This financial report is composed of two parts. The first part is an abridged translation of "Kessan Tanshin (earnings report)" for the fiscal year ended 31st March, 2011, which includes the summary and the operating results sections.
The second part is the "Consolidated Financial Statements," which are basically prepared based on the "Kessan Tanshin (earnings report)" but applied for some items different presentation methods.

27th April, 2011

Consolidated Financial Results
For the Fiscal Year Ended 31st March, 2011
<under Japanese GAAP>

Company name: Nomura Research Institute, Ltd.
Listing: First Section of the Tokyo Stock Exchange
Stock code: 4307
URL: http://www.nri.co.jp/
Representative: Tadashi Shimamoto, President, Representative Director, CEO & COO
Inquiries: Katsutoshi Murakami, General Manager, Accounting & Finance Department
TEL: +81-3-5533-2111 (from overseas)

Scheduled date of ordinary general meeting of shareholders: 23rd June, 2011
Scheduled date to commence dividend payments: 3rd June, 2011
Scheduled date to file Securities Report: 24th June, 2011
Preparation of supplementary material on consolidated financial results: Yes
Announcement for consolidated financial results (for institutional investors and analysts): Yes

(Millions of yen with fractional amounts discarded, unless otherwise noted)

1. Consolidated performance for the fiscal year ended 31st March, 2011 (from 1st April, 2010 to 31st March, 2011)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Sales		Operating profit		Ordinary profit		Net income	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
31st March, 2011	326,328	(3.6)	38,426	(4.1)	40,073	(2.1)	23,188	6.1
31st March, 2010	338,629	(0.8)	40,077	(19.4)	40,947	(20.8)	21,856	(10.8)

Note: Comprehensive income
Fiscal year ended 31st March, 2011: ¥20,593 million [(15.4)%] Fiscal year ended 31st March, 2010: ¥24,339 million [–%]

	Net income per share – basic	Net income per share – diluted	ROE	ROA	Operating profit margin
Fiscal year ended	Yen	Yen	%	%	%
31st March, 2011	119.11	112.21	10.3	10.8	11.8
31st March, 2010	112.32	105.81	10.3	11.4	11.8

Reference: Equity in earnings (losses) of affiliates
Fiscal year ended 31st March, 2011: ¥(11) million Fiscal year ended 31st March, 2010: ¥(564) million

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
31st March, 2011	380,032	231,074	60.5	1,179.92
31st March, 2010	363,368	220,237	60.3	1,125.63

Reference: Equity
As of 31st March, 2011: ¥229,757 million As of 31st March, 2010: ¥219,071 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Period-end cash and cash equivalents
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
31st March, 2011	48,777	(27,723)	1,590	82,085
31st March, 2010	58,060	(16,175)	(10,348)	59,775

2. Cash dividends

	Annual dividends					Total cash dividends (Full year)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter	Second quarter	Third quarter	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended 31st March, 2010	–	26.00	–	26.00	52.00	10,119	46.3	4.8
Fiscal year ended 31st March, 2011	–	26.00	–	26.00	52.00	10,124	43.7	4.5
Fiscal year ending 31st March, 2012 (Forecasts)	–	26.00	–	26.00	52.00		42.2	

Note: The total cash dividends for the fiscal year ended 31st March, 2011 does not include ¥161 million in dividends for the trust exclusive for NRI Group Employee Stock Ownership Association.

3. Forecasts of financial results for the fiscal year ending 31st March, 2012 (from 1st April, 2011 to 31st March, 2012)

(Percentages indicate year-on-year changes.)

	Sales		Operating profit		Ordinary profit		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending 30th September, 2011	160,000	(1.3)	19,000	18.7	20,000	17.0	11,500	19.1	59.06
Fiscal year ending 31st March, 2012	330,000	1.1	40,000	4.1	41,500	3.6	24,000	3.5	123.25

4. Others

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in change in scope of consolidation): None

(2) Changes in accounting policies, procedures, and methods of presentation
   a. Changes due to revisions to accounting standards and other regulations: Yes
   b. Changes due to other reasons: None

(3) Number of shares in issue (common stock)
   a. Total number of shares in issue at the end of the period (including treasury stock)

As of 31st March, 2011	225,000,000 shares
As of 31st March, 2010	225,000,000 shares

   b. Number of shares of treasury stock at the end of the period

As of 31st March, 2011	30,277,343 shares
As of 31st March, 2010	30,378,314 shares

   c. Average number of shares during the period

Fiscal year ended 31st March, 2011	194,676,704 shares
Fiscal year ended 31st March, 2010	194,586,550 shares

Note: The number of NRI shares held by the trust exclusive for NRI Group Employee Stock Ownership Association was 6,201,500 shares as of 31st March, 2011. This number is included as treasury stock.

* Indication regarding execution of audit procedures
This consolidated financial results report is exempt from the audit procedures in accordance with the Financial Instruments and Exchange Law. At the time of disclosure of this consolidated financial results report, the audit procedures for financial statements in accordance with the Financial Instruments and Exchange Law are incomplete.

* Proper use of forecasts of financial results, and other special matters
The business forecasts are based on information available to management at the present time and certain assumptions judged to be rational. As such, actual sales and profits may differ from this forecast due to uncertain factors present in the forecast or future changes in business circumstances. Also, forecasted cash dividends per share are based on the current business environment and forecasts of financial results. Please refer to the section of “(1) Analysis Regarding Consolidated Operating Results” of “Operating Results” on pages 4-6 for the suppositions that form the assumptions for the forecasts of financial results and cautions concerning the use thereof.

Operating Results

(1) Analysis Regarding Consolidated Operating Results

a. Operating results for the current fiscal year

In the current fiscal year, the Japanese economy was following the path of a gradual recovery at the start of the period with exports and production increasing. However, from the summer onwards, the pace of such increase weakened and the economy came to a standstill. After entering 2011, the economy was observed to be picking up but then the Great East Japan Earthquake struck in March, causing damage to production facilities, materials procurement difficulties, electricity shortages and other issues, which led to a large drop in production activities. Although companies' investment plans in information systems initially showed signs of recovery, companies remained cautious towards making such investment throughout the year and the business environment became increasingly difficult for the information services industry.
Operating in such an environment, Nomura Research Institute and its consolidated subsidiaries ("the NRI Group") carried out its business activities with the combined strength of the Group, allowing it to seamlessly provide services encompassing consulting through to system development and operations. In the current fiscal year, aiming to realize growth in the medium to long term, the NRI Group worked on strengthening the earnings structure and expanding the client base. In addition, the NRI Group has launched an earthquake recovery assistance project team and has started providing recommendations toward recovery from the earthquake.
For the current fiscal year, sales totaled ¥326,328 million (down 3.6% year on year), owing mainly to declines in the Financial IT Solutions and Industrial IT Solutions segments compared with the previous fiscal year. Despite an increase in costs associated with projects aimed at strengthening the earnings structure and expanding the client base, cost of sales decreased to ¥233,119 million (down 5.1%) as a result of efforts to reduce subcontracting costs. Gross profit was ¥93,209 million (up 0.2%). Selling, general and administrative expenses was ¥54,782 million (up 3.5%) due to increases in personnel expenses accompanying an increase in personnel and costs arising from office expansion in the previous fiscal year. Operating profit was ¥38,426 million (down 4.1%), ordinary profit was ¥40,073 million (down 2.1%), and net income was ¥23,188 million (up 6.1%).

The business results by segment (sales includes intersegment sales) are as follows.
As the Company adopted the "Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" effective from the current fiscal year, the segmentation was changed. Accordingly, the comparison with the previous fiscal year below is based on the figures for the previous fiscal year after applying the reclassification of segments.

(Consulting)
There was an increase in both management consulting and system consulting projects both due to the increase of projects related to China and other emerging countries and large projects aimed at execution support. As a result, the Consulting segment posted sales of ¥19,409 million (up 7.9% from the previous fiscal year) and operating profit of ¥1,217 million (up 855.4%).

(Financial IT Solutions)
In terms of sales, consulting projects to the insurance sector increased, but development projects and product sales to the securities sector declined. On the cost front, there were increases in software amortization expenses and costs associated with strategic projects aimed at strengthening the earnings structure, but subcontracting costs decreased.
As a result, the Financial IT Solutions segment posted sales of ¥201,833 million (down 3.5% from the previous fiscal year) and operating profit of ¥19,429 million (down 2.1%).

(Industrial IT Solutions)
In terms of sales, development projects to the manufacturing and services sectors declined in reaction to a high level in the previous fiscal year, when there were some major projects. Also, product sales decreased owing to the drop in development projects associated with new equipment

installation. On the cost front, additional costs were incurred related to projects aimed at expanding the client base.
As a result, the Industrial IT Solutions segment posted sales of ¥90,111 million (down 6.0% from the previous fiscal year) and operating profit of ¥5,770 million (down 31.5%).

(IT Platform Services)
In terms of sales to external customers, although system management and operation services declined, development projects and product sales increased, causing sales to stay at about the same level as the previous fiscal year. However intersegment sales declined. On the cost front, subcontracting costs and depreciation and amortization expenses declined.
As a result, the IT Platform Services segment posted sales of ¥67,649 million (down 2.4% from the previous fiscal year) and operating profit of ¥9,230 million (up 8.3%).

(Others)
Others posted sales of ¥11,415 million (down 5.5% from the previous fiscal year) and operating profit of ¥292 million (compared with an operating loss of ¥467 million in the previous fiscal year).

b. Outlook for the next fiscal year

Concerning the Japanese economy, economic sentiment suddenly worsened following the Great East Japan Earthquake, which has caused a large drop in production activities due to damage to production facilities, materials procurement difficulties, electricity shortages and other issues. Looking to the future, there are concerns that the cleanup after the Fukushima Daiichi Nuclear Power Station accident will be drawn out over a long period and there will be electricity shortages during the summer, which has increased uncertainty towards the future. Although there are many uncertainties and it is difficult to make any forecasts at the present time, the NRI Group believes that there will be a substantial impact on companies' information system investment strategies and the NRI Group expects the business environment in the information services industry will remain difficult.
Facing such a business environment, the NRI Group will continue to expand within the scope of its existing clients and existing businesses, and in addition, capture new clients and new businesses. While doing so, the NRI Group will further strengthen project management and work to cut costs such as subcontracting costs.
The forecasts of financial results for the next fiscal year, which take into account the impact of the Great East Japan Earthquake, are as follows.

Forecasts of financial results

	Current fiscal year (Actual result) (Millions of yen)	Next fiscal year (Forecast) (Millions of yen)	Change	
			Amount (Millions of yen)	Rate (%)
Consulting services	32,966	34,000	1,033	3.1
System development & application sales	117,075	124,000	6,924	5.9
System management & operation services	166,580	163,000	(3,580)	(2.1)
Product sales	9,705	9,000	(705)	(7.3)
Sales	326,328	330,000	3,671	1.1
Operating profit	38,426	40,000	1,573	4.1
Ordinary profit	40,073	41,500	1,426	3.6
Net income	23,188	24,000	811	3.5
Annual dividends per share	(Yen) 52.00	(Yen) 52.00	–	–

Forecasts of sales by segment

		Current fiscal year (Actual result) (Millions of yen)	Next fiscal year (Forecast) (Millions of yen)	Change	
				Amount (Millions of yen)	Rate (%)
Consulting		19,356	20,000	643	3.3
	Securities sector	101,093	104,500	3,406	3.4
	Insurance sector	54,420	56,000	1,579	2.9
	Banking sector	23,561	23,000	(561)	(2.4)
	Other financial sector, etc.	22,691	22,500	(191)	(0.8)
Financial IT Solutions		201,767	206,000	4,232	2.1
	Distribution sector	41,168	41,500	331	0.8
	Manufacturing and service sectors	44,065	44,500	434	1.0
Industrial IT Solutions		85,233	86,000	766	0.9
IT Platform Services		11,322	9,500	(1,822)	(16.1)
Others		8,648	8,500	(148)	(1.7)
Total sales		326,328	330,000	3,671	1.1

Forecasts of capital investment, depreciation and amortization and R&D expenses

	Current fiscal year (Actual result) (Millions of yen)	Next fiscal year (Forecast) (Millions of yen)	Change	
			Amount (Millions of yen)	Rate (%)
Capital investment	20,755	43,000	22,244	107.2
Depreciation and amortization	30,665	32,000	1,334	4.4
R&D expenses	3,564	3,500	(64)	(1.8)

The forecasts are based on information available to management at the present time and certain assumptions judged to be rational. As such, actual sales and profits, etc. may differ from this forecast due to uncertain factors present in the forecast or future changes in business circumstances. Also, forecasted annual dividends per share are based on the current business environment and forecasts of financial results.

