



FY March 2006 Financial Results

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Nomura Research Institute, Ltd.

April 27, 2006

I. FY March 2006 Financial Results (Consolidated)

(1) Highlights

(Unit: JPY million)

	FY Mar.2005 (Apr.2004 - Mar.2005)	FY Mar.2006 (Apr.2005 - Mar.2006)	YoY	
	Amount	Amount	Diff.	Change (%)
Sales	252,963	285,585	32,622	12.9
		* 270,000		* 6.2%
Operating Profit	30,159	36,469	6,309	20.9
		* 34,000		* 8.2%
Net Income	16,303	22,518	6,214	38.1
		* 21,000		* 9.3%
Operating Profit Margin	11.9%	12.8%	0.8P	
		* 12.6%		
Earnings per share	JPY362.30	JPY519.72	JPY157.42	43.5
1st Half	JPY20.00	JPY50.00	JPY30.00	150.0
Fiscal Year	JPY80.00	JPY90.00	JPY10.00	12.5
Dividends per share	JPY100.00	JPY140.00	JPY40.00	40.0
Dividend payout ratio	27.6%	26.2%	(1.4P)	

Note: Figures * indicate earnings estimates announced on Oct. 14, 2005.

[1st Half]

	1 st half FY Mar.2005 (Apr.2004 - Sep.2004)	1 st half FY Mar.2006 (Apr.2005 - Sep.2005)	YoY	
	Amount	Amount	Diff.	Change(%)
Sales	115,167	132,502	17,335	15.1
Operating Profit	12,319	16,460	4,141	33.6
Net Income	6,882	10,370	3,488	50.7
Operating Profit Margin	10.7%	12.4%	1.7P	

[2nd Half]

	2 nd half FY Mar.2005 (Oct.2004 - Mar.2005)	2 nd half FY Mar.2006 (Oct.2005 - Mar.2006)	YoY	
	Amount	Amount	Diff.	Change (%)
Sales	137,796	153,082	15,286	11.1
Operating Profit	17,840	20,009	2,168	12.2
Net Income	9,421	12,147	2,726	28.9
Operating Profit Margin	12.9%	13.1%	0.1P	

*Amounts of less than JPY million were rounded down.

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I. FY March 2006 Financial Results (Consolidated)

(2) Sales by sector

(Unit:JPY million)

	FY Mar.2005 (Apr.2004 - Mar.2005)		FY Mar.2006 (Apr.2005 - Mar.2006)		YoY	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)
Financial sector	152,326	60.2	178,168	62.4	25,842	17.0
Distribution sector	46,209	18.3	49,681	17.4	3,471	7.5
Other private sector	35,712	14.1	36,720	12.9	1,008	2.8
Public sector	18,714	7.4	21,014	7.4	2,299	12.3
Total	252,963	100.0	285,585	100.0	32,622	12.9

*Sales by main counterparties within the foregoing amounts

Nomura Holdings	67,102	26.5	88,725	31.1	21,622	32.2
SEVEN & i HOLDINGS	31,808	12.6	34,907	12.2	3,099	9.7

*Figures, in principle, include sales to subsidiaries. Sales via leasing and other companies include sales to customers ultimately receiving services and other products. These figures were calculated starting in the current consolidated fiscal year, but figures in the previous consolidated fiscal year were also calculated retroactively.

[1st Half]

	1 st half FY Mar.2005 (Apr.2004 - Sep.2004)		1 st half FY Mar.2006 (Apr.2005 - Sep.2005)		YoY	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)
Financial sector	65,209	56.6	79,880	60.3	14,671	22.5
Distribution sector	23,061	20.0	24,613	18.6	1,552	6.7
Other private sector	17,852	15.5	18,845	14.2	992	5.6
Public sector	9,044	7.9	9,163	6.9	119	1.3
Total	115,167	100.0	132,502	100.0	17,335	15.1
Nomura Holdings	28,978	25.2	36,525	27.6	7,546	26.0
SEVEN & i HOLDINGS	14,874	12.9	17,638	13.3	2,763	18.6

