

This financial report is composed of two parts. The first part is an abridged translation of “Kessan Tanshin (earnings report)” for the quarterly period ended 30th June, 2015, which includes the summary and the qualitative information sections. The second part is the “Quarterly Consolidated Financial Statements,” which are basically prepared based on the “Kessan Tanshin (earnings report)” but applied for some items different presentation methods.



MEMBERSHIP
24th July, 2015

Consolidated Financial Results For the Quarterly Period Ended 30th June, 2015 <under Japanese GAAP>

Company name: Nomura Research Institute, Ltd.
 Listing: First Section of the Tokyo Stock Exchange
 Stock code: 4307
 URL: <http://www.nri.com/jp/>
 Representative: Tadashi Shimamoto, Chairman and President & CEO, Representative Director,
 Member of the Board
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Scheduled date to file Quarterly Securities Report: 29th July, 2015
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly consolidated financial results: Yes
 Announcement for quarterly consolidated financial results (for institutional investors and analysts): Yes

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

1. Consolidated performance for the quarterly period ended 30th June, 2015 (from 1st April, 2015 to 30th June, 2015)

(1) Consolidated operating results (cumulative) (Percentages indicate year-on-year changes.)

| Quarterly period ended | Sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of the parent | |
|------------------------|-----------------|-----|------------------|--------|-----------------|--------|---------------------------------------------|-------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| 30th June, 2015 | 101,521 | 5.0 | 13,535 | 70.5 | 14,864 | 68.7 | 9,265 | 24.6 |
| 30th June, 2014 | 96,658 | 9.5 | 7,939 | (26.5) | 8,812 | (29.8) | 7,435 | (6.9) |

Note: Comprehensive income

Quarterly period ended 30th June, 2015: ¥13,927 million [106.0%]

Quarterly period ended 30th June, 2014: ¥6,762 million [(38.0)%]

| Quarterly period ended | Earnings per share – basic | Earnings per share – diluted |
|------------------------|----------------------------|------------------------------|
| | Yen | Yen |
| 30th June, 2015 | 45.89 | 45.74 |
| 30th June, 2014 | 37.28 | 37.19 |

(2) Consolidated financial position

| | Total assets | Net assets | Equity ratio |
|------------------|-----------------|-----------------|--------------|
| As of | Millions of yen | Millions of yen | % |
| 30th June, 2015 | 622,926 | 435,655 | 67.7 |
| 31st March, 2015 | 593,213 | 403,467 | 65.6 |

Reference: Equity

As of 30th June, 2015: ¥421,607 million As of 31st March, 2015: ¥389,422 million

2. Cash dividends

| | Annual dividends | | | | |
|-------------------------------------------------|------------------|----------------|---------------|-----------------|--------------|
| | First quarter | Second quarter | Third quarter | Fiscal year-end | Total |
| Fiscal year ended 31st March, 2015 | Yen – | Yen 30.00 | Yen – | Yen 40.00 | Yen 70.00 |
| Fiscal year ending 31st March, 2016 | – | | | | |
| Fiscal year ending 31st March, 2016 (Forecasts) | | 40.00 | – | 40.00 | – |

- Notes: 1. Revisions to the forecasts of cash dividends most recently announced: None
2. The Company plans to conduct a 1-for-1.1 stock split with an effective date of 1st October, 2015. However, dividends will not be adjusted to reflect the stock split. Based on the number of shares prior to the stock split, the fiscal year-end dividend forecast for the fiscal year ending 31st March, 2016 is ¥44 per share, an effective dividend increase of ¥4 per share from the most recent forecast.
The second quarter dividend will be based on the number of shares prior to the stock split.

3. Forecasts of financial results for the fiscal year ending 31st March, 2016 (from 1st April, 2015 to 31st March, 2016)

(Percentages indicate year-on-year changes.)

| | Sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of the parent | | Earnings per share – basic |
|-------------------------------------|-----------------|-----|------------------|------|-----------------|------|---------------------------------------------|-----|----------------------------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Yen |
| Fiscal year ending 31st March, 2016 | 425,000 | 4.7 | 58,000 | 12.7 | 60,000 | 13.3 | 41,000 | 5.5 | 184.60 |

- Notes: 1. Revisions to the forecasts of financial results most recently announced: None
2. The Company plans to conduct a 1-for-1.1 stock split with an effective date of 1st October, 2015. Basic earnings per share have been calculated taking into account the stock split.
For more details, see “Proper use of forecasts of financial results, and other special matters (2).”

* Notes

- (1) Changes in significant subsidiaries during the current three months (changes in specified subsidiaries resulting in change in scope of consolidation): Yes
Newly consolidated: 1 (Company name) Brierley & Partners, Inc.
- (2) Adoption of specific accounting in preparing quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections
- Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
 - Changes in accounting policies due to other reasons: None
 - Changes in accounting estimates: None
 - Restatement of prior period financial statements after error corrections: None
- (4) Number of shares in issue (common stock)
- Total number of shares in issue at the end of the period (including treasury stock)

| | |
|------------------------|--------------------|
| As of 30th June, 2015 | 225,000,000 shares |
| As of 31st March, 2015 | 225,000,000 shares |
 - Number of shares of treasury stock at the end of the period

| | |
|------------------------|-------------------|
| As of 30th June, 2015 | 18,626,884 shares |
| As of 31st March, 2015 | 24,501,048 shares |
 - Average number of shares during the period (cumulative from the beginning of the fiscal year)

| | |
|----------------------------------------|--------------------|
| Quarterly period ended 30th June, 2015 | 201,910,007 shares |
| Quarterly period ended 30th June, 2014 | 199,452,461 shares |
- Note: The NRI shares held by the trust exclusive for NRI Group Employee Stock Ownership Group are included in treasury stock.

* Indication regarding execution of quarterly review procedures

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

* Proper use of forecasts of financial results, and other special matters

- (1) The above forecasts are based on information available to the Company at the present time and certain assumptions judged to be rational, and these statements do not purport to be a promise by the Company to achieve such results. Actual business results, etc. may differ significantly from this forecast due to various factors.
- (2) At a meeting on 24th July, 2015, the Board of Directors resolved a 1-for-1.1 stock split of common shares with an effective date of 1st October, 2015. Basic earnings per share shown in “3. Forecasts of financial results for the fiscal year ending 31st March, 2016” have been calculated based on the average number of shares during the fiscal year, assuming the stock split was conducted at the beginning of the current fiscal year.
Excluding the impact of the stock split, the forecast for basic earnings per share is ¥203.6.

Qualitative information regarding first-quarter settlement of accounts

(1) Qualitative information regarding consolidated operating results

During the three months ended 30th June, 2015 (from 1st April, 2015 to 30th June, 2015), the Japanese economy continued to recover at a moderate pace, supported by an upturn in business confidence. Investment in information systems was firm amid signs of improvement in corporate earnings.

Operating in such an environment, Nomura Research Institute (“the Company”) and its consolidated subsidiaries (“the NRI Group”) carried out its business activities leveraging the combined strengths of the NRI Group, allowing it to seamlessly provide services encompassing consulting through to system development and operations. In order to realize medium- and long-term growth, the NRI Group is also pushing ahead with growth measures in new fields while developing its strengths further.

Japan’s national identity number system (social security and tax number system) is scheduled to start operation during the current fiscal year. The Company is utilizing a wide range of solutions from across the NRI Group to develop a suite of services, including consulting services to support the introduction of the system and an integrated service that covers all aspects of the system, from national identity number registration to system management. Other planned system changes in the financial sector include the introduction of Junior NISA (individual savings accounts for investors who are younger than 20 years old that provide tax exemptions for small-scale investments), a unified tax on financial products, and the full-scale launch of a new Bank of Japan financial network system called BOJ-NET. The NRI Group will steadily respond to these changes in order to further expand its multi-user services business.