(2) Analysis Regarding Consolidated Financial Position

Assets, liabilities and net assets

At the end of the current fiscal year (31st March, 2011), current assets were ¥177,593 million (up 28.9% from the end of the previous fiscal year), noncurrent assets were ¥202,439 million (down 10.3%), current liabilities were ¥68,160 million (up 1.4%), noncurrent liabilities were ¥80,797 million (up 6.4%), total net assets were ¥231,074 million (up 4.9%) and total assets were ¥380,032 million (up 4.6%).

The main changes from the end of the previous fiscal year are as follows.

While accounts receivable and other receivables, and short-term investment securities increased by ¥3,256 million and ¥34,941 million, respectively, accounts payable decreased by ¥1,673 million. Software decreased by ¥10,898 million, and investment securities decreased by ¥9,734 million due mainly to redemption of bonds of ¥6,000 million and the fall in the share prices.

In addition, following the introduction of the Trust Type Employee Stock Ownership Incentive Plan, current portion of long-term loans payable was ¥2,607 million and long-term loans payable was ¥9,176 million.

Cash flow position

Net cash provided by operating activities in the current fiscal year was ¥48,777 million (down 16.0% from the previous fiscal year). The major contributing factors were as follows. Income before income taxes and minority interests was ¥39,853 million (up 6.8%), depreciation and amortization was ¥30,665 million (down 0.8%) and income taxes paid was ¥15,319 million (down 26.1%).

Net cash used in investing activities was ¥27,723 million (up 71.4%). The contributing factors included the acquisition of property and equipment such as facilities, machinery and equipment etc. at data centers, and an increase in software and other intangibles related to development of multi-user systems.

Net cash provided by financing activities was ¥1,590 million (compared with ¥10,348 million used in the previous fiscal year), mainly due to loans taken following the introduction of the Trust Type Employee Stock Ownership Incentive Plan and cash dividends paid.

As a result of the above, cash and cash equivalents at the end of the current fiscal year was ¥82,085 million (up 37.3% from the end of the previous fiscal year).

Reference: Trends in cash flow-related indicators

	Fiscal year ended 31st March, 2007	Fiscal year ended 31st March, 2008	Fiscal year ended 31st March, 2009	Fiscal year ended 31st March, 2010	Fiscal year ended 31st March, 2011
Equity ratio (%)	58.1	57.0	57.7	60.3	60.5
Market value equity ratio (%)	190.1	143.1	84.0	114.1	94.1
Interest-bearing debt to operating cash flow ratio (years)	1.3	1.6	1.1	0.9	1.3
Interest coverage ratio (value to one)	29,608.2	–	3,521.4	4,457.4	5,842.8

Equity ratio: (Net assets - Minority interests - Share subscription rights) / Total assets
Market value equity ratio: Market capitalization / Total assets
Interest-bearing debt to operating cash flow ratio: Interest-bearing debt / Operating cash flow
Interest coverage ratio: Operating cash flow / Paid interest

Notes:
1. All indicators are calculated using financial figures on a consolidated basis.
2. Market capitalization is calculated based on the number of shares in issue excluding treasury stock.
3. The NRI shares held by the trust exclusive for NRI Group Employee Stock Ownership Association are treated as treasury stock.
4. Interest-bearing debt, among liabilities recorded on the consolidated balance sheet, includes all liabilities on which interests are paid and convertible bonds.

(3) Basic Policy Regarding Profit Distribution, and Dividend Payments for Current and Next Fiscal Year

a. Policy for distribution of profits

The Company considers the ongoing growth of its corporate value to be the most important return to its shareholders. The Company's basic policy on the payment of dividends from surplus is to provide appropriate and stable dividends while paying full consideration to the need for sufficient retained earnings for its long-term business development. The Company's actual decisions regarding standards are based on the operating revenue and cash flow situation, but it aims for a consolidated dividend payout ratio of 30%.

Retained earnings will be utilized as a source for business expansion, including facility investments for enhancing multi-user system services; expanding system management and operations services; cultivating new businesses and improving the productivity of system development; and investments in facilities, R&D, and human resource development for the purpose of quality improvement. Retained earnings may also be utilized to purchase treasury stock, as part of its flexible capital management aimed to improve capital efficiency and respond to the changes in the business environment.

As stipulated in Article 459 of the Companies Act, the Company stipulates in its Articles of Incorporation that it may pay dividends from surplus by a resolution of the Board of Directors with record dates of 30th September and 31st March.

b. Payment of dividends from surplus

The Company decided to pay cash dividends of 26 yen per share with the record date of the end of the current fiscal year (31st March, 2011). Combined with interim cash dividends paid in November 2010 (the record date of interim dividends was 30th September, 2010), the annual dividend payment will be 52 yen per share, for a consolidated dividend payout ratio of 43.7%.

The payments of dividends from surplus with record dates falling in the current fiscal year are listed below.

Date of Board resolution	Total cash dividends (Millions of yen)	Cash dividends per share (Yen)	Record date
29th October, 2010	5,061	26	30th September, 2010
18th May, 2011 (Planned)	5,062	26	31st March, 2011

Note: The total cash dividends with record date of 31st March, 2011 does not include ¥161 million in dividends for the trust exclusive for NRI Group Employee Stock Ownership Association.

Regarding dividends from surplus with record dates falling in the next fiscal year, the Company decided to pay cash dividends of 26 yen per share with the record date of the end of the second quarter and with the record date of the end of the fiscal year, respectively, and the annual dividend payment will be 52 yen per share.

Consolidated Financial Statements

Nomura Research Institute, Ltd.

***At 31st March, 2011 and 2010 and
for the years ended 31st March, 2011, 2010 and 2009
with Report of Independent Auditors***

Unless otherwise noted, the amounts included in the financial statements are expressed in millions of yen and thousands of U.S. dollars with fractional amounts rounded off.

Nomura Research Institute, Ltd.

Consolidated Financial Statements

31st March, 2011, 2010 and 2009

Contents

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Report of Independent Auditors

The Board of Directors
Nomura Research Institute, Ltd.

We have audited the accompanying consolidated balance sheets of Nomura Research Institute, Ltd. and its consolidated subsidiaries as of 31st March, 2011 and 2010, and the related consolidated statements of income and comprehensive income, changes in net assets, and cash flows for each of the three years ended 31st March, 2011, 2010 and 2009, all expressed in Japanese yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Nomura Research Institute, Ltd. and its consolidated subsidiaries at 31st March, 2011 and 2010, and the consolidated results of their operations and their cash flows for each of the three years ended 31st March, 2011, 2010 and 2009, in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended 31st March, 2011 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 2 to the consolidated financial statements.

Ernst & Young ShinNihon LLC

22nd June, 2011

Nomura Research Institute, Ltd.

Consolidated Balance Sheets

	Millions of yen		*Thousands of U.S. dollars (Note 2)*
	31st March,		**31st March,**
	2011	**2010**	**2011**
Assets			
Current assets:			
Cash and bank deposits *(Notes 3 and 11)*	¥ 16,758	¥ 15,056	$ 201,539
Short-term investment securities *(Notes 3, 4 and 11)*	79,661	44,720	958,040
Accounts receivable and other receivables *(Notes 3 and 5)*	71,289	68,033	857,354
Inventories	256	432	3,079
Deferred income taxes *(Note 9)*	6,825	7,268	82,081
Other current assets	2,876	2,305	34,588
Allowance for doubtful accounts	(71)	(70)	(854)
Total current assets	177,594	137,744	2,135,827
Property and equipment *(Note 6)*:			
Land	12,323	12,323	148,202
Buildings, net	34,399	32,376	413,698
Machinery and equipment, net	11,532	14,231	138,690
Leased assets, net *(Note 13)*	197	35	2,369
Property and equipment, net	58,451	58,965	702,959
Software and other intangibles	57,641	68,319	693,217
Investment securities *(Notes 3 and 4)*	43,965	53,699	528,743
Investments in affiliates *(Notes 3 and 4)*	1,265	1,604	15,213
Deferred income taxes *(Note 9)*	19,390	19,238	233,193
Long-term loans receivable *(Note 3)*	7,706	7,593	92,676
Lease investment assets	343	534	4,125
Other assets *(Note 7)*	13,774	15,792	165,653
Allowance for doubtful accounts	(96)	(120)	(1,155)
Total assets	¥380,033	¥363,368	$4,570,451

	Millions of yen		Thousands of U.S. dollars (Note 2)
	31st March,		**31st March,**
	2011	**2010**	**2011**
Liabilities and Net Assets			
Current liabilities:			
Accounts payable *(Note 3)*	¥ 22,481	¥ 24,155	$ 270,367
Current portion of long-term loans payable *(Note 3)*	2,607	–	31,353
Lease obligations	223	293	2,682
Accrued expenses	16,774	16,628	201,732
Income taxes payable	9,425	9,879	113,349
Other current liabilities	16,650	16,240	200,240
Total current liabilities	68,160	67,195	819,723
Convertible bonds *(Note 3)*	49,997	49,997	601,287
Long-term loans payable *(Note 3)*	9,176	–	110,355
Lease obligations	339	328	4,077
Long-term accrued expenses	–	1,458	–
Deferred income taxes *(Note 9)*	1	1	12
Allowance for employees' retirement benefits *(Note 8)*	20,689	24,152	248,815
Asset retirement obligations	596	–	7,168
Commitments and contingent liabilities *(Note 19)*			
Net assets *(Notes 10 and 12)*:			
Shareholders' equity:			
Common stock:			
Authorized – 750,000,000 shares at 31st March, 2011 and 2010			
Issued – 225,000,000 shares at 31st March, 2011 and 2010	18,600	18,600	223,692
Additional paid-in capital	14,994	15,018	180,325
Retained earnings	264,866	251,800	3,185,400
Treasury stock, at cost:			
– 30,277,343 shares at 31st March, 2011 and 30,378,314 shares at 31st March, 2010	(72,285)	(72,526)	(869,333)
Total shareholders' equity	226,175	212,892	2,720,084
Accumulated other comprehensive income:			
Valuation difference on available-for-sale securities *(Note 4)*	6,258	8,436	75,262
Foreign currency translation adjustment	(2,675)	(2,256)	(32,171)
Total accumulated other comprehensive income	3,583	6,180	43,091
Share subscription rights *(Note 20)*	1,317	1,155	15,839
Minority interests	–	10	–
Total net assets	231,075	220,237	2,779,014
Total liabilities and net assets	¥380,033	¥363,368	$4,570,451

See accompanying notes to consolidated financial statements.

Nomura Research Institute, Ltd.

Consolidated Statements of Income and Comprehensive Income

	Millions of yen			*Thousands of U.S. dollars (Note 2)*
	Year ended 31st March,			**Year ended 31st March,**
	2011	**2010**	**2009**	**2011**
Sales	¥326,329	¥338,630	¥341,279	$3,924,582
Cost of sales	233,120	245,642	240,854	2,803,608
Gross profit	93,209	92,988	100,425	1,120,974
Selling, general and administrative expenses *(Notes 14 and 15)*	54,782	52,911	50,712	658,833
Operating profit	38,427	40,077	49,713	462,141
Other income (expenses):				
Interest and dividend income	1,585	1,367	1,861	19,062
Equity in earnings (losses) of affiliates	(12)	(564)	143	(144)
Interest expense	(8)	(13)	(13)	(96)
Impairment loss on software *(Note 16)*	–	–	(3,050)	–
Gain (loss) on investment securities *(Notes 4 and 16)*	130	(841)	(3,386)	1,563
Loss on investments in affiliates *(Note 16)*	–	–	(762)	–
Office integration and relocation expenses *(Note 16)*	–	(2,778)	–	–
Impact of applying lease accounting standards	–	–	(352)	–
Impact of applying accounting standard for asset retirement obligations	(364)	–	–	(4,378)
Other, net	96	80	27	1,155
	1,427	(2,749)	(5,532)	17,162
Income before income taxes and minority interests	39,854	37,328	44,181	479,303
Provision for income taxes *(Note 9)*:				
Current	14,865	17,402	23,560	178,773
Deferred	1,799	(1,926)	(3,892)	21,636
	16,664	15,476	19,668	200,409
Income before minority interests	23,190	21,852	24,513	278,894
Minority interests in gain (loss)	2	(4)	–	24
Net income *(Note 12)*	¥ 23,188	¥ 21,856	¥ 24,513	$ 278,870
Minority interests in gain	¥ 2	¥ –	¥ –	$ 24
Income before minority interests	23,190	–	–	278,894
Other comprehensive income *(Note 17)*				
Valuation difference on available-for-sale securities	(2,178)	–	–	(26,194)
Foreign currency translation adjustment	(406)	–	–	(4,883)
Share of other comprehensive income of associates accounted for using equity method	(13)	–	–	(156)
Total other comprehensive income	(2,597)	–	–	(31,233)
Comprehensive income *(Note 17)*	¥ 20,593	¥ –	¥ –	$ 247,661
(Comprehensive income attributable to)				
Comprehensive income attributable to owners of the parent	¥ 20,591	¥ –	¥ –	$ 247,637
Comprehensive income attributable to minority interests	2	–	–	24

See accompanying notes to consolidated financial statements.