[2nd Half]

	2 nd half FY Mar.2005 (Oct.2004 - Mar.2005)		2 nd half FY Mar.2006 (Oct.2005 - Mar.2006)		YoY	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)
Financial sector	87,117	63.2	98,287	64.2	11,170	12.8
Distribution sector	23,148	16.8	25,067	16.4	1,919	8.3
Other private sector	17,859	13.0	17,875	11.7	16	0.1
Public sector	9,670	7.0	11,851	7.7	2,180	22.5
Total	137,796	100.0	153,082	100.0	15,286	11.1
Nomura Holdings	38,124	27.7	52,200	34.1	14,075	36.9
SEVEN & i HOLDINGS	16,933	12.3	17,269	11.3	335	2.0

*Amounts of less than JPY million were rounded down.

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I. FY March 2006 Financial Results (Consolidated)

(3) Sales and Operating Profit by segment

System Solution Services

(Unit: JPY million)

	FY Mar.2005 (Apr.2004 - Mar.2005)		FY Mar.2006 (Apr.2005 - Mar.2006)		YoY	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)
System Development & System Application sales	89,386	35.3	104,395	36.6	15,009	16.8
System Management & Operations	97,559	38.6	106,212	37.2	8,653	8.9
Product Sales	26,284	10.4	30,392	10.6	4,107	15.6
Sales	213,230	84.3	241,000	84.4	27,770	13.0
Operating Profit	24,483		31,332		6,849	28.0
Operating Profit Margin	11.5%		13.0%		1.5P	

[1st Half]

	1 st half FY Mar.2005 (Apr.2004 - Sep.2004)		1 st half FY Mar.2006 (Apr.2005 - Sep.2005)		YoY	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)
System Development & System Application sales	37,330	32.4	49,419	37.3	12,088	32.4
System Management & Operations	48,266	41.9	51,175	38.6	2,909	6.0
Product Sales	10,413	9.0	10,620	8.0	206	2.0
Sales	96,011	83.4	111,215	83.9	15,204	15.8
Operating Profit	9,712		14,255		4,543	46.8
Operating Profit Margin	10.1%		12.8%		2.7P	

[2nd Half]

	2 nd half FY Mar.2005 (Oct.2004 - Mar.2005)		2 nd half FY Mar.2006 (Oct.2005 - Mar.2006)		YoY	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)
System Development & System Application sales	52,055	37.8	54,976	35.9	2,921	5.6
System Management & Operations	49,292	35.8	55,037	36.0	5,744	11.7
Product Sales	15,870	11.5	19,771	12.9	3,900	24.6
Sales	117,219	85.1	129,785	84.8	12,566	10.7
Operating Profit	14,770		17,076		2,305	15.6
Operating Profit Margin	12.6%		13.2%		0.6P	

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I. FY March 2006 Financial Results (Consolidated)

Consulting & Knowledge Services

(Unit: JPY million)

	FY Mar.2005 (Apr.2004 - Mar.2005)		FY Mar.2006 (Apr.2005 - Mar.2006)		YoY	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)
Sales	39,733	15.7	44,584	15.6	4,851	12.2
Operating Profit	5,692		5,158		(534)	(9.4)
Operating Profit Margin	14.3%		11.6%		(2.8P)	

[1st Half]

	1 st half FY Mar.2005 (Apr.2004 - Sep.2004)		1 st half FY Mar.2006 (Apr.2005 - Sep.2005)		YoY	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)
Sales	19,156	16.6	21,287	16.1	2,131	11.1
Operating Profit	2,606		2,197		(409)	(15.7)
Operating Profit Margin	13.6%		10.3%		(3.3P)	

[2nd Half]

	2 nd half FY Mar.2005 (Oct.2004 - Mar.2005)		2 nd half FY Mar.2006 (Oct.2005 - Mar.2006)		YoY	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)
Sales	20,576	14.9	23,297	15.2	2,720	13.2
Operating Profit	3,085		2,960		(124)	(4.0)
Operating Profit Margin	15.0%		12.7%		(2.3P)	