In the overseas business, the Company provided support to Japanese companies moving into overseas markets and developed businesses geared to local governments and companies. Also, in order to expand its presence in new business fields, the Company worked to forge business alliances and M&A deals with companies that have advanced technologies, experience and strong networks. In order to expand the NRI Group’s business in digital marketing, a promising growth market in the information services sector, the Company acquired US firm Brierley & Partners, Inc., which became a subsidiary in the first quarter of the current fiscal year.

During the three months ended 30th June, 2015, the NRI Group’s sales totaled ¥101,521 million (up 5.0% year on year), supported by higher sales in the Consulting, Financial IT Solutions and Industrial IT Solutions segments. Personnel expenses increased due to growth in the number of employees and an increase in accrued bonuses, reflecting an improvement in earnings performance compared with the same period of the previous fiscal year. Cost of sales was ¥69,967 million (down 4.9%) due to a drop in the number of unprofitable projects, and gross profit was ¥31,554 million (up 36.8%). Selling, general and administrative expenses rose year on year to ¥18,018 million (up 19.1%) due to increases in personnel expenses and subcontracting costs. Operating profit was ¥13,535 million (up 70.5%), the operating margin was 13.3% (up 5.1 points), ordinary profit was ¥14,864 million (up 68.7%), and profit attributable to owners of the parent was ¥9,265 million (up 24.6%).

Segment information

The business results by segment (sales include intersegment sales) are as follows.

(Consulting)

This segment provides policy recommendations and strategy consulting, as well as business consulting to support operational reform and system consulting for overall IT management.

The government and companies are implementing structural reforms, supporting strong demand for consulting services. The NRI Group is working to accurately address these needs in order to expand its client base, including overseas.

In the three months ended 30th June, 2015, business consulting work increased, including consulting work to support policy implementation by public agencies and consulting related to the introduction of the national identity number system. However, personnel expenses increased year on year. As a result, the Consulting segment posted sales of ¥6,150 million (up 7.2% year on year) and operating profit of ¥643 million (down 28.3%).

(Financial IT Solutions)

In this segment, the main clients are in the financial sector, including the securities, insurance and banking sectors. The segment provides system consulting, system development and system management and operation services, and it provides IT solutions such as multi-user systems.

Japan's national identity number system is scheduled to start operation during the current fiscal year. The Company is utilizing a wide range of solutions from across the NRI Group to develop a suite of services, including consulting services to support the introduction of the system and an integrated service that covers all aspects of the system, from national identity number registration to system management. Other planned system changes in the financial sector include the introduction of Junior NISA, a unified tax on financial products, and the full-scale launch of the new BOJ-NET system. The NRI Group will steadily respond to these changes in order to further expand its multi-user services business.

During the three months ended 30th June, 2015, system development and application sales and product sales to securities companies declined, but there was an increase in system development and application sales to insurance companies for system reconstruction and other projects, and system management and operation services related to multi-user systems also expanded. Profitability improved due to a drop in the number of unprofitable projects.

As a result of the above, the Financial IT Solutions segment posted sales of ¥59,744 million (up 5.5% year on year) and operating profit of ¥7,620 million (up 487.2%).

(Industrial IT Solutions)

This segment provides system consulting, system development, system management and operation services, and other services to the distribution, manufacturing, service and public sectors.

In this segment, the Company has been making efforts to provide IT solution proposals while working closely with the Consulting segment, which has a large number of clients in the industrial sector, to expand the client base. Also, as individual companies are finding it increasingly difficult to handle IT themselves, the Company is using its system consulting and IT solutions services to help companies restructure their IT divisions.

In order to expand the NRI Group's business in digital marketing, a promising growth market in the information services sector, the Company acquired US firm Brierley & Partners, Inc., which became a subsidiary in the first quarter of the current fiscal year.

During the three months ended 30th June, 2015, sales increased year on year, mainly from system development and application sales and system management and operation services in the distribution sector. Personnel expenses increased and the Company booked costs related to the acquisition of a new subsidiary.

As a result of the above, the Industrial IT Solutions segment posted sales of ¥24,926 million (up 8.6% year on year) and operating profit of ¥3,082 million (down 1.3%).

(IT Platform Services)

This segment mainly provides services such as the management and administration of data centers and IT platform and network architecture to the Financial IT Solutions and Industrial IT Solutions segments. It also provides IT platform solutions and information security services to clients of various industries. In addition, the segment conducts research for the development of new business operations and new products related to IT solutions, and research related to leading-edge information technologies, etc.

In this segment, the Company has been making efforts to expand its client base by not only renewing clients' IT platforms, but also by proposing IT platform solutions to clients that help them improve their businesses and revenues.

During the three months ended 30th June, 2015, product sales to external clients declined and intersegment sales also fell due to a drop in system development and application sales from IT platform architecture projects and a decline in system management and operation services. However, profitability improved due to a drop in the number of unprofitable projects.

As a result of the above, the IT Platform Services segment posted sales of ¥27,018 million (down 3.9% year on year) and operating profit of ¥2,265 million (up 34.5%).

(Others)

The Others segment comprises subsidiaries and others that provide system development and system management and operation services not included in the other four segments.

During the three months ended 30th June, 2015, the Others segment posted sales of ¥3,864 million

(down 12.5% year on year) and an operating loss of ¥363 million (compared with operating profit of ¥556 million a year earlier), reflecting the booking of impairment losses on software at a subsidiary and other factors.

(2) Qualitative information regarding consolidated financial position

(Assets, liabilities and net assets)

At the end of the first quarter (30th June, 2015), current assets were ¥307,167 million (up 2.9% from the end of the previous fiscal year), noncurrent assets were ¥315,759 million (up 7.2%), current liabilities were ¥108,401 million (down 4.2%), noncurrent liabilities were ¥78,187 million (up 2.9%), net assets were ¥435,655 million (up 8.0%), and total assets were ¥622,926 million (up 5.0%).

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

Accounts receivable declined ¥17,710 million to ¥44,572 million and other receivables increased ¥2,498 million to ¥39,090 million. The NRI Group recognizes revenues based on the percentage-of-completion method. The number of projects completed at the end of the fiscal year is comparatively large, and accordingly, compared with the end of the previous fiscal year, the ends of quarterly periods tend to have small values for accounts receivable and large values for other receivables. Short-term investment securities increased ¥20,814 million to ¥140,353 million and investment securities increased ¥6,661 million to ¥123,141 million. These increases reflected the purchase of securities for surplus fund management purposes and an increase in the value of the Company's shareholdings.

As of 30th June, 2015, goodwill increased ¥6,503 million to ¥7,539 million, reflecting the acquisition of US firm Brierley & Partners, Inc., which became a subsidiary.

Reflecting the disposal of treasury stock through a third-party allocation to Nippon Life Insurance Company, treasury stock declined ¥13,941 million to ¥43,515 million and additional paid-in capital increased ¥12,828 million to ¥27,919 million.

In addition, net defined benefit asset increased ¥3,706 million to ¥38,395 million, accounts payable declined ¥5,035 million to ¥19,162 million, accrued expenses increased ¥4,196 million to ¥10,858 million, income taxes payable rose ¥3,650 million to ¥5,836 million and accrued bonuses fell ¥7,881 million to ¥8,403 million.

