	FY Mar. 2013 (Results)	FY Mar. 2014 (Forecasts as of Jul. 25)*	YoY	
				Diff.	Change
Sales	335.5	363.8	375.0	+11.1	+3.1%
Cost of Sales	235.5	262.3	268.0	+5.6	+2.2%
Personnel	57.1	64.4	69.0	+4.5	+7.0%
Subcontracting Costs	112.0	116.1	128.0	+11.8	+10.2%
Depreciation	29.4	41.2	32.0	(9.2)	(22.5%)
Gross Profit	100.0	101.5	107.0	+5.4	+5.3%
Gross Profit Margin	29.8%	27.9%	28.5%	+0.6P	
SG&A	56.8	57.5	58.0	+0.4	+0.8%
Operating Profit	43.1	44.0	49.0	+4.9	+11.3%
Operating Profit Margin	12.9%	12.1%	13.1%	+1.0P	

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

4. Others - Communications

Forum



September 2013
Briefing session held for
individual investors in Osaka



October 2013
“Dream Up the Future” Forum 2013 in Osaka



Publications



Books published since July 2013