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(4) Order Volume and Order Backlog

Order Volume

(Unit: JPY million)

	FY Mar.2005 (Apr.2004-Mar.2005)	FY Mar.2006 (Apr.2005-Mar.2006)	YoY	
	Amount	Amount	Diff.	Change (%)
System Development & System Application Sales	89,900	111,155	21,255	23.6
System Management & Operations	106,114	110,829	4,714	4.4
Product Sales	26,284	31,414	5,129	19.5
System Solution Services	222,299	253,398	31,099	14.0
Consulting & Knowledge Services	40,112	46,701	6,589	16.4
Total	262,411	300,100	37,688	14.4

[1st Half]

	1 st half FY Mar.2005 (Apr.2004 - Sep.2004)	1 st half FY Mar.2006 (Apr.2005 - Sep.2005)	YoY	
	Amount	Amount	Diff.	Change (%)
System Development & System Application Sales	44,973	55,263	10,290	22.9
System Management & Operations	10,977	9,123	(1,853)	(16.9)
Product Sales	10,413	11,673	1,259	12.1
System Solution Services	66,364	76,060	9,696	14.6
Consulting & Knowledge Services	14,508	17,154	2,645	18.2
Total	80,872	93,214	12,342	15.3

[2nd Half]

	2 nd half FY Mar.2005 (Oct.2004 - Mar.2005)	2 nd half FY Mar.2006 (Oct.2005 - Mar.2006)	YoY	
	Amount	Amount	Diff.	Change (%)
System Development & System Application Sales	44,927	55,892	10,965	24.4
System Management & Operations	95,137	101,705	6,568	6.9
Product Sales	15,870	19,740	3,869	24.4
System Solution Services	155,935	177,338	21,403	13.7
Consulting & Knowledge Services	25,603	29,547	3,943	15.4
Total	181,538	206,885	25,346	14.0

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I. FY March 2006 Financial Results (Consolidated)

Order Backlog(Outstanding)

(Unit: JPY million)

	At end of FY Mar.2005	At end of FY Mar.2006	YoY	
	Amount	Amount	Diff.	Change (%)
System Development & System Application sales	13,976	20,695	6,718	48.1
System Management & Operations	87,918	92,633	4,714	5.4
Product Sales	-	1,021	1,021	-
System Solution Services	101,895	114,350	12,455	12.2
Consulting & Knowledge Services	16,027	17,679	1,652	10.3
Total	117,923	132,030	14,107	12.0

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(5) Subcontracting Costs

Subcontracting Costs by segment & Percentage in actual production (Unit: JPY million)

	FY Mar.2005 (Apr.2004 - Mar.2005)		FY Mar.2006 (Apr.2005 - Mar.2006)		YoY	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)
System Development & System Application sales	39,804	60.2	50,566	62.0	10,762	27.0
System Management & Operations	24,245	32.9	25,561	34.1	1,315	5.4
System Solution Services	64,049	45.8	76,128	48.6	12,078	18.9
Consulting & Knowledge Services	9,123	36.8	11,207	38.7	2,083	22.8
Total	73,173	44.5	87,335	47.1	14,162	19.4
(Subcontracting Costs to China)	6,459	8.8	10,019	11.5	3,560	55.1

* Subcontracting costs to China & Percentage in total subcontracting costs

[1st Half]

	1 st half FY Mar.2005 (Apr.2004 - Sep.2004)		1 st half FY Mar.2006 (Apr.2005 - Sep.2005)		YoY	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)
System Development & System Application sales	17,210	58.3	24,104	61.3	6,893	40.1
System Management & Operations	12,218	32.9	11,796	32.4	(421)	(3.5)
System Solution Services	29,429	44.2	35,900	47.4	6,471	22.0
Consulting & Knowledge Services	4,313	36.3	5,133	37.1	820	19.0
Total	33,742	43.0	41,034	45.8	7,291	21.6
(Subcontracting Costs to China)	2,509	7.4	4,775	11.6	2,266	90.3