(Cash flow position)

Cash and cash equivalents as of the end of the first quarter (30th June, 2015) stood at ¥162,427 million (up ¥21,859 million from the end of the previous fiscal year).

Net cash provided by operating activities in the three months ended 30th June, 2015 was ¥21,231 million, a decrease of ¥587 million compared with the same period of the previous fiscal year.

Income taxes paid declined, but the drop in accounts receivable and other receivables was smaller.

Net cash used in investing activities was ¥18,747 million, an increase of ¥16,750 million compared with the same period of the previous fiscal year, when the Company booked proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation. During the three months ended 30th June, 2015, cash was mainly used for investments such as the purchase of shares related to US firm Brierley & Partners, Inc., which became a subsidiary, the acquisition of property and equipment related to the construction of a data center and the installation of related facilities and equipment, the acquisition of software and other intangibles related to the development of multi-user systems, and the purchase of investment securities for fund management purposes. Cash was mainly provided by proceeds from sales and redemption of short-term investment securities.

Net cash provided by financing activities was ¥18,869 million, compared with cash used of ¥5,057 million in the same period of the previous fiscal year. The main items were proceeds of ¥26,209 million from disposal of treasury stock through a third-party allocation to Nippon Life Insurance Company, and cash dividends paid of ¥8,088 million.

Quarterly Consolidated Financial Statements

Nomura Research Institute, Ltd.

*For the Three-Month Period Ended 30th June, 2015
(Unaudited)*

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.

Quarterly Consolidated Financial Statements

Nomura Research Institute, Ltd.

*For the Three-Month Period Ended 30th June, 2015
(Unaudited)*

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Nomura Research Institute, Ltd.

Quarterly Consolidated Balance Sheet

| | <i>Millions of yen</i> | | <i>Thousands of U.S. dollars (Note 3)</i> |
|--------------------------------------------------------------|-----------------------------|----------------------------|---------------------------------------------------|
| | 31st March, 2015 | 30th June, 2015 | 30th June, 2015 |
| Assets | | | |
| Current assets: | | | |
| Cash and bank deposits (<i>Notes 4 and 8</i>) | ¥ 26,469 | ¥ 28,886 | \$ 235,920 |
| Short-term investment securities (<i>Notes 4, 5 and 8</i>) | 119,539 | 140,353 | 1,146,300 |
| Accounts receivable and other receivables (<i>Note 4</i>) | 98,875 | 83,663 | 683,298 |
| Operating loans (<i>Note 4</i>) | 10,770 | 8,570 | 69,993 |
| Margin transaction assets (<i>Note 4</i>) | 16,764 | 16,696 | 136,361 |
| Inventories | 779 | 877 | 7,163 |
| Deferred income taxes | 9,145 | 9,498 | 77,573 |
| Short-term guarantee deposits (<i>Note 4</i>) | 7,755 | 7,976 | 65,142 |
| Other current assets | 8,660 | 10,803 | 88,230 |
| Allowance for doubtful accounts | (191) | (155) | (1,266) |
| Total current assets | <u>298,565</u> | <u>307,167</u> | <u>2,508,714</u> |
| Property and equipment: | | | |
| Land | 7,448 | 7,448 | 60,830 |
| Buildings, net | 33,192 | 32,434 | 264,896 |
| Machinery and equipment, net | 12,293 | 12,991 | 106,101 |
| Leased assets, net | 12 | 10 | 82 |
| Construction in progress | 971 | 2,647 | 21,619 |
| Property and equipment, net | <u>53,916</u> | <u>55,530</u> | <u>453,528</u> |
| Software and other intangibles | 54,547 | 56,349 | 460,217 |
| Goodwill | 1,036 | 7,539 | 61,573 |
| Investment securities (<i>Notes 4 and 5</i>) | 116,481 | 123,142 | 1,005,733 |
| Investments in affiliates (<i>Notes 4 and 5</i>) | 2,159 | 2,337 | 19,087 |
| Deferred income taxes | 1,219 | 1,147 | 9,368 |
| Long-term loans receivable (<i>Note 4</i>) | 8,176 | 8,206 | 67,021 |
| Lease investment assets | 505 | 470 | 3,839 |
| Net defined benefit asset | 34,688 | 38,395 | 313,582 |
| Other assets | 22,101 | 22,828 | 186,443 |
| Allowance for doubtful accounts | (180) | (184) | (1,503) |
| Total assets | <u>¥593,213</u> | <u>¥622,926</u> | <u>\$5,087,602</u> |

| | <i>Millions of yen</i> | | <i>Thousands of U.S. dollars (Note 3)</i> |
|-----------------------------------------------------------------------------------------------|-----------------------------|----------------------------|---------------------------------------------------|
| | 31st March, 2015 | 30th June, 2015 | 30th June, 2015 |
| Liabilities and Net Assets | | | |
| Current liabilities: | | | |
| Accounts payable (<i>Note 4</i>) | ¥ 24,197 | ¥ 19,162 | \$ 156,501 |
| Short-term loans payable (<i>Note 4</i>) | 10,645 | 10,645 | 86,941 |
| Current portion of long-term loans payable (<i>Note 4</i>) | 2,148 | 2,148 | 17,543 |
| Margin transaction liabilities (<i>Note 4</i>) | 12,314 | 12,418 | 101,421 |
| Lease obligations, current | 254 | 251 | 2,050 |
| Accrued expenses | 22,947 | 19,261 | 157,310 |
| Income taxes payable | 2,186 | 5,836 | 47,664 |
| Advance payments received | 7,618 | 7,700 | 62,888 |
| Short-term guarantee deposits received (<i>Note 4</i>) | 8,676 | 8,992 | 73,440 |
| Provision for loss on orders received | 3,911 | 1,568 | 12,806 |
| Other current liabilities | 18,313 | 20,420 | 166,776 |
| Total current liabilities | <u>113,209</u> | <u>108,401</u> | <u>885,340</u> |
| Bonds (<i>Note 4</i>) | 30,000 | 30,000 | 245,018 |
| Long-term loans payable (<i>Note 4</i>) | 21,333 | 21,250 | 173,554 |
| Lease obligations | 290 | 251 | 2,050 |
| Deferred income taxes | 18,192 | 20,060 | 163,835 |
| Net defined benefit liability | 5,298 | 5,498 | 44,904 |
| Asset retirement obligations | 747 | 723 | 5,905 |
| Other long-term liabilities | 128 | 405 | 3,308 |
| Reserve for financial products transaction liabilities | 548 | 683 | 5,578 |
| Net assets (<i>Notes 7 and 9</i>): | | | |
| Shareholders' equity: | | | |
| Common stock: | | | |
| Authorized – 750,000 thousand shares at 31st March, 2015 and 30th June, 2015 | | | |
| Issued – 225,000 thousand shares at 31st March, 2015 and 30th June, 2015 | 18,600 | 18,600 | 151,911 |
| Additional paid-in capital | 15,091 | 27,920 | 228,030 |
| Retained earnings | 352,221 | 353,045 | 2,883,413 |
| Treasury stock, at cost: | | | |
| – 24,501 thousand shares at 31st March, 2015 and 18,626 thousand shares at 30th June, 2015 | (57,457) | (43,515) | (355,399) |
| Total shareholders' equity | <u>328,455</u> | <u>356,050</u> | <u>2,907,955</u> |
| Accumulated other comprehensive income: | | | |
| Valuation difference on available-for-sale securities (<i>Note 5</i>) | 48,915 | 53,221 | 434,669 |
| Deferred gain or losses on hedges (<i>Note 6</i>) | (28) | 4 | 33 |
| Foreign currency translation adjustment | 419 | 897 | 7,326 |
| Remeasurements of defined benefit plans | 11,662 | 11,435 | 93,393 |
| Total accumulated other comprehensive income | <u>60,968</u> | <u>65,557</u> | <u>535,421</u> |
| Share subscription rights | 889 | 859 | 7,016 |
| Non-controlling interests | 13,156 | 13,189 | 107,718 |
| Total net assets | <u>403,468</u> | <u>435,655</u> | <u>3,558,110</u> |
| Total liabilities and net assets | <u>¥593,213</u> | <u>¥622,926</u> | <u>\$5,087,602</u> |

See accompanying notes to quarterly consolidated financial statements.