Nomura Research Institute, Ltd.

Consolidated Statements of Changes in Net Assets

Millions of yen

	Shareholders' equity					Accumulated other comprehensive income					
	Common stock	**Additional paid-in capital**	**Retained earnings**	**Treasury stock, at cost**	**Total shareholders' equity**	**Valuation difference on available-for-sale securities**	**Foreign currency translation adjustment**	**Total accumulated other comprehensive income**	**Share subscription rights**	**Minority interests**	**Total net assets**
Balance at 31st March, 2008	¥18,600	¥14,884	¥225,780	¥(61,161)	¥198,103	¥ 9,650	¥ (997)	¥ 8,653	¥ 608	¥ –	¥ 207,364
Purchases of treasury stock	–	–	–	(11,871)	(11,871)	–	–	–	–	–	(11,871)
Disposition of treasury stock	–	–	–	279	279	–	–	–	–	–	279
Net income	–	–	24,513	–	24,513	–	–	–	–	–	24,513
Cash dividends paid	–	–	(10,232)	–	(10,232)	–	–	–	–	–	(10,232)
Gain on disposition of treasury stock	–	91	–	–	91	–	–	–	–	–	91
Net changes other than in shareholders' equity	–	–	–	–	–	(3,799)	(1,162)	(4,961)	284	–	(4,677)
Balance at 31st March, 2009	18,600	14,975	240,061	(72,753)	200,883	5,851	(2,159)	3,692	892	–	205,467
Purchases of treasury stock	–	–	–	(1)	(1)	–	–	–	–	–	(1)
Disposition of treasury stock	–	–	–	228	228	–	–	–	–	–	228
Net income	–	–	21,856	–	21,856	–	–	–	–	–	21,856
Cash dividends paid	–	–	(10,117)	–	(10,117)	–	–	–	–	–	(10,117)
Gain on disposition of treasury stock	–	43	–	–	43	–	–	–	–	–	43
Net changes other than in shareholders' equity	–	–	–	–	–	2,585	(97)	2,488	263	10	2,761
Balance at 31st March, 2010	18,600	15,018	251,800	(72,526)	212,892	8,436	(2,256)	6,180	1,155	10	220,237
Disposition of treasury stock	–	–	–	241	241	–	–	–	–	–	241
Net income	–	–	23,188	–	23,188	–	–	–	–	–	23,188
Cash dividends paid	–	–	(10,122)	–	(10,122)	–	–	–	–	–	(10,122)
Loss on disposition of treasury stock	–	(24)	–	–	(24)	–	–	–	–	–	(24)
Net changes other than in shareholders' equity	–	–	–	–	–	(2,178)	(419)	(2,597)	162	(10)	(2,445)
Balance at 31st March, 2011	¥18,600	¥14,994	¥264,866	¥(72,285)	¥226,175	¥ 6,258	¥(2,675)	¥ 3,583	¥1,317	¥ –	¥ 231,075

Thousands of U.S. dollars (Note 2)

	Shareholders' equity					Accumulated other comprehensive income					
	Common stock	**Additional paid-in capital**	**Retained earnings**	**Treasury stock, at cost**	**Total shareholders' equity**	**Valuation difference on available-for-sale securities**	**Foreign currency translation adjustment**	**Total accumulated other comprehensive income**	**Share subscription rights**	**Minority interests**	**Total net assets**
Balance at 31st March, 2010	$223,692	$180,613	$3,028,263	$(872,231)	$2,560,337	$101,456	$(27,132)	$ 74,324	$13,890	$ 120	$2,648,671
Disposition of treasury stock	–	–	–	2,898	2,898	–	–	–	–	–	2,898
Net income	–	–	278,870	–	278,870	–	–	–	–	–	278,870
Cash dividends paid	–	–	(121,733)	–	(121,733)	–	–	–	–	–	(121,733)
Loss on disposition of treasury stock	–	(288)	–	–	(288)	–	–	–	–	–	(288)
Net changes other than in shareholders' equity	–	–	–	–	–	(26,194)	(5,039)	(31,233)	1,949	(120)	(29,404)
Balance at 31st March, 2011	$223,692	$180,325	$3,185,400	$(869,333)	$2,720,084	$ 75,262	$(32,171)	$ 43,091	$15,839	$ –	$2,779,014

See accompanying notes to consolidated financial statements.

Nomura Research Institute, Ltd.

Consolidated Statements of Cash Flows

	Millions of yen			*Thousands of U.S. dollars (Note 2)*
	Year ended 31st March,			**Year ended 31st March,**
	2011	**2010**	**2009**	**2011**
Cash flows from operating activities				
Income before income taxes and minority interests	¥ 39,854	¥ 37,328	¥ 44,181	$ 479,303
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:				
Depreciation and amortization	30,666	30,916	20,763	368,803
Interest and dividend income	(1,585)	(1,367)	(1,861)	(19,062)
Interest expense	8	13	13	96
Impairment loss on software	–	–	3,050	–
Loss (gain) on investment securities	(130)	841	3,386	(1,563)
Loss on investments in affiliates	–	–	762	–
Impact of applying lease accounting standards	–	–	352	–
Impact of applying accounting standard for asset retirement obligations	364	–	–	4,378
Changes in operating assets and liabilities:				
Accounts receivable and other receivables, net of advance payments received	(1,727)	8,980	2,759	(20,770)
Allowance for doubtful accounts	(23)	(12)	119	(277)
Accounts payable	(4,305)	(4,782)	(6,043)	(51,774)
Inventories	176	(179)	(96)	2,117
Allowance for employees' retirement benefits and welfare pension plan	(3,463)	(1,427)	(148)	(41,648)
Other	2,872	7,064	(367)	34,540
Subtotal	62,707	77,375	66,870	754,143
Interest and dividends received	1,395	1,425	1,994	16,777
Interest paid	(5)	(13)	(13)	(60)
Income taxes paid	(15,319)	(20,727)	(22,670)	(184,233)
Net cash provided by operating activities	48,778	58,060	46,181	586,627
Cash flows from investing activities				
Payments for time deposits	(1,129)	–	(6,874)	(13,578)
Proceeds from time deposits	331	6,009	6,930	3,981
Increase in short-term investment securities	(19,933)	–	(7,973)	(239,723)
Proceeds from sales and redemption of short-term investment securities	6,300	–	28,000	75,767
Acquisition of property and equipment	(9,565)	(12,499)	(14,105)	(115,033)
Proceeds from sales of property and equipment	5	10	–	60
Increase in software and other intangibles	(10,211)	(15,116)	(57,863)	(122,802)
Proceeds from sales of software and other intangibles	–	3	–	–
Payments for asset retirement obligations	(64)	–	–	(770)
Increase in investment securities	(31)	(3,436)	(20,776)	(373)
Proceeds from sales and redemption of investment securities	6,558	8,447	2,251	78,870
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	–	665	–	–
Increase in investments in affiliates	(15)	(299)	(616)	(180)
Other	30	41	32	359
Net cash used in investing activities	¥(27,724)	¥(16,175)	¥(70,994)	$(333,422)

Nomura Research Institute, Ltd.

Consolidated Statements of Cash Flows (continued)

	Millions of yen			*Thousands of U.S. dollars (Note 2)*
	Year ended 31st March,			**Year ended 31st March,**
	2011	**2010**	**2009**	**2011**
Cash flows from financing activities				
Increase in short-term loans payable	¥ 3,500	¥ 6,500	¥ –	$ 42,093
Decrease in short-term loans payable	(3,500)	(6,500)	–	(42,093)
Proceeds from long-term loans payable	11,783	–	–	141,708
Proceeds from issuance of short-term bonds	9,997	–	–	120,229
Redemption of short-term bonds	(10,000)	–	–	(120,265)
Repayment of obligation under finance leases	(69)	(235)	(389)	(830)
Proceeds from sales of treasury stock	–	–	73	–
Purchases of treasury stock	–	(1)	(11,871)	–
Cash dividends paid	(10,121)	(10,113)	(10,228)	(121,720)
Net cash used in financing activities	1,590	(10,349)	(22,415)	19,122
Effect of exchange rate changes on cash and cash equivalents	(335)	11	(68)	(4,029)
Net increase (decrease) in cash and cash equivalents	22,309	31,547	(47,296)	268,298
Cash and cash equivalents at beginning of year	59,776	28,229	75,525	718,894
Cash and cash equivalents at end of year *(Note 11)*	¥ 82,085	¥ 59,776	¥ 28,229	$ 987,192

See accompanying notes to consolidated financial statements.

Nomura Research Institute, Ltd.

Notes to the Consolidated Financial Statements

31st March, 2011

1. Significant Accounting Policies

Description of Business

The NRI Group (Nomura Research Institute, Ltd. (the "Company") and its 15 consolidated subsidiaries) and its affiliates (2 companies) engage in the following four business services: "consulting services," comprised of research, management consulting and system consulting; "system development & application sales," comprised of system development and the sales of package software products; "system management & operation services," comprised of outsourcing services, multi-user system services, and information services; and "product sales." Information on the Company's operations by segment is included in Note 21.

Basis of Presentation

The accompanying consolidated financial statements of the Company and its consolidated subsidiaries are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Law.

In addition, the notes to the consolidated financial statements include information which is not required under accounting principles generally accepted in Japan but is presented herein as additional information.

Certain reclassifications have been made to present the accompanying consolidated financial statements in a format which is familiar to readers outside Japan.

The amounts included herein are expressed in millions of yen and thousands of U.S. dollars, with fractional amounts rounded off, unless otherwise noted.

Basis of Consolidation and Application of Equity Method

The accompanying consolidated financial statements for the years ended 31st March, 2011, 2010 and 2009 include the accounts of the Company and any significant companies which are controlled directly or indirectly by the Company. All subsidiaries (15, 14 and 16 for the years ended 31st March, 2011, 2010 and 2009, respectively) have been consolidated. The major consolidated subsidiary is Nomura Research Institute (Beijing), Ltd. as of 31st March, 2011.

1. Significant Accounting Policies (continued)

Basis of Consolidation and Application of Equity Method (continued)

The Company's investments in affiliated companies over which it has the ability to exercise significant influence are accounted for by the equity method, and, accordingly, the Company's share of such affiliates' income is included in consolidated income. All affiliated companies (2 for each of the years ended 31st March, 2011, 2010 and 2009) have been accounted for by the equity method.

Investments in two affiliated companies, Nihon Clearing Services Co., Ltd. and MC NRI Global Solutions Inc., are accounted for by the equity method for the year ended 31st March, 2011.

Nomura Research Institute (Dalian), Ltd., a newly established subsidiary during the year ended 31st March, 2011, is included in the scope of consolidation.

Cash Equivalents

Cash equivalents, as presented in the consolidated statements of cash flows, are defined as low-risk, highly liquid, short-term investments maturing within three months from their respective acquisition dates which are readily convertible into cash.

Investment Securities

The Company holds investment securities in its major shareholder, Nomura Holdings, Inc. The Company's investment in Nomura Holdings, Inc. is included in "Investments in affiliates."

The Company and its consolidated subsidiaries determine the appropriate classification of investment securities as either trading, held-to-maturity or available-for-sale securities based on their holding objectives. Available-for-sale securities include marketable securities and non-marketable securities.

Securities held for trading purposes are stated at market value and the cost of securities sold is determined by the moving average method.

Held-to-maturity securities are carried at amortized cost.

Marketable securities classified as available-for-sale securities are stated at market value as of the balance sheet date and the cost of securities sold is determined by the moving average method. Unrealized gain or loss on marketable securities classified as available-for-sale securities is included as a separate component of net assets, net of the applicable taxes.

Non-marketable securities classified as available-for-sale securities are stated at cost and the cost of securities sold is determined by the moving average method.

Inventories

Inventories are stated at cost based on the identified cost method (in cases where profitability has declined, the book value is reduced accordingly).