[2nd Half]

	2 nd half FY Mar.2005 (Oct.2004 - Mar.2005)		2 nd half FY Mar.2006 (Oct.2005 - Mar.2006)		YoY	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)
System Development & System Application sales	22,593	61.6	26,462	62.7	3,869	17.1
System Management & Operations	12,027	33.0	13,764	35.6	1,737	14.4
System Solution Services	34,620	47.3	40,227	49.7	5,607	16.2
Consulting & Knowledge Services	4,810	37.3	6,074	40.2	1,263	26.3
Total	39,430	45.8	46,301	48.2	6,870	17.4
(Subcontracting Costs to China)	3,949	10.0	5,244	11.3	1,294	32.8

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I. FY March 2006 Financial Results (Consolidated)

(6) Cash Flow

(Unit: JPY million)

	FY Mar.2005 (Apr.2004 -Mar.2005)	FY Mar.2006 (Apr.2005 -Mar.2006)	YoY	
	Amount	Amount	Diff.	Change (%)
Income before income taxes	27,361	37,535	10,173	37.2
Gain/Loss from non-operating activities	(713)	(1,706)	(992)	139.0
Extraordinary gain/loss	2,645	717	(1,927)	(72.9)
Depreciation and amortization	18,402	16,574	(1,828)	(9.9)
Accounts receivable and other receivable, net of advance payments received	(5,243)	10,511	15,755	-
Allowance	855	928	73	8.6
Other	404	1,505	1,101	272.2
Subtotal	43,711	66,066	22,354	51.1
Interest and dividends received	526	1,180	654	124.2
Income taxes paid	(16,668)	(18,371)	(1,703)	10.2
Operating Activities	27,569	48,875	21,305	77.3
Acquisition of property and equipment	(8,051)	(9,799)	(1,747)	21.7
Increase in software and other intangibles	(9,327)	(8,211)	1,115	(12.0)
Subtotal: Capital expenditure	(17,379)	(18,011)	(632)	3.6
Increase in time deposits	(6,148)	(6,778)	(629)	10.2
Proceeds from time deposits	-	6,523	6,523	-
Increase in investment securities	(65,872)	(30,300)	35,572	(54.0)
Proceeds from sales and redemption of investment securities	6,130	65,812	59,681	973.5
Other	1,287	608	(679)	(52.8)
Investing Activities	(81,981)	17,853	99,835	-
Free Cash Flow	(54,411)	66,729	121,141	-
(Free Cash Flow except Cash management purpose investment)	15,178	22,672	7,494	49.4
Net repayment of long-term debt	(1,230)	(840)	390	(31.7)
Purchase of treasury stock	(2)	(48,147)	(48,144)	-
Cash dividends paid	(2,695)	(5,840)	(3,145)	116.7
Financing Activities	(3,928)	(54,828)	(50,899)	-
Effect of exchange rate changes on Cash and cash equivalents	205	174	(31)	(15.3)
Net increase in Cash and cash equivalents	(58,134)	12,075	70,210	-
Cash and cash equivalents at beginning of year	96,812	38,677	(58,134)	(60.0)
Cash and cash equivalents at end of year	38,677	50,752	12,075	31.2
Cash and cash equivalents + Cash Management purpose investment	108,151	76,432	(31,719)	(29.3)

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Note: Cash management purpose investment are the investments to 3 months over time deposits and government bonds etc..
Cash management purpose investment (included in investing activities) are as follows.