Nomura Research Institute, Ltd.

Quarterly Consolidated Statement of Income and Comprehensive Income

| | <i>Millions of yen</i> | | <i>Thousands of U.S. dollars (Note 3)</i> |
|------------------------------------------------------------------------|----------------------------------------------|-------------|---------------------------------------------------|
| | Three months ended 30th June, | | Three months ended 30th June, |
| | 2014 | 2015 | 2015 |
| Sales | ¥96,658 | ¥101,522 | \$829,157 |
| Cost of sales | 73,585 | 69,968 | 571,447 |
| Gross profit | 23,073 | 31,554 | 257,710 |
| Selling, general and administrative expenses (Notes 10 and 11) | 15,134 | 18,019 | 147,166 |
| Operating profit | 7,939 | 13,535 | 110,544 |
| Other income (expenses): | | | |
| Interest and dividend income | 818 | 1,376 | 11,238 |
| Interest expense | (34) | (34) | (278) |
| Equity in earnings of affiliates | 33 | 14 | 114 |
| Gain (loss) on investment securities | (7) | 37 | 302 |
| Gain on bargain purchase | 3,374 | – | – |
| Reversal of share-based compensation | 263 | 9 | 74 |
| Loss on step acquisitions | (1,664) | – | – |
| Provision of reserve for financial products transaction liabilities | (109) | (135) | (1,103) |
| Other, net | 56 | (26) | (211) |
| | 2,730 | 1,241 | 10,136 |
| Income before income taxes | 10,669 | 14,776 | 120,680 |
| Provision for income taxes (Note 2) | 3,193 | 5,432 | 44,365 |
| Profit (Note 9) | ¥ 7,476 | ¥ 9,344 | \$ 76,315 |
| Profit attributable to owners of parent | ¥ 7,436 | ¥ 9,265 | \$ 75,670 |
| Profit attributable to non-controlling interests | 40 | 79 | 645 |
| Other comprehensive income: | | | |
| Valuation difference on available-for-sale securities | (174) | 4,300 | 35,119 |
| Deferred gains or losses on hedges (Note 6) | (14) | 31 | 253 |
| Foreign currency translation adjustment | (91) | 468 | 3,823 |
| Remeasurements of defined benefit plans, net of tax | (152) | (226) | (1,846) |
| Share of other comprehensive income of affiliates | (283) | 11 | 90 |
| Total other comprehensive income | (714) | 4,584 | 37,439 |
| Comprehensive income | ¥ 6,762 | ¥ 13,928 | \$113,754 |
| Comprehensive income attributable to: | | | |
| Comprehensive income attributable to owners of parent | ¥ 6,714 | ¥ 13,855 | \$113,158 |
| Comprehensive income attributable to non-controlling interests | 48 | 73 | 596 |

See accompanying notes to quarterly consolidated financial statements.

Nomura Research Institute, Ltd.

Quarterly Consolidated Statement of Cash Flows

| | <i>Millions of yen</i> | | <i>Thousands of U.S. dollars (Note 3)</i> |
|---------------------------------------------------------------------------------------------------|----------------------------------------------|-------------|---------------------------------------------------|
| | Three months ended 30th June, | | Three months ended 30th June, |
| | 2014 | 2015 | 2015 |
| Cash flows from operating activities | | | |
| Income before income taxes | ¥ 10,669 | ¥ 14,776 | \$ 120,680 |
| Adjustments to reconcile income before income taxes to net cash provided by operating activities: | | | |
| Depreciation and amortization | 6,340 | 6,418 | 52,418 |
| Interest and dividend income | (818) | (1,376) | (11,238) |
| Interest expense | 34 | 34 | 278 |
| Loss (gain) on investment securities | 7 | (37) | (302) |
| Gain on bargain purchase | (3,374) | - | - |
| Loss on step acquisitions | 1,664 | - | - |
| Changes in operating assets and liabilities: | | | |
| Accounts receivable and other receivables, net of advance payments received | 29,718 | 16,091 | 131,419 |
| Allowance for doubtful accounts | (161) | (40) | (327) |
| Accounts payable | (4,309) | (907) | (7,408) |
| Inventories | (266) | (98) | (800) |
| Net defined benefit asset | (3,915) | (4,040) | (32,996) |
| Net defined benefit liability | 245 | 212 | 1,731 |
| Provision for loss on orders received | 2,285 | (2,343) | (19,136) |
| Operating loans | 381 | 2,200 | 17,968 |
| Margin transaction assets | (1,841) | 68 | 555 |
| Short-term guarantee deposits | (175) | (222) | (1,813) |
| Margin transaction liabilities | 3,117 | 103 | 841 |
| Short-term guarantee deposits received | 184 | 316 | 2,581 |
| Reserve for financial products transaction liabilities | 109 | 135 | 1,103 |
| Other | (5,237) | (9,475) | (77,385) |
| Subtotal | 34,657 | 21,815 | 178,169 |
| Interest and dividends received | 812 | 1,419 | 11,589 |
| Interest paid | (7) | (5) | (41) |
| Income taxes paid | (13,643) | (1,998) | (16,318) |
| Net cash provided by operating activities | 21,819 | 21,231 | 173,399 |
| Cash flows from investing activities | | | |
| Payments for time deposits | (121) | (470) | (3,839) |
| Proceeds from time deposits | 185 | 108 | 882 |
| Purchase of short-term investment securities | - | (1,000) | (8,167) |
| Acquisition of property and equipment | (2,738) | (3,182) | (25,988) |
| Purchase of software and other intangibles | (5,160) | (6,680) | (54,557) |
| Payments for asset retirement obligations | (84) | (10) | (82) |
| Purchase of investment securities | (34) | (12,026) | (98,220) |
| Proceeds from sales and redemption of investment securities | 316 | 11,728 | 95,786 |
| Purchase of investments in affiliates | (804) | (28) | (229) |
| Purchase of shares of subsidiaries resulting in change in scope of consolidation | - | (7,190) | (58,723) |
| Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation | 6,436 | - | - |
| Other | 6 | 2 | 17 |
| Net cash used in investing activities | ¥ (1,998) | ¥ (18,748) | \$ (153,120) |

Nomura Research Institute, Ltd.