1. Significant Accounting Policies (continued)

Depreciation of Property and Equipment (other than leased assets)

Property and equipment is stated at cost. Depreciation is calculated principally by the declining-balance method over the estimated useful lives of the related assets. The Company and its domestic consolidated subsidiaries individually estimated the useful lives of a portion of their machinery and equipment by determining when the machinery and equipment can be judged to be significantly obsolete because of advancements in technology. Buildings (excluding structures attached to the buildings) acquired on or after 1st April, 1998 by the Company and its domestic consolidated subsidiaries are depreciated by the straight-line method over their respective estimated useful lives.

Amortization of Software and Other Intangibles (other than leased assets)

Development costs of computer software to be sold are amortized based on the estimated volume of sales or the estimated sales revenue with the minimum amortization amount calculated by the straight-line method based on a useful life of three years. Software intended for use by the Company for the purpose of rendering customer services is being amortized by the straight-line method over useful lives of up to five years.

Intangible assets other than computer software to be sold and software intended for internal use are amortized by the straight-line method over their respective estimated useful lives.

Depreciation and Amortization of Leased Assets

Leased tangible assets under finance lease transactions that do not transfer ownership are depreciated by the declining-balance method over the lease period. Leased intangible assets under finance lease transactions that do not transfer ownership are amortized by the straight-line method over the lease period.

Allowance for Doubtful Accounts

The allowance for doubtful accounts has been provided based on the Company's and its consolidated subsidiaries' historical experience with respect to write-offs and an estimate of the amount of specific uncollectible accounts.

Retirement and Severance Benefits for Employees

The allowance for employees' retirement benefits has been provided on an accrual basis as of the balance sheet date based on an estimate of the projected benefit obligation and the employees' pension plan assets. The retirement benefit obligation at transition was fully expensed upon transition. Prior service cost is amortized by the straight-line method over a period which falls within the average remaining years of service (15 years) of the participants in the plan. Actuarial gain or loss is amortized in the year following the year in which the gain or loss is recognized by the straight-line method over a defined period not exceeding the average remaining period of employment (15 years) of the participants in the plan and is recognized as a pension cost.

1. Significant Accounting Policies (continued)

Revenue Recognition

In principle, revenues arising from made-to-order software and consulting projects are recognized by the percentage-of-completion method. The percent completed is estimated by the ratio of the costs incurred to the estimated total costs.

Research and Development Expenses

Research and development expenses are charged to selling, general and administrative expenses as incurred.

Appropriation of Capital Surplus and Retained Earnings

Under the Corporation Law of Japan, the appropriation of capital surplus and retained earnings with respect to a given period is made by resolution of the shareholders at a general meeting or by resolution of the Board of Directors. Appropriations from capital surplus and retained earnings are reflected in the consolidated financial statements applicable to the period in which such resolutions are approved.

Accounting Change

Effective the year ended 31st March, 2011, the "Accounting Standard for Equity Method of Accounting for Investments" (Accounting Standards Board of Japan ("ASBJ") Statement No. 16) and "Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method" (Practical Issues Task Force ("PITF") Statement No. 24) has been applied. There was no impact on the consolidated financial statements as a result of the adoption of this new accounting standard.

Effective the year ended 31st March, 2011, the "Accounting Standard for Asset Retirement Obligations" (ASBJ Statement No. 18) and "Guidance on Accounting Standard for Asset Retirement Obligations" (ASBJ Guidance No. 21) has been applied. As a result of this change, operating profit for the year ended 31st March, 2011 increased by ¥36 million ($433 thousand) and income before income taxes and minority interests decreased by ¥328 million ($3,945 thousand) from the corresponding amounts which would have been recorded under the previous method. The amount of asset retirement obligations with this revision was ¥699 million ($8,406 thousand).

Change in Methods of Presentation

Effective the year ended 31st March, 2011, "Income before minority interests" is presented in the consolidated statements of income and comprehensive income, pursuant to the "Cabinet Office Ordinance for Amendments to the Regulations on the Terminology, Format, and Preparation of Financial Statements" (Cabinet Office Ordinance No. 5), which is based on the "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22). "Income before minority interests" in the accompanying consolidated statements of income and comprehensive income for the year ended 31st March, 2010, has been presented to conform to the current year's presentation.

1. Significant Accounting Policies (continued)

Accounting for Trust-type Employee Stock Ownership Incentive Plan

The Company introduced a "Trust-type Employee Stock Ownership Incentive Plan" in March 2011. The purpose of introducing this plan is to promote the Company's perpetual growth by providing incentives to employees (including employees of consolidated subsidiaries; the same shall apply in this section) for increasing the Company's corporate value in the mid- to long-term and by enhancing benefits and welfare of employees.

This is an incentive plan under which gains from the Company's share price appreciation are returned to all the employee beneficiaries who participate in the Employee Stock Ownership Group (the "ESOP Group"). The "Employee Stock Ownership Trust" (the "ESOP Trust") was established exclusively for the ESOP Group to carry out this plan. The ESOP Trust acquired a number of the Company's shares, which the ESOP Group would acquire over a period of five years subsequent to the establishment of the ESOP Trust. Then, the ESOP Trust sells them each time the ESOP Group makes an acquisition of the Company's shares. When the share price appreciates and earnings have accumulated in the ESOP Trust upon its maturity, a cash distribution of the funds will be made to each beneficiary in proportion to the respective beneficiary's contribution. Since the Company guarantees the loans of the ESOP Trust taken out to purchase the Company's shares, the Company is obligated to pay the remaining liabilities of the ESOP Trust under a guarantee agreement if any loan liabilities remain upon maturity of the ESOP Trust.

The Company accounts for the transactions involving the ESOP Trust as its own. Therefore, the Company's shares owned by the ESOP Trust, the assets, liabilities, expenses and income of the ESOP Trust are included in the accompanying consolidated financial statements.

2. U.S. Dollar Amounts

The Company maintains its books of account in yen. The U.S. dollar amounts included in the accompanying consolidated financial statements and the notes thereto represent the arithmetic results of translating yen into dollars at ¥83.15 = U.S.$1.00, the rate of exchange prevailing on 31st March, 2011. The U.S. dollar amounts are included solely for the convenience of the reader and the translation is not intended to imply that the assets and liabilities which originated in yen have been or could be readily converted, realized or settled in U.S. dollars at the above or any other rate.

3. Financial Instruments

1) Qualitative information

(a) Policy for financial instruments

In the course of business operations, the Company raises short-term funds through bank loans and commercial paper, and raises long-term funds through bank loans and issuances of corporate bonds. The Company manages funds by utilizing low-risk financial instruments. It is the policy of the Company to only enter into derivative transactions to reduce risks, and not for speculative purposes.

(b) Details of financial instruments and related risk and risk management system

Although accounts receivable and other receivables, are exposed to customers' credit risk, the historical loan loss ratio is low and those receivables are usually settled in a short period of time. The Company tries to reduce credit risk by managing due dates and balances of each customer, as well as monitoring and analyzing customers' credit status. The Company has little exposure of foreign currency exchange risk, since those receivables are mostly in Japanese yen. Investment securities, comprised of shares of companies with which the Company has operational relationships, bonds and bond investment trusts, are exposed to issuers' credit risk, risks of volatility of market prices, and foreign currency exchange and interest rates. To reduce these risks, the Company monitors market value and the issuers' financial status periodically. Long-term loans receivable is comprised of deposits and guarantee money due January 2017. Accounts payable are settled in a short period of time. Redemption of the convertible bonds, issued by the Company for capital expenditures, is March 2014. Long-term loans payable relates to the borrowing by the ESOP Trust to introduce the "Trust-type Employee Stock Ownership Incentive Plan." Repayment is April 2016. Variable interest rates applied to long-term loans payable are exposed to interest rate fluctuation risk. The Company reduces liquidity risk relating to raising funds by developing a cash flow plan to manage all surplus funds in the Group, and by ensuring the maintenance of stable fund suppliers.

(c) Supplementary explanation of the fair value of financial instruments

The fair value of financial instruments is based on their quoted market price, and when there is no quoted market price available, fair value is based on management assumption. Since various assumptions and factors are reflected in estimating the fair value, differences in the assumptions and factors may result in different indications of fair value.

3. Financial Instruments (continued)

2) Fair value of financial instruments

The carrying amount of financial instruments on the consolidated balance sheets as of 31st March, 2011 and 2010 and estimated fair value are shown in the following table. The following table does not include financial instruments for which it is extremely difficult to determine fair values (see Note 2).

	Millions of yen					
	31st March, 2011			**31st March, 2010**		
	Carrying amount	**Estimated fair value**	**Difference**	**Carrying amount**	**Estimated fair value**	**Difference**
Assets:						
Cash and bank deposits	¥ 16,758	¥ 16,758	¥ –	¥ 15,056	¥ 15,056	¥ –
Accounts receivable and other receivables	71,289	71,289	–	68,033	68,033	–
Short-term investment securities, investment securities, and investments in affiliates	109,183	109,183	–	84,092	84,092	–
Long-term loans receivable	7,706	8,107	401	7,593	7,911	318
Total	¥204,936	¥205,337	¥ 401	¥174,774	¥175,092	¥ 318
Liabilities:						
Accounts payable	¥ 22,481	¥ 22,481	¥ –	¥ 24,155	¥ 24,155	¥ –
Convertible bonds	49,997	48,797	(1,200)	49,997	47,897	(2,100)
Long-term loans payable*	11,783	11,783	–	–	–	–
Total	¥ 84,261	¥ 83,061	¥(1,200)	¥ 74,152	¥ 72,052	¥(2,100)

* Long-term loans payable included the current portion of long-term loans payable totaling ¥2,607 million ($31,353 thousand) as of 31st March, 2011.

	Thousands of U.S. dollars		
	31st March, 2011		
	Carrying amount	**Estimated fair value**	**Difference**
Assets:			
Cash and bank deposits	$ 201,539	$ 201,539	$ –
Accounts receivable and other receivables	857,354	857,354	–
Short-term investment securities, investment securities, and investments in affiliates	1,313,085	1,313,085	–
Long-term loans receivable	92,676	97,499	4,823
Total	$2,464,654	$2,469,477	$ 4,823
Liabilities:			
Accounts payable	$ 270,367	$ 270,367	$ –
Convertible bonds	601,287	586,855	(14,432)
Long-term loans payable	141,708	141,708	–
Total	$1,013,362	$ 998,930	$(14,432)

3. Financial Instruments (continued)

2) Fair value of financial instruments (continued)

Note 1: Methods to determine the estimated fair value of financial instruments.

Assets

a. Cash and bank deposits, accounts receivable and other receivables

Their carrying amount approximates the fair value due to the short maturity of these instruments.

b. Short-term investment securities, investment securities and investments in affiliates

The fair value of stocks is based on quoted market prices. The fair value of bonds is based on either quoted market prices or prices provided by the financial institution making markets in these securities.

c. Long-term loans receivable

Long-term loans receivable consists of deposits and guarantee money. The fair value of long-term receivables is based on the present value of the total future cash flows, which are the principal and the interest, discounted by risk free rate relating to the time remaining until maturity.

Liabilities

a. Accounts payable

Their carrying amount approximates the fair value due to the short maturity of these instruments.

b. Convertible bonds

The fair value of convertible bonds is based on the quoted market price.

c. Long-term loans payable

Long-term loans payable, to which variable rates are applied, approximates the carrying amount because it reflects market interest rates within a short period of time.

Note 2: The following financial instruments are not included in short-term investment securities, investment securities and investments in affiliates because no quoted market price is available and it is extremely difficult to determine the fair value.

	Millions of yen		*Thousands of U.S. dollars*
	31st March, 2011	**31st March, 2010**	**31st March, 2011**
Unlisted companies' shares	¥15,328	¥15,471	$184,341
Investments in partnerships	380	460	4,570

*1. Unlisted companies' shares are not measured at fair value because they have no market prices on exchanges, and it is extremely difficult to determine fair value. Unlisted companies' shares included investments in affiliates accounted for under the equity method totaling ¥830 million ($9,982 thousand) and ¥915 million as of 31st March, 2011 and 2010, respectively.

*2. For investments in partnerships, if fair value for part or all of the components is extremely difficult to determine, such components are not measured at fair value.

3. Financial Instruments (continued)

2) Fair value of financial instruments (continued)

Note 3: Redemption schedule for receivables and marketable securities with maturities at 31st March, 2011 and 2010

	Millions of yen					
	31st March, 2011			31st March, 2010		
	Due within one year	Due after one year through five years	Due after five years through ten years	Due within one year	Due after one year through five years	Due after five years through ten years
Cash and bank deposits	¥16,758	¥ –	¥ –	¥15,056	¥ –	¥ –
Accounts receivable	54,691	–	–	52,874	–	–
Investment securities:						
Available-for-sale securities with maturity date:						
Government bonds	–	–	1	–	–	–
Corporate bonds	18,010	3,000	–	6,000	5,000	–
Other	500	–	–	–	–	–
Long-term loans receivable	–	–	8,400	–	–	8,400
	¥89,959	¥3,000	¥8,401	¥73,930	¥5,000	¥8,400

* Other receivables are not included as there is no applicable redemption schedule.