	FY Mar.2005 Total (Apr.2004-Mar.2005)	FY Mar.2006 Total (Apr.2005-Mar.2006)	YoY	
	Amount	Amount	Diff.	Change (%)
Increase in time deposits	(6,148)	(6,778)	(629)	10.2
Proceeds from time deposits	-	6,523	6,523	-
Increase in investment securities	(63,441)	(20,270)	43,171	(68.0)
Proceeds from sales and redemption of investment securities	-	64,582	64,582	-
(Total)Cash management purpose investment	(69,589)	44,056	113,646	-

*Amounts of less than JPY million were rounded down.

I. FY March 2006 Financial Results (Consolidated)

(7) Capital Expenditure (Unit: JPY million)

	FY Mar.2005 (Apr.2004 - Mar.2005)	FY Mar.2006 (Apr.2005 - Mar.2006)	YoY	
	Amount	Amount	Diff.	Change (%)
Tangible	8,038	10,038	1,999	24.9
Intangible	9,312	8,305	(1,007)	(10.8)
Total	17,351	18,343	992	5.7

(8) Depreciation & Amortization (Unit: JPY million)

	FY Mar.2005 (Apr.2004 - Mar.2005)	FY Mar.2006 (Apr.2005 - Mar.2006)	YoY	
	Amount	Amount	Diff.	Change (%)
Tangible	5,743	6,278	535	9.3
Intangible	12,658	10,295	(2,363)	(18.7)
Total	18,402	16,574	(1,828)	(9.9)

(9) R&D Expenditure (Unit: JPY million)

	FY Mar.2004 (Apr.2004 - Mar.2005)	FY Mar.2005 (Apr.2005 - Mar.2006)	YoY	
	Amount	Amount	Diff.	Change (%)
System Solution Services	1,140	1,312	172	15.1
Consulting & Knowledge Services	506	1,189	682	134.8
Total	1,646	2,501	854	51.9

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II. FY March 2007 Financial Results Forecasts (Consolidated)

(1) Highlights

(Unit: JPY billion)

	FY Mar.2006	FY Mar.2007	YoY	
	(Results)	(Forecasts)	Diff.	Change (%)
	Amount	Amount		
Sales	285.5	290.0	4.4	1.5
Operating Profit	36.4	37.0	0.5	1.5
Net Income	22.5	23.0	0.4	2.1
Operating Profit Margin	12.8%	12.8%	0.0P	
Earnings per share	JPY519.72	JPY566.23	JPY46.51	8.9
1st Half	JPY50.00	JPY70.00	JPY20.00	40.0
Fiscal Year	JPY90.00	JPY100.00	JPY10.00	11.1
Dividends per share	JPY140.00	JPY170.00	JPY30.00	21.4
Dividend payout ratio	26.2%	30.0%	3.8P	

[1st Half]

	1 st half FY Mar.2006	1 st half FY Mar.2007	YoY	
	(Results)	(Forecasts)	Diff.	Change (%)
	Amount	Amount		
Sales	132.5	135.0	2.4	1.9
Operating Profit	16.4	17.0	0.5	3.3
Net Income	10.3	10.8	0.4	4.1
Operating Profit Margin	12.4%	12.6%	0.2P	

[2nd Half]

	2 nd half FY Mar.2006	2 nd half FY Mar.2007	YoY	
	(Results)	(Forecasts)	Diff.	Change (%)
	Amount	Amount		
Sales	153.0	155.0	1.9	1.3
Operating Profit	20.0	20.0	0.0	0.0
Net Income	12.1	12.2	0.0	0.4
Operating Profit Margin	13.1%	12.9%	(0.2P)	

II. FY March 2007 Financial Results Forecasts (Consolidated)

(2) Sales by sector

(Unit: JPY billion)

	FY Mar.2006 (Results)		FY Mar.2007 (Forecasts)		YoY	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)
Financial sector	178.1	62.4	180.0	62.1	1.8	1.0
Distribution sector	49.6	17.4	50.0	17.2	0.3	0.6
Other private sector	36.7	12.9	35.0	12.1	(1.7)	(4.7)
Public sector	21.0	7.4	25.0	8.6	3.9	19.0
Total	285.5	100.0	290.0	100.0	4.4	1.5

[1st Half]