Quarterly Consolidated Statement of Cash Flows (continued)

| | <i>Millions of yen</i> | | <i>Thousands of U.S. dollars (Note 3)</i> |
|--------------------------------------------------------------|----------------------------------------------|-------------|---------------------------------------------------|
| | Three months ended 30th June, | | Three months ended 30th June, |
| | 2014 | 2015 | 2015 |
| Cash flows from financing activities | | | |
| Net increase in short-term loans payable | ¥ 517 | ¥ – | \$ – |
| Repayment of long-term loans payable | (83) | (83) | (678) |
| Repayment of obligation under finance leases | (14) | (8) | (65) |
| Proceeds from sales of treasury stock | 669 | 27,135 | 221,619 |
| Purchase of treasury stock | – | (1) | (8) |
| Cash dividends paid | (6,046) | (8,088) | (66,058) |
| Cash dividends paid to non-controlling interests | (101) | (85) | (694) |
| Net cash provided by (used in) financing activities | (5,058) | 18,870 | 154,116 |
| Effect of exchange rate changes on cash and cash equivalents | (162) | 507 | 4,141 |
| Net increase in cash and cash equivalents | 14,601 | 21,860 | 178,536 |
| Cash and cash equivalents at beginning of period | 92,792 | 140,567 | 1,148,048 |
| Cash and cash equivalents at end of period (<i>Note 8</i>) | ¥107,393 | ¥162,427 | \$1,326,584 |

See accompanying notes to quarterly consolidated financial statements.

Nomura Research Institute, Ltd.

Notes to Quarterly Consolidated Financial Statements

30th June, 2015

1. Description of Business, Basis of Presentation, Accounting Change and Additional Information

Description of Business

The NRI Group (Nomura Research Institute, Ltd. (the “Company”) and its 29 consolidated subsidiaries) and its affiliates (4 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 NRI Group’s operations by segment is included in Note 13.

During the quarterly period ended 30th June, 2015, the NRI Group acquired shares of Brierley & Partners, Inc. As a result, Brierley & Partners, Inc. is newly included in the scope of consolidation.

Southern Wish, Inc. established through a joint investment during the quarterly period ended 30th June, 2015, is newly included in the scope of application of the equity method.

Basis of Presentation

The accompanying quarterly consolidated financial statements of the NRI Group 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 quarterly 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 quarterly consolidated financial statements in a format which is familiar to readers outside Japan.

1. Description of Business, Basis of Presentation, Accounting Change and Additional Information (continued)

Accounting Change

The NRI Group has applied “Revised Accounting Standard for Business Combinations” (Accounting Standards Board of Japan (ASBJ) Statement No. 21 issued on 13th September, 2013), “Revised Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22 issued on 13th September, 2013) and “Revised Accounting Standard for Business Divestitures” (ASBJ Statement No. 7 issued on 13th September, 2013) and others from the quarterly period ended 30th June, 2015. As a result, any difference arising from changes in the Company’s ownership interest in a subsidiary when the Company retains control over the subsidiary is recognized in capital surplus, and acquisition related costs are expensed in the year in which the costs are incurred. In addition, for business combinations conducted from the beginning of the quarterly period ended 30th June, 2015, any adjustment to acquisition cost allocation arising from the finalization of provisional accounting treatment is reflected in the quarterly consolidated financial statements for the period in which the business combination occurs. Furthermore, the presentation method of net income was amended and the name “minority interests” was changed to “non-controlling interests.” To reflect these changes in presentation, certain amounts have been reclassified in the quarterly consolidated financial statements for the quarterly period ended 30th June, 2014 and the consolidated financial statements for the year ended 31st March, 2015.

For the application of these accounting standards, the NRI Group adopted the transitional provisions in paragraph 58-2 (3) of the Revised Accounting Standard for Business Combinations, paragraph 44-5 (3) of the Revised Accounting Standard for Consolidated Financial Statements and paragraph 57-4 (3) of the Revised Accounting Standard for Business Divestitures, and the cumulative effects as of the beginning of the period ended 30th June, 2015 arising from the retrospective application of the new accounting policies were recognized as adjustments to capital surplus and retained earnings in the quarterly consolidated financial statements.

The impact on the quarterly consolidated financial statements as of the beginning of the three-month period ended 30th June, 2015 as a result of these changes was immaterial.

Additional Information

(Transactions of Delivering the Company’s Own Stock to Employees etc. through Trusts)

The Company introduced a “Trust-type Employee Stock Ownership Incentive Plan” in March 2011. The purpose of this plan is to promote the Company’s perpetual growth by providing incentives to employees for increasing the Company’s corporate value in the mid- to long-term and to enhance benefits and the welfare of employees.

This is an incentive plan under which gains from the Company’s share price appreciation are distributed to all participants 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 the number of the Company’s shares, which the ESOP Group would have acquired over a period of five years subsequent to the establishment of the ESOP Trust. Then, the ESOP Trust sells them to the ESOP Group each time the ESOP Group is to acquire of the Company’s shares. When the share price appreciates and earnings have accumulated in the ESOP Trust, upon its termination, a cash distribution of the funds will be made to beneficiaries. 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 obligations remain unsettled upon termination of the ESOP Trust.

1. Description of Business, Basis of Presentation, Accounting Change and Additional Information (continued)

The Company includes the assets and liabilities of the ESOP Trust at the end of period in the accompanying quarterly consolidated balance sheet. The Company recognizes the transfer of treasury stock when the Company sells treasury stock to the ESOP Trust and records the acquisition costs of the Company's shares that the ESOP Trust owns at the end of period in the net assets section as treasury stock. As for the earnings on stock in the ESOP Trust, the Company records them in the liabilities section as a suspense account to be settled. The Company records the losses on stock in the ESOP Trust in the assets section as a suspense account to be settled and also a provision when it is expected that the outstanding loans used to purchase shares will remain unsettled at the termination of the ESOP Trust.

As of 31st March, 2015 and 30th June, 2015, ¥4,058 million (corresponding to 2,136 thousand shares of the Company held by the ESOP Trust) and ¥3,748 million (\$30,611 thousand) (corresponding to 1,973 thousand shares of the Company held by the ESOP Trust) and the loan payable of the ESOP Trust of ¥1,815 million and ¥1,815 million (\$14,824 thousand), respectively, are recorded in the accompanying quarterly consolidated balance sheet.

2. Specific Accounting Policy Adopted in Preparing Quarterly Consolidated Financial Statements

Calculation of Tax Expense

At the end of each interim period the NRI Group makes its best estimate of the effective tax rate expected to be applicable for the full fiscal year. Tax expenses for interim periods are computed multiplying income before income taxes by the aforementioned estimated annual effective tax rate for the annual period. Deferred income taxes are included in provision for income taxes in the quarterly consolidated statement of income and comprehensive income.

3. U.S. Dollar Amounts

The Company maintains its books of account in yen. The U.S. dollar amounts included in the accompanying quarterly consolidated financial statements and the notes thereto represent the arithmetic results of translating yen into dollars at ¥122.44 = U.S.\$1.00, the rate of exchange prevailing on 30th June, 2015. 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.

4. Financial Instruments

Fair value of financial instruments

The carrying amount of financial instruments on the quarterly consolidated balance sheet as of 31st March, 2015 and 30th June, 2015 and estimated fair value are shown in the following table. The following table does not include non-marketable securities whose fair value is not readily determinable (see Note 2).