	Thousands of U.S. dollars		
	31st March, 2011		
	Due within one year	Due after one year through five years	Due after five years through ten years
Cash and bank deposits	$ 201,539	$ –	$ –
Accounts receivable	657,739	–	–
Investment securities:			
Available-for-sale securities with maturity date:			
Government bonds	–	–	12
Corporate bonds	216,597	36,079	–
Other	6,013	–	–
Long-term loans receivable	–	–	101,022
	$1,081,888	$36,079	$101,034

3. Financial Instruments (continued)

2) Fair value of financial instruments (continued)

Note 4: Repayment schedule for convertible bonds and long-term loans payable at 31st March, 2011 and 2010

	Millions of yen				
	31st March, 2011				
	Due within one year	**Due after one year through two years**	**Due after two years through three years**	**Due after three years through four years**	**Due after four years through five years**
Convertible bonds	¥ –	¥ –	¥49,997	¥ –	¥ –
Long-term loans payable	2,607	2,556	2,505	2,452	1,663
	¥2,607	¥2,556	¥52,502	¥2,452	¥1,663

	Millions of yen				
	31st March, 2010				
	Due within one year	**Due after one year through two years**	**Due after two years through three years**	**Due after three years through four years**	**Due after four years through five years**
Convertible bonds	¥–	¥–	¥–	¥49,997	¥–
	¥–	¥–	¥–	¥49,997	¥–

	Thousands of U.S. dollars				
	31st March, 2011				
	Due within one year	**Due after one year through two years**	**Due after two years through three years**	**Due after three years through four years**	**Due after four years through five years**
Convertible bonds	$ –	$ –	$601,287	$ –	$ –
Long-term loans payable	31,353	30,740	30,126	29,489	20,000
	$31,353	$30,740	$631,413	$29,489	$20,000

4. Investments

The Company did not hold any trading securities or held-to-maturity securities with determinable market value at 31st March, 2011 and 2010.

The following is a summary of the information concerning available-for-sale securities included in short-term investment securities, investment securities and investments in affiliates at 31st March, 2011 and 2010:

Securities classified as available-for-sale securities

	Millions of yen					
	31st March, 2011			**31st March, 2010**		
	Acquisition cost	**Carrying amount**	**Unrealized gain (loss)**	**Acquisition cost**	**Carrying amount**	**Unrealized gain (loss)**
Equity securities	¥ 25,543	¥ 36,020	¥10,477	¥25,617	¥39,866	¥14,249
Bonds:						
Government bonds	1	1	–	–	–	–
Corporate bonds	21,079	21,050	(29)	14,015	14,062	47
	21,080	21,051	(29)	14,015	14,062	47
Other	66,928	66,990	62	45,274	45,180	(94)
Total	¥113,551	¥124,061	¥10,510	¥84,906	¥99,108	¥14,202

	Thousands of U.S. dollars		
	31st March, 2011		
	Acquisition cost	**Carrying amount**	**Unrealized gain (loss)**
Equity securities	$ 307,192	$ 433,193	$126,001
Bonds:			
Government bonds	12	12	–
Corporate bonds	253,506	253,157	(349)
	253,518	253,169	(349)
Other	804,906	805,652	746
Total	$1,365,616	$1,492,014	$126,398

Securities whose estimated fair value is deemed extremely difficult to measure were included in the above table. Impairment losses on the securities classified as available-for-sale securities as a result of a permanent decline in value for the years ended 31st March, 2011 and 2010 were ¥46 million ($553 thousand) and ¥1,025 million, consisting of ¥37 million ($445 thousand) and ¥704 million for securities whose fair value is determinable and ¥9 million ($108 thousand) and ¥321 million for securities whose estimated fair value is deemed extremely difficult to measure. The Company has established a policy for the recognition of impairment losses under the following conditions as of 31st March, 2011 and 2010:

i) For securities whose fair value has declined by 30% or more and for which a recovery to fair value is not deemed probable.

ii) For securities whose estimated fair value is deemed extremely difficult to measure, the Company recognizes impairment if the net asset value of the investment has declined by 50% or more and for which a recovery to acquisition cost is not deemed probable.

4. Investments (continued)

Securities classified as available-for-sale securities (continued)

Proceeds from sales of available-for-sale securities during the years ended 31st March, 2011, 2010 and 2009 were as follows:

	Millions of yen			*Thousands of U.S. dollars*
	31st March,			**31st March,**
	2011	**2010**	**2009**	**2011**
Proceeds	¥226	¥2,335	¥2,041	$2,718
Gross gain	168	195	373	2,020
Gross loss	–	–	–	–

5. Accounts Receivable and Other Receivables

For projects that have not been completed as of the balance sheet date, the percentage-of-completion method is applied and the estimated revenue to be earned from each project has been included in accounts receivable and other receivables in the amounts of ¥16,598 million ($199,615 thousand) and ¥15,159 million at 31st March, 2011 and 2010, respectively.

6. Property and Equipment

Property and equipment is summarized as follows:

	Years	*Millions of yen*		*Thousands of U.S. dollars*
	Useful	**31st March,**		**31st March,**
	Life	**2011**	**2010**	**2011**
Land		¥ 12,323	¥ 12,323	$ 148,202
Buildings	15 – 50	68,519	64,616	824,041
Machinery and equipment	3 – 15	53,145	53,707	639,146
Leased assets		599	764	7,204
Accumulated depreciation		(76,135)	(72,445)	(915,634)
Property and equipment, net		¥ 58,451	¥ 58,965	$ 702,959

7. Other Assets

Other assets consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	31st March,		31st March,
	2011	2010	2011
Lease deposits	¥10,687	¥12,436	$128,527
Other	3,087	3,356	37,126
Other assets	¥13,774	¥15,792	$165,653

Other includes golf club memberships.

8. Retirement and Severance Benefits

The Company has a defined benefit pension plan, a lump-sum payment plan and a defined contribution pension plan. In addition to the plans, an extra retirement payment may be provided. The Company also has an employee retirement benefit trust. The Company's certain consolidated subsidiaries have defined benefit lump-sum payment plans and defined contribution pension plans.

The following table sets forth the funded and accrued status of the retirement and severance benefit plans and the amounts recognized in the accompanying consolidated balance sheets at 31st March, 2011 and 2010 for the Company's and its consolidated subsidiaries' defined benefit plans:

	Millions of yen		Thousands of U.S. dollars
	31st March,		31st March,
	2011	2010	2011
Retirement benefit obligation	¥(66,032)	¥(61,038)	$(794,131)
Plan assets at fair value	42,808	35,849	514,829
Unfunded retirement benefit obligation	(23,224)	(25,189)	(279,302)
Unrecognized actuarial gain	4,871	3,568	58,581
Unrecognized prior service cost	(2,336)	(2,531)	(28,094)
Unfunded retirement benefit obligation recognized on the balance sheets	¥(20,689)	¥(24,152)	$(248,815)

Plan assets at fair value include those of the employee retirement benefit trust of ¥6,409 million ($77,078 thousand) and ¥6,670 million at 31st March, 2011 and 2010, respectively.

8. Retirement and Severance Benefits (continued)

The amortization period of prior service gain is 15 years (amortized by the straight-line method over a period which falls within the average remaining years of service of the participants in the plan).

The amortization period of actuarial gain or loss is 15 years (amortized by the straight-line method over periods which fall within the average remaining years of service of the participants in the plan from the fiscal year following the respective fiscal year of occurrence).

The components of retirement benefit expenses for the years ended 31st March, 2011, 2010 and 2009 are outlined as follows:

	Millions of yen			*Thousands of U.S. dollars*
	31st March,			**31st March,**
	2011	**2010**	**2009**	**2011**
Service cost	¥3,928	¥3,558	¥3,402	$47,240
Interest cost	1,245	1,174	1,104	14,973
Expected return on plan assets	(438)	(331)	(342)	(5,268)
Recognized actuarial (gain) loss	102	312	(73)	1,227
Recognized prior service gain	(195)	(195)	(195)	(2,345)
Subtotal	4,642	4,518	3,896	55,827
Other	1,617	1,507	1,386	19,447
Total	¥6,259	¥6,025	¥5,282	$75,274

Contributions to the defined contribution pension plan are included in “Other” in the table presented above.

The assumptions used in accounting for the above plans are summarized as follows:

	31st March,		
	2011	**2010**	**2009**
Discount rates at the end of the year	2.1%	2.1%	2.1%
Expected rate of return on plan assets	1.5	1.5	1.5

9. Income Taxes

The significant components of deferred income tax assets and liabilities were as follows:

	Millions of yen		*Thousands of U.S. dollars*
	31st March,		**31st March,**
	2011	**2010**	**2011**
Deferred income tax assets:			
Employees' retirement benefits	¥11,210	¥13,201	$134,817
Depreciation	11,486	11,190	138,136
Accrued bonuses	4,933	4,390	59,327
Other	3,106	3,988	37,354
	30,735	32,769	369,634
Deferred income tax liabilities:			
Valuation difference on available-for-sale securities	(4,253)	(5,766)	(51,149)
Special tax-purpose reserve	(245)	(470)	(2,946)
Undistributed earnings of foreign subsidiaries	(22)	(27)	(265)
Other	(1)	(1)	(12)
	(4,521)	(6,264)	(54,372)
Deferred income tax assets, net	¥26,214	¥26,505	$315,262

Income taxes applicable to the Company and its consolidated subsidiaries consisted of corporation, inhabitants' and enterprise taxes which, in the aggregate, resulted in a statutory tax rate of approximately 40.6% for the years ended 31st March, 2011, 2010 and 2009.

Reconciliations of the differences between the statutory income tax rates and the effective income tax rates after deferred tax effect in the consolidated statements of income for the years ended 31st March, 2011 and 2010 have been omitted because the differences were immaterial in the consolidated statements of income.

A reconciliation for the year ended 31st March, 2009 was as follows:

	31st March, 2009
Statutory income tax rate	40.6%
Reconciliation:	
Non-taxable permanent differences such as dividends received	(0.5)
Non-deductible permanent differences such as entertainment expenses	1.1
Changes in non-deductible write-down of investment securities and other temporary difference items	5.0
Reversal of deferred tax liability due to the change in tax law on dividends received from foreign subsidiaries	(1.8)
Others, net	0.1
Effective income tax rate after deferred tax effect	44.5%

10. Net Assets

The Corporation Law of Japan provides that an amount equal to at least 10% of the amount to be disbursed as distributions of capital surplus and retained earnings be appropriated to the legal reserve until the sum of the legal reserve and additional paid-in capital equals 25% of the common stock account. The legal reserve and the additional paid-in capital account are available for appropriation by resolution of the shareholders. In accordance with the Corporation Law, the Company provides a legal reserve which is included in retained earnings. This reserve amounted to ¥570 million ($6,855 thousand) and ¥570 million at 31st March, 2011 and 2010, respectively.

Shares in Issue and Treasury stock

The total number and periodic changes in the number of shares in issue and the total number and periodic changes in the number of shares of treasury stock for the year ended 31st March, 2011 are summarized as follows:

	31st March, 2011	
	Shares in issue	**Treasury stock**
Number of shares at 31st March, 2010	225,000,000	30,378,314
Increase in number of shares	–	29
Decrease in number of shares	–	101,000
Number of shares at 31st March, 2011	225,000,000	30,277,343

*1 The increase of 29 shares of treasury stock was due to the purchases of odd-lot shares. The decrease of 101,000 shares of treasury stock was due to the exercise of stock options.

*2 Treasury stock included 6,201,500 shares of the Company owned by the ESOP Trust as of 31st March, 2011.

Share subscription rights recorded in the accompanying consolidated balance sheets at 31st March, 2011 relate to the Company's stock option plans described in Note 20.