	1 st half FY Mar.2006 (Results)		1 st half FY Mar.2007 (Forecasts)		YoY	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)
Financial sector	79.8	60.3	82.0	60.7	2.1	2.7
Distribution sector	24.6	18.6	24.5	18.1	(0.1)	(0.5)
Other private sector	18.8	14.2	17.0	12.6	(1.8)	(9.8)
Public sector	9.1	6.9	11.5	8.5	2.3	25.5
Total	132.5	100.0	135.0	100.0	2.4	1.9

[2nd Half]

	2 nd half FY Mar.2006 (Results)		2 nd half FY Mar.2007 (Forecasts)		YoY	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)
Financial sector	98.2	64.2	98.0	63.2	(0.2)	(0.3)
Distribution sector	25.0	16.4	25.5	16.5	0.4	1.7
Other private sector	17.8	11.7	18.0	11.6	0.1	0.7
Public sector	11.8	7.7	13.5	8.7	1.6	13.9
Total	153.0	100.0	155.0	100.0	1.9	1.3

II. FY March 2007 Financial Results Forecasts (Consolidated)

(3) Sales by segment

(Unit: JPY billion)

	FY Mar.2006 (Results)		FY Mar.2007 (Forecasts)		YoY	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)
System Development & System Application Sales	104.3	36.6	115.0	39.7	10.6	10.2
System Management & Operations	106.2	37.2	110.0	37.9	3.7	3.6
Product Sales	30.3	10.6	20.0	6.9	(10.3)	(34.2)
System Solution Services	241.0	84.4	245.0	84.5	3.9	1.7
Consulting & Knowledge Services	44.5	15.6	45.0	15.5	0.4	0.9
Total	285.5	100.0	290.0	100.0	4.4	1.5

[1st Half]

	1 st half FY Mar.2006 (Results)		1 st half FY Mar.2007 (Forecasts)		YoY	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)
System Development & System Application sales	49.4	37.3	51.5	38.1	2.0	4.2
System Management & Operations	51.1	38.6	54.0	40.0	2.8	5.5
Product Sales	10.6	8.0	8.0	5.9	(2.6)	(24.7)
System Solution Services	111.2	83.9	113.5	84.1	2.2	2.1
Consulting & Knowledge Services	21.2	16.1	21.5	15.9	0.2	1.0
Total	132.5	100.0	135.0	100.0	2.4	1.9

[2nd Half]

	2 nd half FY Mar.2006 (Results)		2 nd half FY Mar.2007 (Forecasts)		YoY	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)
System Development & System Application sales	54.9	35.9	63.5	41.0	8.5	15.5
System Management & Operations	55.0	36.0	56.0	36.1	0.9	1.7
Product Sales	19.7	12.9	12.0	7.7	(7.7)	(39.3)
System Solution Services	129.7	84.8	131.5	84.8	1.7	1.3
Consulting & Knowledge Services	23.2	15.2	23.5	15.2	0.2	0.9
Total	153.0	100.0	155.0	100.0	1.9	1.3

II. FY March 2007 Financial Results Forecasts (Consolidated)

(4) Capital Expenditure

(Unit: JPY billion)

	FY Mar.2006 (Results)	FY Mar.2007 (Forecasts)	YoY	
	Amount	Amount	Diff.	Change (%)
Tangible	10.0	21.0	10.9	109.2
Intangible	8.3	15.0	6.6	80.6
Total	18.3	36.0	17.6	96.3

(5) Depreciation & Amortization

(Unit: JPY billion)

	FY Mar.2006 (Results)	FY Mar.2007 (Forecasts)	YoY	
	Amount	Amount	Diff.	Change (%)
Total	16.5	17.0	0.4	2.6

(6) R&D Expenditure

(Unit: JPY billion)

	FY Mar.2006 (Results)	FY Mar.2007 (Forecasts)	YoY	
	Amount	Amount	Diff.	Change (%)
Total	2.5	3.4	0.8	35.9