| | <i>Millions of yen</i> | | | | | |
|----------------------------------------------------------------------------------------|------------------------|----------------------|-------------|-----------------|----------------------|-------------|
| | 31st March, 2015 | | | 30th June, 2015 | | |
| | Carrying amount | Estimated fair value | Difference | Carrying amount | Estimated fair value | Difference |
| Assets: | | | | | | |
| Cash and bank deposits | ¥ 26,469 | ¥ 26,469 | ¥ – | ¥ 28,886 | ¥ 28,886 | ¥ – |
| Accounts receivable and other receivables | 98,875 | 98,875 | – | 83,663 | 83,663 | – |
| Short-term investment securities, investment securities, and investments in affiliates | 233,733 | 233,733 | – | 261,293 | 261,293 | – |
| Operating loans | 10,770 | 10,770 | – | 8,570 | 8,570 | – |
| Allowance for doubtful accounts *1 | (14) | (14) | – | (1) | (1) | – |
| Net operating loans | 10,756 | 10,756 | – | 8,569 | 8,569 | – |
| Margin transaction assets | 16,764 | 16,764 | – | 16,696 | 16,696 | – |
| Short-term guarantee deposits | 7,755 | 7,755 | – | 7,976 | 7,976 | – |
| Long-term loans receivable | 8,176 | 8,395 | 219 | 8,206 | 8,400 | 194 |
| Total | <u>¥402,528</u> | <u>¥402,747</u> | <u>¥219</u> | <u>¥415,289</u> | <u>¥415,483</u> | <u>¥194</u> |
| Liabilities: | | | | | | |
| Accounts payable | ¥ 24,197 | ¥ 24,197 | ¥ – | ¥ 19,162 | ¥ 19,162 | ¥ – |
| Short-term loans payable | 10,645 | 10,645 | – | 10,645 | 10,645 | – |
| Margin transaction liabilities | 12,314 | 12,314 | – | 12,418 | 12,418 | – |
| Short-term guarantee deposits received | 8,676 | 8,676 | – | 8,992 | 8,992 | – |
| Bonds | 30,000 | 30,104 | 104 | 30,000 | 30,125 | 125 |
| Long-term loans payable *2 | 23,481 | 23,485 | 4 | 23,398 | 23,402 | 4 |
| Total | <u>¥109,313</u> | <u>¥109,421</u> | <u>¥108</u> | <u>¥104,615</u> | <u>¥104,744</u> | <u>¥129</u> |
| Derivative transactions *3 | <u>¥ (29)</u> | <u>¥ (29)</u> | <u>¥ –</u> | <u>¥ (2)</u> | <u>¥ (2)</u> | <u>¥ –</u> |

| | <i>Thousands of U.S. dollars</i> | | |
|----------------------------------------------------------------------------------------|----------------------------------|----------------------|----------------|
| | 30th June, 2015 | | |
| | Carrying amount | Estimated fair value | Difference |
| Assets: | | | |
| Cash and bank deposits | \$ 235,920 | \$ 235,920 | \$ – |
| Accounts receivable and other receivables | 683,298 | 683,298 | – |
| Short-term investment securities, investment securities, and investments in affiliates | 2,134,049 | 2,134,049 | – |
| Operating loans | 69,993 | 69,993 | – |
| Allowance for doubtful accounts *1 | (8) | (8) | – |
| Net operating loans | 69,985 | 69,985 | – |
| Margin transaction assets | 136,361 | 136,361 | – |
| Short-term guarantee deposits | 65,142 | 65,142 | – |
| Long-term loans receivable | 67,021 | 68,605 | 1,584 |
| Total | <u>\$3,391,776</u> | <u>\$3,393,360</u> | <u>\$1,584</u> |
| Liabilities: | | | |
| Accounts payable | \$ 156,501 | \$ 156,501 | \$ – |
| Short-term loans payable | 86,941 | 86,941 | – |
| Margin transaction liabilities | 101,421 | 101,421 | – |
| Short-term guarantee deposits received | 73,440 | 73,440 | – |
| Bonds | 245,018 | 246,039 | 1,021 |
| Long-term loans payable *2 | 191,097 | 191,130 | 33 |
| Total | <u>\$ 854,418</u> | <u>\$ 855,472</u> | <u>\$1,054</u> |
| Derivative transactions *3 | <u>\$ (16)</u> | <u>\$ (16)</u> | <u>\$ –</u> |

*1 The allowance for doubtful accounts for operating loans is determined on an individual basis.

*2 Long-term loans payable included the current portion of long-term loans payable totaling ¥2,148 million and ¥2,148 million (\$17,543 thousand) as of 31st March, 2015 and 30th June, 2015, respectively.

*3 Receivables and payables arising from derivative transactions are offset and presented as a net amount with liabilities shown in parentheses.

4. Financial Instruments (continued)

Fair value of financial instruments (continued)

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

Assets

a. Cash and bank deposits and short-term guarantee deposits

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

b. Accounts receivable and other receivables

Their carrying amount approximates the fair value due to the generally short maturities of these instruments. For those receivables due after one year, the present value is further discounted by the rate corresponding to the credit risk and the amount is presented in the consolidated balance sheet, therefore, the carrying amount approximates fair value.

c. 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. The fair value of investment trusts is based on publicly available net asset values

d. Operating loans and margin transaction assets

The fair value of these instruments, to which variable rates are applied, approximates the carrying amount because the variable rates reflect market interest rates over a short term unless the credit conditions of the counterparty change significantly after disbursement. With regard to potentially doubtful receivables, the amount of the allowance for doubtful receivables is determined based on the estimated amount collectible under collateral agreements, and their fair value approximates the carrying amount less the estimated allowance for doubtful accounts on the consolidated balance sheet.

e. 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 the risk free rate corresponding to the time remaining until maturity.

4. Financial Instruments (continued)

Fair value of financial instruments (continued)

Note 1: Methods to determine the estimated fair value of financial instruments (continued)

Liabilities

- a. Accounts payable, short-term loans payable, margin transaction liabilities and short-term guarantee deposits received

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

- b. Bonds

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

- c. Long-term loans payable

The fair value of long-term loans payable, to which variable rates are applied, approximates the carrying amount because the variable rates reflect market interest rates over a short term. Those with fixed interest rates, on the other hand, are calculated by discounting the total amount of principal and interest by an interest rate assumed to be applied if the similar loans were newly executed.

Derivative transactions

The fair values are calculated based on the quoted price obtained from counterparty financial institutions.

Note 2: Non-marketable securities whose fair value is not readily determinable are as follows.

| | <i>Millions of yen</i> | | <i>Thousands of U.S. dollars</i> |
|--------------------------------|-------------------------|------------------------|----------------------------------|
| | 31st March, 2015 | 30th June, 2015 | 30th June, 2015 |
| Unlisted companies' shares *1 | ¥4,165 | ¥4,234 | \$34,580 |
| Investments in partnerships *2 | 281 | 306 | 2,499 |

*1 Unlisted companies' shares are not measured at fair value because they have no market prices on exchanges, and their fair value is not readily determinable. Unlisted companies' shares included investments in affiliates accounted for under the equity method totaling ¥1,453 million and ¥1,506 million (\$12,300 thousand) as of 31st March, 2015 and 30th June, 2015, respectively.

*2 For investments in partnerships, when all or a part of the assets of a partnership consist of non-marketable securities whose fair value is not readily determinable, such components are not measured at fair value.

5. Investments

The NRI Group did not hold any held-to-maturity securities with determinable market value at 31st March, 2015 and 30th June, 2015.