10. Net Assets (continued)

Dividends

The following appropriations of cash dividends to shareholders of common stock were approved at meetings of the Board of Directors held on 14th May, 2010 and 29th October, 2010 and were paid to shareholders of record as of 31st March, 2010 and 30th September, 2010, respectively, during the year ended 31st March, 2011:

	Millions of yen	*Thousands of U.S. dollars*
Cash dividends approved on 14th May, 2010 (¥26.00 = U.S.$0.31 per share)	¥5,060	$60,854
Cash dividends approved on 29th October, 2010 (¥26.00 = U.S.$0.31 per share)	5,062	60,879

The following appropriation of cash dividends, which has not been reflected in the accompanying consolidated financial statements for the year ended 31st March, 2011, was approved at a meeting of the Board of Directors held on 18th May, 2011 and went into effect on 3rd June, 2011:

	Millions of yen	*Thousands of U.S. dollars*
Cash dividends (¥26.00 = U.S.$0.31 per share)	¥5,063	$60,890

* Dividends of ¥161 million ($1,936 thousand) paid to the ESOP Trust are not included in total dividends amount.

11. Cash and Cash Equivalents

A reconciliation between cash and bank deposits in the accompanying consolidated balance sheets and cash and cash equivalents in the accompanying consolidated statements of cash flows at 31st March, 2011 and 2010 is as follows:

	Millions of yen		*Thousands of U.S. dollars*
	31st March,		**31st March,**
	2011	**2010**	**2011**
Cash and bank deposits	¥16,758	¥15,056	$201,539
Short-term investment securities	79,661	44,720	958,040
Time deposits with maturities of more than three months when deposited	(782)	–	(9,405)
Bond and other investments maturing in more than three months from the acquisition date	(13,552)	–	(162,982)
Cash and cash equivalents	¥82,085	¥59,776	$987,192

12. Per Share Data

Per share data is summarized as follows:

	Yen			*U.S. dollars*
	31st March,			**31st March,**
	2011	**2010**	**2009**	**2011**
Earnings per share	¥119.11	¥112.32	¥125.54	$1.43
Diluted earnings per share	112.21	105.81	118.29	1.35

	Yen		*U.S. dollars*
	31st March,		**31st March,**
	2011	**2010**	**2011**
Net assets per share	¥1,179.92	¥1,125.63	$14.19

The computation of earnings and net assets per share is based on the weighted-average number of shares of common stock outstanding during each year and the number of shares of common stock outstanding at each balance sheet date, respectively.

The computation of earnings per share and diluted earnings per share for the years ended 31st March, 2011, 2010 and 2009 is as follows:

	Millions of yen			*Thousands of U.S. dollars*
	31st March,			**31st March,**
	2011	**2010**	**2009**	**2011**
Numerator:				
Earnings	¥23,188	¥21,856	¥24,513	$278,870
Earnings not available to common shareholders	(–)	(–)	(–)	(–)
Earnings available to common shareholders	¥23,188	¥21,856	¥24,513	$278,870
	Thousands of shares			
Denominator:				
Weighted-average number of shares of common stock outstanding – basic *1	194,677	194,587	195,266	194,677
Potentially dilutive shares of common stock – Convertible bonds *2	11,836	11,836	11,836	11,836
Potentially dilutive shares of common stock – Stock options	135	132	130	135
Weighted-average number of shares of common stock outstanding – diluted	206,648	206,555	207,232	206,648

*1 NRI shares owned by the ESOP Trust are included in treasury stock.

*2 The conversion price for the 1st unsecured convertible bonds with stock acquisition rights was adjusted from ¥4,224 to ¥4,222.90 effective from 30th March, 2011.

12. Per Share Data (continued)

The following potentially issuable shares of common stock would have an antidilutive effect and thus have not been included in the diluted earnings per share calculation for the years ended 31st March, 2011, 2010 and 2009:

	Shares		
	31st March,		
	2011	**2010**	**2009**
a) 3rd share subscription rights	–	0*	39,000
b) 4th share subscription rights	0**	224,500	224,500
c) 6th share subscription rights	367,500	392,500	392,500
d) 8th share subscription rights	415,000	415,000	415,000
e) 10th share subscription rights	417,500	417,500	417,500
f) 12th share subscription rights	440,000	440,000	–
g) 14th share subscription rights	445,000	–	–

* The exercise period ended 30th June, 2009.

** The exercise period ended 30th June, 2010.

The computation of net assets per share at 31st March, 2011 and 2010 is summarized as follows:

	Millions of yen		*Thousands of U.S. dollars*
	31st March,		**31st March,**
	2011	**2010**	**2011**
Numerator:			
Net assets	¥231,075	¥220,237	$2,779,014
Share subscription rights	(1,317)	(1,155)	(15,839)
Minority interests	(–)	(10)	(–)
Net assets attributable to common stock	¥229,758	¥219,072	$2,763,175
	Thousands of shares		
Denominator:			
Number of shares of common stock outstanding	194,723	194,622	194,723

* NRI shares owned by the ESOP Trust are included in treasury stock.

13. Leases

1) As lessee

The Company leases mainly computers and related devices, some of which are classified as finance leases. Please refer to 1. Significant Accounting Policies for depreciation method applied to leased assets.

Future minimum lease payments for noncancelable operating leases at 31st March, 2011 and 2010 are summarized as follows:

	Millions of yen		*Thousands of U.S. dollars*
	31st March,		**31st March,**
	2011	**2010**	**2011**
Future minimum lease payments:			
Due within one year	¥ 7,097	¥ 7,703	$ 85,352
Thereafter	19,216	27,381	231,100
Total	¥26,313	¥35,084	$316,452

2) As lessor

There were no finance lease transactions as lessor for the years ended 31st March, 2011 and 2010.

Future minimum lease payments to be received from operating leases as lessor at 31st March, 2011 and 2010 are summarized as follows:

	Millions of yen		*Thousands of U.S. dollars*
	31st March,		**31st March,**
	2011	**2010**	**2011**
Future minimum lease payments to be received:			
Due within one year	¥9,013	¥ 9,139	$108,394
Thereafter	59	8,800	710
Total	¥9,072	¥17,939	$109,104

14. Selling, General and Administrative Expenses

The details of selling, general and administrative expenses for the years ended 31st March, 2011, 2010 and 2009 are summarized as follows:

	Millions of yen			*Thousands of U.S. dollars*
	31st March,			**31st March,**
	2011	**2010**	**2009**	**2011**
Personnel expenses	¥30,447	¥28,576	¥26,198	$366,170
Rent	5,126	4,444	4,429	61,648
Subcontractor costs	6,832	7,271	8,168	82,165
Other	12,377	12,620	11,917	148,850
Total	¥54,782	¥52,911	¥50,712	$658,833

15. Research and Development Expenses

Research and development expenses included in selling, general and administrative expenses for the years ended 31st March, 2011, 2010 and 2009 are summarized as follows:

	Millions of yen			*Thousands of U.S. dollars*
	31st March,			**31st March,**
	2011	**2010**	**2009**	**2011**
Research and development expenses	¥3,564	¥3,561	¥4,104	$42,862

16. Other Income (Expenses)

1) Gain (loss) on investment securities

Gain on investment securities for the year ended 31st March, 2011 consisted of gain on investment securities of ¥168 million ($2,020 thousand) and loss on investment securities of ¥38 million ($457 thousand). The gain on investment securities consisted principally of gain on the sales of shares of NTT Business Information Service, Inc., and the loss on investment securities consisted principally of impairment loss on SecuAvail Inc. as a result of the impairment having been deemed other than temporary.

Loss on investment securities for the year ended 31st March, 2010 consisted of gain on investment securities of ¥195 million and loss on investment securities of ¥1,036 million. The gain on investment securities consisted principally of gain on the sales of shares of Mitsubishi UFJ Financial Group, Inc., and the loss on investment securities consisted principally of impairment loss on Daiko Clearing Services Corporation as a result of the impairment having been deemed other than temporary.

Loss on investment securities for the year ended 31st March, 2009 consisted of gain on investment securities of ¥373 million and loss on investment securities of ¥3,759 million. The gain on investment securities consisted principally of gain on the sales of shares of Mitsubishi UFJ Financial Group, Inc., and the loss on investment securities consisted principally of impairment loss on Seven & i Holdings Co., Ltd. as a result of the impairment having been deemed other than temporary.

16. Other Income (Expenses) (continued)

2) Loss on investments in affiliates

Loss on investments in affiliates for the year ended 31st March, 2009 consisted of gain on investments in affiliates of ¥252 million and loss on investments in affiliates of ¥1,014 million. The gain on investments in affiliates consisted principally of gain on sales of investments in Insurance System & Technology, Ltd., and the loss on investments in affiliates consisted principally of loss on sales of investments in NRI Learning Network, Ltd. and impairment loss on investments in Nomura Holdings, Inc.

3) Impairment loss on software

Due to a rapid change in the business environment because of the money market crisis, the Company recorded impairment loss on software, which is used for financial service businesses, in the consolidated statement of income for the year ended 31st March, 2009.

4) Office integration and relocation expenses

Office integration and relocation expenses for the year ended 31st March, 2010 arose primarily from the integration of certain offices and the relocation to Yokohama Minato Center.

17. Consolidated Statements of Comprehensive Income

Comprehensive income for the year ended 31st March, 2010 is summarized as follows:

	Millions of yen
	31st March, 2010
Comprehensive income attributable to owners of the parent	¥24,344
Comprehensive income attributable to minority interests	(4)
Total	¥24,340

Other comprehensive income for the year ended 31st March, 2010 is summarized as follows:

	Millions of yen
	31st March, 2010
Valuation difference on available-for-sale securities	¥2,585
Foreign currency translation adjustment	(90)
Share of other comprehensive income of associates accounted for using equity method	(7)
Total	¥2,488

(Additional information)

Effective the year ended March 31, 2011, the "Accounting Standard for Presentation of Comprehensive Income" (ASBJ Statement No. 25) has been applied. The items "Accumulated other comprehensive income" and "Total accumulated other comprehensive income" for the previous year ended March 31, 2010 in the accompanying consolidated balance sheets correspond to "Valuation and translation adjustments" and "Total valuation and translation adjustments."

18. Related Party Transactions

Related party transactions for the years ended 31st March, 2011, 2010 and 2009 and the respective balances at 31st March, 2011 and 2010 were as follows:

1) Transactions

		Millions of yen			*Thousands of U.S. dollars*
		31st March,			**31st March,**
Related party	**Nature of transaction**	**2011**	**2010**	**2009**	**2011**
a) Major shareholder:					
Nomura Holdings, Inc.	Sales	¥41,037	¥49,211	¥74,070	$493,530
	Purchase of back office operation information system hardware and software for retail domestic securities *1	–	–	38,419	–
b) Major shareholder's subsidiaries:					
Nomura Securities Co., Ltd.	Purchase of back office operation information system hardware and software for retail domestic securities *2	–	–	*2	–
The Nomura Trust & Banking Co., Ltd.	Money held in trust related to acquisition of treasury stock	–	–	15,010	–
	Charges for acquisition of treasury stock	–	–	8	–
	Borrowings	9,283	–	–	111,642
	Payments of interest	1	–	–	12

*1 Based on an agreement between Nomura Holdings Inc., Nomura Securities Co., Ltd. and the Company, the Company purchased from the two parties certain hardware and software assets as a single package. The terms and conditions of the agreement were determined through discussions among the three parties based on an objective appraisal the value of the package as a whole. As per the agreement, the amount shown above is the total acquisition cost that the Company has paid to the two parties.

*2 The transaction is the same as *1 presented above.

2) Balances

		Millions of yen		*Thousands of U.S. dollars*
		31st March,		**31st March,**
Related party	**Nature of transaction**	**2011**	**2010**	**2010**
a) Major shareholder:				
Nomura Holdings, Inc.	Accounts receivable and other receivables	¥5,149	¥5,237	$ 61,924
b) Major shareholder's subsidiaries:				
The Nomura Trust & Banking Co., Ltd.	Long-term loans payable	9,283	–	111,642

19. Contingent Liabilities

There were no material contingent liabilities at 31st March, 2011 and 2010.

20. Stock Option Plans

The Company issued the following share subscription rights for the purchase of new shares of common stock in accordance with the former Commercial Code of Japan or the Corporation Law of Japan.

For the years ended 31st March, 2011, 2010 and 2009, the Company recognized and allocated share-based compensation cost as follows:

	Millions of yen			*Thousands of U.S. dollars*
	2011	**2010**	**2009**	**2011**
Cost of sales	¥173	¥243	¥281	$2,081
Selling, general and administrative expenses	206	290	299	2,477
Total	¥379	¥533	¥580	$4,558

A description of each stock option plan as of 31st March, 2011 is summarized as follows:

	4th stock option plan	**6th stock option plan**	**8th stock option plan**
Grantee categories and numbers of grantees	32 directors, managing officers or employees of the Company, and 12 directors of its subsidiaries	36 directors or managing officers of the Company, and 6 directors of its subsidiaries	37 directors, managing officers or employees of the Company, and 6 directors of its subsidiaries
Number of shares reserved	407,500	400,000	422,500
Grant date	1st July, 2005	11th September, 2006	10th July, 2007
Vesting conditions	Holders must be in continuous employment from the grant date to the vesting date of 30th June, 2007	Holders must be in continuous employment from the grant date to the vesting date of 30th June, 2009	Holders must be in continuous employment from the grant date to the vesting date of 30th June, 2010
Service period	From 1st July, 2005 to 30th June, 2007	From 1st July, 2006 to 30th June, 2009	From 1st July, 2007 to 30th June, 2010
Exercisable period	1st July, 2007 to 30th June, 2010	1st July, 2009 to 30th June, 2013	1st July, 2010 to 30th June, 2014

20. Stock Option Plans (continued)

	10th stock option plan	11th stock option plan	12th stock option plan
Grantee categories and numbers of grantees	36 directors or managing officers of the Company, and 6 directors of its subsidiaries	39 directors, managing officers or employees of the Company, and 6 directors of its subsidiaries	39 directors or managing officers of the Company, and 7 directors of its subsidiaries
Number of shares reserved	417,500	95,500	440,000
Grant date	8th July, 2008	8th July, 2008	15th July, 2009
Vesting conditions	Holders must be in continuous employment from the grant date to the vesting date of 30th June, 2011	Holders must be in continuous employment from the grant date to the vesting date of 30th June, 2009	Holders must be in continuous employment from the grant date to the vesting date of 30th June, 2012
Service period	From 1st July, 2008 to 30th June, 2011	From 1st July, 2008 to 30th June, 2009	From 1st July, 2009 to 30th June, 2012
Exercisable period	1st July, 2011 to 30th June, 2015	1st July, 2009 to 30th June, 2010	1st July, 2012 to 30th June, 2016

	13th stock option plan	14th stock option plan	15th stock option plan
Grantee categories and numbers of grantees	42 directors, managing officers or employees of the Company, and 7 directors of its subsidiaries	39 directors or managing officers of the Company, and 8 directors of its subsidiaries	41 directors, managing officers or employees of the Company, and 8 directors of its subsidiaries
Number of shares reserved	102,000	445,000	103,000
Grant date	15th July, 2009	18th August, 2010	18th August, 2010
Vesting conditions	Holders must be in continuous employment from the grant date to the vesting date of 30th June, 2010	Holders must be in continuous employment from the grant date to the vesting date of 30th June, 2013	Holders must be in continuous employment from the grant date to the vesting date of 30th June, 2011
Service period	From 1st July, 2009 to 30th June, 2010	From 1st July, 2010 to 30th June, 2013	From 1st July, 2010 to 30th June, 2011
Exercisable period	1st July, 2010 to 30th June, 2011	1st July, 2013 to 30th June, 2017	1st July, 2011 to 30th June, 2012

20. Stock Option Plans (continued)

A description of each stock option plan as of 31st March, 2010 is summarized as follows:

	3rd stock option plan	4th stock option plan	6th stock option plan
Grantee categories and numbers of grantees	34 directors, managing officers or employees of the Company, and 12 directors of its subsidiaries	32 directors, managing officers or employees of the Company, and 12 directors of its subsidiaries	36 directors or managing officers of the Company, and 6 directors of its subsidiaries
Number of shares reserved	422,500	407,500	400,000
Grant date	24th June, 2004	1st July, 2005	11th September, 2006
Vesting conditions	Holders must be in continuous employment from the grant date to the vesting date of 30th June, 2006	Holders must be in continuous employment from the grant date to the vesting date of 30th June, 2007	Holders must be in continuous employment from the grant date to the vesting date of 30th June, 2009
Service period	From 1st July, 2004 to 30th June, 2006	From 1st July, 2005 to 30th June, 2007	From 1st July, 2006 to 30th June, 2009
Exercisable period	1st July, 2006 to 30th June, 2009	1st July, 2007 to 30th June, 2010	1st July, 2009 to 30th June, 2013

	8th stock option plan	9th stock option plan	10th stock option plan
Grantee categories and numbers of grantees	37 directors, managing officers or employees of the Company, and 6 directors of its subsidiaries	40 directors, managing officers or employees of the Company, and 6 directors of its subsidiaries	36 directors or managing officers of the Company, and 6 directors of its subsidiaries
Number of shares reserved	422,500	96,500	417,500
Grant date	10th July, 2007	10th July, 2007	8th July, 2008
Vesting conditions	Holders must be in continuous employment from the grant date to the vesting date of 30th June, 2010	Holders must be in continuous employment from the grant date to the vesting date of 30th June, 2008	Holders must be in continuous employment from the grant date to the vesting date of 30th June, 2011
Service period	From 1st July, 2007 to 30th June, 2010	From 1st July, 2007 to 30th June, 2008	From 1st July, 2008 to 30th June, 2011
Exercisable period	1st July, 2010 to 30th June, 2014	1st July, 2008 to 30th June, 2009	1st July, 2011 to 30th June, 2015

20. Stock Option Plans (continued)

	11th stock option plan	12th stock option plan	13th stock option plan
Grantee categories and numbers of grantees	39 directors, managing officers or employees of the Company, and 6 directors of its subsidiaries	39 directors or managing officers of the Company, and 7 directors of its subsidiaries	42 directors, managing officers or employees of the Company, and 7 directors of its subsidiaries
Number of shares reserved	95,500	440,000	102,000
Grant date	8th July, 2008	15th July, 2009	15th July, 2009
Vesting conditions	Holders must be in continuous employment from the grant date to the vesting date of 30th June, 2009	Holders must be in continuous employment from the grant date to the vesting date of 30th June, 2012	Holders must be in continuous employment from the grant date to the vesting date of 30th June, 2010
Service period	From 1st July, 2008 to 30th June, 2009	From 1st July, 2009 to 30th June, 2012	From 1st July, 2009 to 30th June, 2010
Exercisable period	1st July, 2009 to 30th June, 2010	1st July, 2012 to 30th June, 2016	1st July, 2010 to 30th June, 2011

The following table summarizes options activity under the stock option plans referred to above during the year ended 31st March, 2011:

	4th stock option plan	6th stock option plan	8th stock option plan	10th stock option plan	11th stock option plan	12th stock option plan	13th stock option plan	14th stock option plan	15th stock option plan
Non-vested:									
Beginning of the year	–	–	422,500	417,500	–	440,000	102,000	–	–
Granted	–	–	–	–	–	–	–	445,000	103,000
Forfeited	–	–	–	–	–	–	–	–	–
Vested	–	–	(422,500)	–	–	–	(102,000)	–	–
End of the year	–	–	–	417,500	–	440,000	–	445,000	103,000
Vested:									
Beginning of the year	224,500	400,000	–	–	24,000	–	–	–	–
Vested	–	–	422,500	–	–	–	102,000	–	–
Exercised	–	–	–	–	(24,000)	–	(77,000)	–	–
Forfeited	(224,500)	–	–	–	–	–	–	–	–
End of the year	–	400,000	422,500	–	–	–	25,000	–	–

20. Stock Option Plans (continued)

The following table summarizes options activity under the stock option plans referred to above during the year ended 31st March, 2010:

	3rd stock option plan	4th stock option plan	6th stock option plan	8th stock option plan	9th stock option plan	10th stock option plan	11th stock option plan	12th stock option plan	13th stock option plan
Non-vested:									
Beginning of the year	–	–	400,000	422,500	–	417,000	95,500	–	–
Granted	–	–	–	–	–	–	–	440,000	102,000
Forfeited	–	–	–	–	–	–	–	–	–
Vested	–	–	(400,000)	–	–	–	(95,500)	–	–
End of the year	–	–	–	422,500	–	417,000	–	440,000	102,000
Vested:									
Beginning of the year	39,000	224,500	–	–	26,500	–	–	–	–
Vested	–	–	400,000	–	–	–	95,500	–	–
Exercised	–	–	–	–	(24,000)	–	(71,500)	–	–
Forfeited	(39,000)	–	–	–	(2,500)	–	–	–	–
End of the year	–	224,500	400,000	–	–	–	24,000	–	–

Price information per option for each stock option plan as of 31st March, 2011 is summarized as follows:

	Yen								
	4th stock option plan	6th stock option plan	8th stock option plan	10th stock option plan	11th stock option plan	12th stock option plan	13th stock option plan	14th stock option plan	15th stock option plan
Exercise price	¥2,319	¥3,282	¥3,680	¥2,650	¥ 1	¥2,090	¥ 1	¥2,010	¥ 1
Average price on exercise	–	–	–	–	2,056	–	1,823	–	–
Fair value on grant date	–	865	1,030	631	2,572	539	2,012	284	1,534

	U.S. dollars								
	4th stock option plan	6th stock option plan	8th stock option plan	10th stock option plan	11th stock option plan	12th stock option plan	13th stock option plan	14th stock option plan	15th stock option plan
Exercise price	$27.89	$39.47	$44.26	$31.87	$ 0.01	$25.14	$ 0.01	$24.17	$ 0.01
Average price on exercise	–	–	–	–	24.73	–	21.92	–	–
Fair value on grant date	–	10.40	12.39	7.59	30.93	6.48	24.20	3.42	18.45

Price information per option for each stock option plan as of 31st March, 2010 is summarized as follows:

	Yen								
	3rd stock option plan	4th stock option plan	6th stock option plan	8th stock option plan	9th stock option plan	10th stock option plan	11th stock option plan	12th stock option plan	13th stock option plan
Exercise price	¥2,284	¥2,319	¥3,282	¥3,680	¥ 1	¥2,650	¥ 1	¥2,090	¥ 1
Average price on exercise	–	–	–	–	1,777	–	2,115	–	–
Fair value on grant date	–	–	865	1,030	3,619	631	2,572	539	2,012

The exercise price and fair value on grant date as of 31st March, 2011 reflect the five-for-one stock split on 1st April, 2007.

20. Stock Option Plans (continued)

Fair value as of the grant date for stock options which were issued during the year ended 31st March, 2011 was estimated using the Black-Scholes option pricing model with the following assumptions:

	14th stock option plan	**15th stock option plan**
Expected volatility *1	37.8%	27.6%
Expected remaining period *2	4 years and 10 months	1 year and 4 months
Expected dividend yield *3	¥52 per share	¥52 per share
Risk-free interest rate *4	0.285%	0.126%

*1 Expected volatility is estimated based on the recent actual stock price in relation to the expected remaining period for each plan.

*2 As it is difficult to estimate the expected remaining period in a reasonable manner, it is determined to be the period from the grant date to the mid-point of the exercisable period.

*3 Expected dividend yield is the expected annual dividend amount for the year ended 31st March, 2011 as of the date of the grant.

*4 Risk-free interest rate represents the interest rate of governmental bonds whose remaining period corresponds to the expected remaining period of stock options.

Because it is difficult to estimate the forfeited number of stock options for future periods, estimation of the vested number is based upon actual forfeitures in prior periods.

Fair value as of the grant date for stock options which were issued during the year ended 31st March, 2010 was estimated using the Black-Scholes option pricing model with the following assumptions:

	12th stock option plan	**13th stock option plan**
Expected volatility *1	37.2%	54.6%
Expected remaining period *2	5 years	1 year and 6 months
Expected dividend yield *3	¥52 per share	¥52 per share
Risk-free interest rate *4	0.683%	0.191%

*1 Expected volatility is estimated based on the actual stock price in the period from July 2004 to July 2009 for the 12th stock option plan, and in the period from January 2008 to July 2009 for the 13th stock option plan.

*2 As it is difficult to estimate the expected remaining period in a reasonable manner, it is determined to be the period from the grant date to the mid-point of the exercisable period.

*3 Expected dividend yield is the expected annual dividend amount for the year ended 31st March, 2010 as of the date of the grant.

*4 Risk-free interest rate represents the interest rate of governmental bonds whose remaining period corresponds to the expected remaining period of stock options.

Because it is difficult to estimate the forfeited number of stock options for future periods, estimation of the vested number is based upon actual forfeitures in prior periods.

21. Segment Information

Segment Information

1) Outline of reportable segments

The Company's reportable segments have been determined on the basis that separate financial information for such segments is available and evaluated periodically by the supreme decision-making body in deciding the allocation of management resources and in assessing the business performances of such segments. The Company consists of divisions basically based on services, customers and markets, and those divisions engage in consulting services; system development and application sales; system management and operation services; and product sales. Therefore, the Company has classified its reportable segments as follows: Consulting, Financial IT Solutions, Industrial IT Solutions and IT Platform Services.

Consulting

In addition to management consulting, which provides assistance for formulation and execution of management and business strategies, organizational reform etc., system consulting is provided for all aspects of IT management including valuation and diagnosis of IT assets, formulation of IT strategies and support for system operation.