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, 2015 and 30th June, 2015:

Securities Classified as Available-for-Sale Securities

| | <i>Millions of yen</i> | | | | | |
|-------------------|-----------------------------|----------------------------|-----------------------------------|-----------------------------|----------------------------|-----------------------------------|
| | 31st March, 2015 | | | 30th June, 2015 | | |
| | Acquisition cost | Carrying amount | Unrealized gain (loss) | Acquisition cost | Carrying amount | Unrealized gain (loss) |
| Equity securities | ¥ 23,107 | ¥ 93,882 | ¥70,775 | ¥ 22,922 | ¥100,031 | ¥77,109 |
| Bonds: | | | | | | |
| Government bonds | 10,008 | 10,010 | 2 | 3,006 | 3,007 | 1 |
| Corporate bonds | 18,527 | 18,507 | (20) | 26,640 | 26,627 | (13) |
| | 28,535 | 28,517 | (18) | 29,646 | 29,634 | (12) |
| Other | 114,302 | 114,327 | 25 | 134,635 | 134,661 | 26 |
| Total | <u>¥165,944</u> | <u>¥236,726</u> | <u>¥70,782</u> | <u>¥187,203</u> | <u>¥264,326</u> | <u>¥77,123</u> |

| | <i>Thousands of U.S. dollars</i> | | |
|-------------------|----------------------------------|----------------------------|-----------------------------------|
| | 30th June, 2015 | | |
| | Acquisition cost | Carrying amount | Unrealized gain (loss) |
| Equity securities | \$ 187,210 | \$ 816,980 | \$629,770 |
| Bonds: | | | |
| Government bonds | 24,551 | 24,559 | 8 |
| Corporate bonds | 217,576 | 217,470 | (106) |
| | 242,127 | 242,029 | (98) |
| Other | 1,099,600 | 1,099,812 | 212 |
| Total | <u>\$1,528,937</u> | <u>\$2,158,821</u> | <u>\$629,884</u> |

Non-marketable securities whose fair value is not readily determinable were included in the above table. "Acquisition cost" in the above table is the carrying amount after recognizing impairment loss. Impairment loss on available-for-sale securities whose fair value is not readily determinable as a result of a permanent decline in value for the year ended 31st March, 2015 amounted to ¥94 million. The NRI Group has established a policy for the recognition of impairment losses under the following conditions:

- i) For marketable securities whose fair value has declined by 30% or more, the NRI Group recognizes impairment loss except in cases where the decline in fair value is expected to be recoverable.
- ii) For non-marketable securities whose fair value is not readily determinable, of which net asset value has declined by 50% or more, the NRI Group recognizes impairment loss except in cases where the decline in fair value is expected to be recoverable.

6. Derivative Transactions and Hedging Activities

There were no derivative transactions to which hedge accounting was not applied during the year ended 31st March, 2015 and the quarterly period ended 30th June, 2015.

For the derivative transactions to which hedge accounting was applied as of 31st March, 2015 and 30th June, 2015, the contract amounts and estimated fair values of the hedging instruments are as follows.

| | <i>Millions of yen</i> | | | |
|----------------------------------------------------------------------------------------------------------------|----------------------------------|--------------------------------|------------------------|--------------------------------|
| | 31st March, 2015 | | 30th June, 2015 | |
| | Contract amount | Estimated fair value *1 | Contract amount | Estimated fair value *1 |
| Forward foreign exchange contracts for accounts payable, accounted for by deferral hedge accounting method: | | | | |
| Buy: CNY (Sell:JPY) | ¥ 991 | ¥ 12 | ¥ 761 | ¥ 29 |
| Forward foreign exchange contracts for accounts payable, accounted for by deferral hedge accounting method: | | | | |
| Buy: USD (Sell:JPY) | – | – | 347 | 7 |
| Forward foreign exchange contracts for accounts receivable, accounted for by deferral hedge accounting method: | | | | |
| Sell: USD (Buy:INR) | – | – | 365 | 4 |
| Interest rate swap contracts for bonds, accounted for by deferral hedge accounting method: | | | | |
| Fixed-rate receipt, fixed-rate payment *2 | ¥30,000 | ¥(41) | ¥30,000 | ¥(41) |
| | | | | |
| | <i>Thousands of U.S. dollars</i> | | | |
| | 30th June, 2015 | | | |
| | Contract amount | Estimated fair value *1 | | |
| Forward foreign exchange contracts for accounts payable, accounted for by deferral hedge accounting method: | | | | |
| Buy: CNY (Sell:JPY) | \$ 6,215 | \$ 237 | | |
| Forward foreign exchange contracts for accounts payable, accounted for by deferral hedge accounting method: | | | | |
| Buy: USD (Sell:JPY) | 2,834 | 57 | | |
| Forward foreign exchange contracts for accounts receivable, accounted for by deferral hedge accounting method: | | | | |
| Sell: USD (Buy:INR) | 2,981 | 33 | | |
| Interest rate swap contracts for bonds, accounted for by deferral hedge accounting method: | | | | |
| Fixed-rate receipt, fixed-rate payment *2 | \$245,018 | \$(335) | | |

*1 The fair values are calculated based on the quoted prices obtained from the counterparty financial institutions.

*2 These derivative transactions are used to hedge interest rate fluctuation risk until the interest determination dates, which are used as the basis of the bonds' fixed interest payments.

7. Net Assets

The Corporation Law of Japan provides that earnings in an amount equal to at least 10% of dividends of capital surplus and retained earnings shall be appropriated to the legal reserve until the aggregate amount of the legal reserve and additional paid-in capital equals 25% of the stated capital. 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 and ¥570 million (\$4,655 thousand) at 31st March, 2015 and 30th June, 2015, respectively.

For the three months ended 30th June, 2014

1) Dividends paid

| Resolution | Type of shares | Total dividends (Millions of yen) | Dividends per share (Yen) | Cut-off date | Effective date | Source of dividends |
|--------------------------------------------------------|----------------|--------------------------------------|------------------------------|------------------|----------------|---------------------|
| Meeting of the Board of Directors on 14th May, 2014 *1 | Common Stock | ¥6,065 | ¥30.00 | 31st March, 2014 | 2nd June, 2014 | Retained earnings |

*1 Dividends of ¥85 million paid to the ESOP Trust are included in the total dividends amount.

2) Significant changes in shareholders' equity

Not applicable.

For the three months ended 30th June, 2015

1) Dividends paid

| Resolution | Type of shares | Total dividends (Millions of yen) | Total dividends (Thousands of U.S. dollars) | Dividends per share (Yen) | Dividends per share (U.S. dollars) | Cut-off date | Effective date | Source of dividends |
|--------------------------------------------------------|----------------|--------------------------------------|------------------------------------------------|------------------------------|---------------------------------------|------------------|----------------|---------------------|
| Meeting of the Board of Directors on 14th May, 2015 *1 | Common Stock | ¥8,105 | \$66,196 | ¥40.00 | \$0.33 | 31st March, 2015 | 1st June, 2015 | Retained earnings |

*1 Dividends of ¥85 million (\$694 thousand) paid to the ESOP Trust are included in the total dividends amount.

2) Significant changes in shareholders' equity

The Company concluded a capital and business alliance agreement with Nippon Life Insurance Company based on the resolution of the Board of Directors on 26th May, 2015, and disposed of a portion of its treasury stock by a third-party allotment to Nippon Life Insurance Company. Accordingly, treasury stock decreased by ¥13,411 million (\$109,531 thousand) and capital surplus increased by ¥12,798 million (\$104,525 thousand) during the quarterly period ended 30th June, 2015. As a result, treasury stock and capital surplus as of 30th June, 2015 were ¥43,515 million (\$355,399 thousand) and ¥27,920 million (\$228,030 thousand), respectively.