Financial IT Solutions

Customers in the financial sector, who usually belong to the securities, insurance, or banking industries, are provided with services including system consulting, system development and system management and operation. Specifically, in addition to providing system development and outsourcing services to each customer, this segment provides industry-standard business platforms such as "THE STAR," a total securities back-office system, "I-STAR," a multi-user system for the wholesale securities sector, "T-STAR," a multi-user system for asset management firms, "BESTWAY," a system for over-the-counter sales of investment trusts, and "e-JIBAI," a multi-user system for automobile liability insurance.

Industrial IT Solutions

The main customers in this segment include not only the distribution, manufacturing and service sectors, but also governments and other public agencies. The services provided include system consulting, system development and system management and operation. Services including information security services and IT platform architecture tools are also provided to customers from a broad range of industry sectors.

IT Platform Services

Services including system operation, management and administration of data centers and IT platform and network architecture related services are provided to mainly the Financial IT Solutions segment and Industrial IT Solutions segment. This segment also conducts research for the development of new business operations and new products related to IT solutions and research related to leading-edge information technologies.

21. Segment Information (continued)

Segment Information (continued)

2) Methods of calculating net sales, profit (loss), assets and other items by reportable segment

   The accounting policies for reportable segments are generally the same as described in "Significant Accounting Policies." Segment profit is based on operating profit. Intersegment sales or transfers are based on current market prices.

3) Net sales, profit (loss), assets and other items by reportable segment

Millions of yen

	Year ended 31st March, 2011								
	Reportable segment								
	Consulting	Financial IT Solutions	Industrial IT Solutions	IT Platform Services	Subtotal	Others *1	Total	Adjustment *2	Consolidated *3
Net sales:									
Sales to external customers	¥19,356	¥201,768	¥85,234	¥11,322	¥317,680	¥ 8,321	¥326,001	¥ 328	¥326,329
Intersegment sales or transfers	53	66	4,878	56,327	61,324	3,095	64,419	(64,419)	–
Total	19,409	201,834	90,112	67,649	379,004	11,416	390,420	(64,091)	326,329
Segment profit	¥ 1,218	¥ 19,429	¥ 5,770	¥ 9,231	¥ 35,648	¥ 292	¥ 35,940	¥ 2,487	¥ 38,427
Segment assets	¥ 8,856	¥100,865	¥34,977	¥51,322	¥196,020	¥ 5,642	¥201,662	¥178,371	¥380,033
Other items:									
Depreciation and amortization	¥ 70	¥ 16,127	¥ 3,608	¥ 8,399	¥ 28,204	¥ 480	¥ 28,684	¥ 1,982	¥ 30,666
Increase in tangible and intangible fixed assets	80	8,260	4,051	7,064	19,455	306	19,761	995	20,756

*1 Some subsidiaries provide system development and system management and operation services that are not included in the above reportable segments.

*2 Descriptions of adjustments are as follows:

(a) Individual items included in adjustment of segment profit were all immaterial amounts.

(b) The segment asset adjustment of ¥178,371 million is comprised of corporate assets not allocated to a reportable segment of ¥179,974 million and the eliminations of intersegment receivables of ¥(1,603) million.

(c) Individual items included in adjustment of depreciation and amortization were all immaterial amounts.

(d) Individual items included in adjustment of increase in tangible and intangible fixed assets were all immaterial amounts.

*3 Segment profit is adjusted to operating profit in the consolidated statements of income and comprehensive income.

21. Segment Information (continued)

Segment Information (continued)

3) Net sales, profit (loss), assets and other items by reportable segment (continued)

Millions of yen

	Year ended 31st March, 2010								
	Reportable segment								
	Consulting	Financial IT Solutions	Industrial IT Solutions	IT Platform Services	Subtotal	Others *1	Total	Adjustment *2	Consolidated *3
Net sales:									
Sales to external customers	¥17,945	¥209,033	¥90,966	¥11,391	¥329,335	¥ 8,964	¥338,299	¥ 331	¥338,630
Intersegment sales or transfers	49	158	4,894	57,907	63,008	3,118	66,126	(66,126)	–
Total	17,994	209,191	95,860	69,298	392,343	12,082	404,425	(65,795)	338,630
Segment profit (loss)	¥ 127	¥ 19,846	¥ 8,425	¥ 8,526	¥ 36,924	¥ (468)	¥ 36,456	¥ 3,621	¥ 40,077
Segment assets	¥ 8,570	¥105,854	¥36,909	¥51,843	¥203,176	¥ 6,538	¥209,714	¥153,654	¥363,368
Other items:									
Depreciation and amortization	¥ 79	¥ 15,937	¥ 3,272	¥ 9,467	¥ 28,755	¥ 510	¥ 29,265	¥ 1,651	¥ 30,916
Increase in tangible and intangible fixed assets	81	12,242	5,608	7,082	25,013	434	25,447	3,554	29,001

*1 Some subsidiaries provide system development and system management and operation services that are not included in the above reportable segments.

*2 Descriptions of adjustments are as follows:

(a) Individual items included in adjustment of segment profit were all immaterial amounts.

(b) The segment asset adjustment of ¥153,654 million is comprised of corporate assets not allocated to a reportable segment of ¥155,170 million and the eliminations of intersegment receivables of ¥(1,516) million.

(c) Individual items included in adjustment of depreciation and amortization were all immaterial amounts.

(d) Individual items included in adjustment of increase in tangible and intangible fixed assets were all immaterial amounts.

*3 Segment profit is adjusted to operating profit in the consolidated statements of income and comprehensive income.

21. Segment Information (continued)

Segment Information (continued)

3) Net sales, profit (loss), assets and other items by reportable segment (continued)

	Thousands of U.S. dollars								
	Year ended 31st March, 2011								
	Reportable segment								
	Consulting	**Financial IT Solutions**	**Industrial IT Solutions**	**IT Platform Services**	**Subtotal**	**Others**	**Total**	**Adjustment ***	**Consolidated**
Net sales:									
Sales to external customers	$232,784	$2,426,554	$1,025,063	$136,164	$3,820,565	$100,072	$3,920,637	$ 3,945	$3,924,582
Intersegment sales or transfers	638	794	58,665	677,414	737,511	37,222	774,733	(774,733)	–
Total	233,422	2,427,348	1,083,728	813,578	4,558,076	137,294	4,695,370	(770,788)	3,924,582
Segment profit	$ 14,648	$ 233,662	$ 69,393	$111,016	$ 428,719	$ 3,512	$ 432,231	$ 29,910	$ 462,141
Segment assets	$106,506	$1,213,049	$ 420,649	$617,222	$2,357,426	$ 67,854	$2,425,280	$2,145,171	$4,570,451
Other items:									
Depreciation and amortization	$ 842	$ 193,951	$ 43,391	$101,010	$ 339,194	$ 5,773	$ 344,967	$ 23,836	$ 368,803
Increase in tangible and intangible fixed assets	962	99,339	48,719	84,955	233,975	3,680	237,655	11,966	249,621

* The segment asset adjustment of $2,145,171 thousand is comprised of corporate assets of $2,164,450 thousand not allocated to a reportable segment and the eliminations of intersegment receivables of $(19,279) thousand.

(Additional information)

Effective the year ended 31st March, 2011, the “Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (ASBJ Statement No. 17) and “Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (ASBJ Guidance No. 20) has been applied.

21. Segment Information (continued)

Related information

1) Information by products and services

Sales to external customers classified by products and services for the year ended 31st March, 2011 is summarized as follows:

	31st March, 2011		
	Millions of yen	*Thousands of U.S. dollars*	*Change*
Consulting services	¥ 32,967	$ 396,476	14.1%
System development and application sales	117,076	1,408,010	(7.7)
System management and operation services	166,580	2,003,367	(0.3)
Product sales	9,706	116,729	(39.0)
Total	¥326,329	$3,924,582	(3.6)%

2) Information by geographical area

Information by geographical area is omitted, because sales and tangible fixed assets in the domestic segment constituted more than 90% of total sales and tangible fixed assets for the years ended 31st March, 2011.

3) Information by major customer

	31st March, 2011				
	Millions of yen	*Thousands of U.S. dollars*	*Percentage of total sales*	*Change*	*Related segment*
Nomura Holdings, Inc.	¥75,886	$912,640	23.3%	(12.1)%	Financial IT solutions
Seven & i Holdings Co., Ltd.	39,644	476,777	12.1	(2.4)	Industrial IT solutions, Financial IT solutions

* In principle, sales from subsidiaries of major customers are included in the above table.

Information about impairment loss on fixed assets for each reportable segment

Year ended 31st March, 2011

Not applicable.

Information about amortized amount of goodwill and unamortized balance of goodwill for each reportable segment

Year ended 31st March, 2011

Not applicable.

Information about gains on negative goodwill for each reportable segment

Year ended 31st March, 2011

Not applicable.

21. Segment Information (continued)

Business segments

Business segment information is presented under the following two categories:

– the consulting services business, which includes research services; management consulting services; and system consulting services.

– the IT solutions services business, which includes developing and managing computer systems and selling software packages; providing outsourcing services, multi-user systems and information services; and selling computer equipment and related products.

Business segment information of the Company and its consolidated subsidiaries for the years ended 31st March, 2010 and 2009 is summarized as follows:

	Millions of yen				
	Year ended 31st March, 2010				
	Consulting services	**IT solutions services**	**Total**	**Eliminations and corporate**	**Consolidated**
I. Sales and operating profit					
Sales to external customers	¥28,884	¥309,746	¥338,630	¥ –	¥338,630
Intersegment sales or transfers	469	670	1,139	(1,139)	–
Total sales	29,353	310,416	339,769	(1,139)	338,630
Operating expenses	29,418	270,274	299,692	(1,139)	298,553
Operating profit (loss)	¥ (65)	¥ 40,142	¥ 40,077	¥ –	¥ 40,077
II. Total assets, depreciation and amortization and capital expenditures					
Total assets	¥18,686	¥226,803	¥245,489	¥117,879	¥363,368
Depreciation and amortization	441	30,475	30,916	–	30,916
Capital expenditures	735	28,265	29,000	–	29,000

	Millions of yen				
	Year ended 31st March, 2009				
	Consulting services	**IT solutions services**	**Total**	**Eliminations and corporate**	**Consolidated**
I. Sales and operating profit					
Sales to external customers	¥32,866	¥308,413	¥341,279	¥ –	¥341,279
Intersegment sales or transfers	528	943	1,471	(1,471)	–
Total sales	33,394	309,356	342,750	(1,471)	341,279
Operating expenses	29,268	263,769	293,037	(1,471)	291,566
Operating profit	¥ 4,126	¥ 45,587	¥ 49,713	¥ –	¥ 49,713
II. Total assets, depreciation and amortization and capital expenditures					
Total assets	¥18,980	¥241,317	¥260,297	¥94,191	¥354,488
Depreciation and amortization	491	20,272	20,763	–	20,763
Capital expenditures	356	69,727	70,083	–	70,083

21. Segment Information (continued)

Geographical segments

Because sales and assets in the domestic segment constituted more than 90% of total sales and assets for the years ended 31st March, 2010 and 2009, geographical segment information has not been presented.

Overseas sales

Because overseas sales constituted less than 10% of consolidated sales for the years ended 31st March, 2010 and 2009, no disclosure of overseas sales has been made.

22. Subsequent Events

Not applicable.

[Appendix 1]

SUMMARY OF CERTAIN SIGNIFICANT DIFFERENCES BETWEEN JAPANESE AND U.S. GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

The accompanying consolidated financial statements of the Company have been prepared in conformity with Japanese GAAP, which differs from U.S. GAAP in certain material respects. Such differences are discussed below and address only those differences related to the consolidated financial statements. In addition, no attempt has been made to identify disclosure, presentation or classification differences that would affect the manner in which transactions and events are presented in the financial statements.

The significant differences between Japanese GAAP and U.S. GAAP which would affect the determination of consolidated net income and shareholders' equity of the Company are set out below:

1. Trust-type Employee Stock Ownership Incentive Plan

The Company introduced a "Trust-type Employee Stock Ownership Incentive Plan" in March 2011. Please see Note 1, "Significant Accounting Policies: *Accounting of Trust-type Employee Stock Ownership Incentive Plan*" for an outline of this plan and corresponding accounting treatment under Japanese GAAP.

U.S. GAAP requires the adoption of ASC 718 for an Employee Stock Ownership Plan ("ESOP"), which is an employee retirement and severance benefit plan using company treasury stock to make the employees' property. However, the incentive plan introduced by the Company differs from an ESOP, and ASC 718 is not applied.