8. Cash and Cash Equivalents

A reconciliation between cash and bank deposits in the accompanying quarterly consolidated balance sheet and cash and cash equivalents in the accompanying quarterly consolidated statement of cash flows at 30th June, 2014 and 2015 is as follows:

| | <i>Millions of yen</i> | | <i>Thousands of</i> |
|--------------------------------------------------------------------------------------------|------------------------|-----------------|---------------------|
| | 30th June, | | <i>U.S. dollars</i> |
| | 2014 | 2015 | 30th June |
| | | | 2015 |
| Cash and bank deposits | ¥ 20,414 | ¥ 28,886 | \$ 235,920 |
| Short-term investment securities | 87,810 | 140,353 | 1,146,300 |
| Time deposits with maturities of more than three months when deposited | (831) | (806) | (6,583) |
| Bond and other investments maturing in more than three months from the acquisition date | – | (6,006) | (49,053) |
| Cash and cash equivalents | <u>¥107,393</u> | <u>¥162,427</u> | <u>\$1,326,584</u> |

9. Per Share Data

Per share data is summarized as follows:

| | <i>Yen</i> | | <i>U.S. dollars</i> |
|----------------------------|--------------------------------------|-------------|--------------------------------------|
| | Three months ended 30th June, | | Three months ended 30th June, |
| | 2014 | 2015 | 2015 |
| Earnings per share | ¥37.28 | ¥45.89 | \$0.37 |
| Diluted earnings per share | 37.19 | 45.74 | 0.37 |

The computation of earnings per share is based on the weighted-average number of shares of common stock outstanding during each period.

The computation of earnings per share and diluted earnings per share for the three months ended 30th June, 2014 and 2015 is as follows:

| | <i>Millions of yen</i> | | <i>Thousands of U.S. dollars</i> |
|-------------------------------------------------------------------------|--------------------------------------|-------------|--------------------------------------|
| | Three months ended 30th June, | | Three months ended 30th June, |
| | 2014 | 2015 | 2015 |
| Numerator: | | | |
| Earnings | ¥7,436 | ¥9,265 | \$75,670 |
| Earnings not attributable to common shareholders | (-) | (-) | (-) |
| Earnings attributable to common shareholders | ¥7,436 | ¥9,265 | \$75,670 |
| | <i>Thousands of Shares</i> | | |
| Denominator: | | | |
| Weighted-average number of shares of common stock outstanding – basic * | 199,452 | 201,910 | |
| Potentially dilutive shares of common stock: | | | |
| Stock options | 495 | 660 | |
| Total | 495 | 660 | |
| Weighted-average number of shares of common stock outstanding – diluted | 199,947 | 202,570 | |

* The Company's shares owned by the ESOP Trust are included in treasury stock. The weighted-average numbers of shares the ESOP Trust owned were 2,731 thousand and 2,063 thousand during the three-month periods ended 30th June, 2014 and 2015, respectively.

9. 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 three months ended 30th June, 2014 and 2015:

| | <i>Shares</i> | |
|-----------------------------------|------------------------------------------|-------------|
| | Three months ended 30th June, | |
| | 2014 | 2015 |
| a) 8th share subscription rights | 0 *1 | – |
| b) 20th share subscription rights | 385,000 | – |

*1 The exercise period expired on 30th June, 2014.

10. Selling, General and Administrative Expenses

The details of selling, general and administrative expenses for the three months ended 30th June, 2014 and 2015 are summarized as follows:

| | <i>Millions of yen</i> | | <i>Thousands of U.S. dollars</i> |
|---------------------|------------------------------------------|-------------|--------------------------------------|
| | Three months ended 30th June, | | Three months ended |
| | 2014 | 2015 | 30th June, 2015 |
| Personnel expenses | ¥ 8,298 | ¥ 9,607 | \$ 78,463 |
| Rent | 1,196 | 1,252 | 10,225 |
| Subcontractor costs | 2,341 | 2,957 | 24,151 |
| Other | 3,299 | 4,203 | 34,327 |
| Total | ¥15,134 | ¥18,019 | \$147,166 |

11. Research and Development Expenses

Research and development expenses included in selling, general and administrative expenses amounted to ¥541 million and ¥697 million (\$5,693 thousand) for the three months ended 30th June, 2014 and 2015, respectively.

12. Contingent Liabilities

There were no material contingent liabilities at 31st March, 2015 and 30th June, 2015.

13. Segment Information

1) Net sales and profit (loss) by reportable segments

Millions of yen

| Three months ended 30th June, 2014 | | | | | | | | | |
|------------------------------------|------------|------------------------|-------------------------|----------------------|----------|-----------|----------|----------------|-----------------|
| Reportable segment | | | | | | | | | |
| | Consulting | Financial IT Solutions | Industrial IT Solutions | IT Platform Services | Subtotal | Others *1 | Total | Adjustments *2 | Consolidated *3 |
| Net sales: | | | | | | | | | |
| Sales to external customers | ¥5,665 | ¥56,555 | ¥22,919 | ¥ 8,625 | ¥ 93,764 | ¥2,894 | ¥ 96,658 | ¥ – | ¥96,658 |
| Intersegment sales or transfers | 73 | 78 | 36 | 19,482 | 19,669 | 1,524 | 21,193 | (21,193) | – |
| Total | 5,738 | 56,633 | 22,955 | 28,107 | 113,433 | 4,418 | 117,851 | (21,193) | 96,658 |
| Segment profit | ¥ 897 | ¥ 1,297 | ¥ 3,123 | ¥ 1,684 | ¥ 7,001 | ¥ 556 | ¥ 7,557 | ¥ 382 | ¥ 7,939 |

Millions of yen

| Three months ended 30th June, 2015 | | | | | | | | | |
|------------------------------------|------------|------------------------|-------------------------|----------------------|----------|-----------|-----------|----------------|-----------------|
| Reportable segment | | | | | | | | | |
| | Consulting | Financial IT Solutions | Industrial IT Solutions | IT Platform Services | Subtotal | Others *1 | Total | Adjustments *2 | Consolidated *3 |
| Net sales: | | | | | | | | | |
| Sales to external customers | ¥6,105 | ¥59,594 | ¥24,854 | ¥ 8,200 | ¥ 98,753 | ¥2,769 | ¥ 101,522 | ¥ – | ¥101,522 |
| Intersegment sales or transfers | 46 | 150 | 73 | 18,819 | 19,088 | 1,095 | 20,183 | (20,183) | – |
| Total | 6,151 | 59,744 | 24,927 | 27,019 | 117,841 | 3,864 | 121,705 | (20,183) | 101,522 |
| Segment profit | ¥ 643 | ¥ 7,621 | ¥ 3,083 | ¥ 2,265 | ¥ 13,612 | ¥ (363) | ¥ 13,249 | ¥ 286 | ¥ 13,535 |

Thousands of U.S. dollars

| Three months ended 30th June, 2015 | | | | | | | | | |
|------------------------------------|------------|------------------------|-------------------------|----------------------|-----------|------------|-----------|----------------|-----------------|
| Reportable segment | | | | | | | | | |
| | Consulting | Financial IT Solutions | Industrial IT Solutions | IT Platform Services | Subtotal | Others *1 | Total | Adjustments *2 | Consolidated *3 |
| Net sales: | | | | | | | | | |
| Sales to external customers | \$49,861 | \$486,720 | \$202,989 | \$ 66,972 | \$806,542 | \$22,615 | \$829,157 | \$ – | \$829,157 |
| Intersegment sales or transfers | 376 | 1,225 | 596 | 153,700 | 155,897 | 8,943 | 164,840 | (164,840) | – |
| Total | 50,237 | 487,945 | 203,585 | 220,672 | 962,439 | 31,558 | 993,997 | (164,840) | 829,157 |
| Segment profit | \$ 5,252 | \$ 62,243 | \$ 25,180 | \$ 18,498 | \$111,173 | \$ (2,965) | \$108,208 | \$ 2,336 | \$110,544 |

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

*2 Individual items included in adjustment of segment profit were immaterial.

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

2) Information about impairment loss on fixed assets and goodwill for each reportable segment

For the three months ended 30th June, 2014

(Significant gain on bargain purchase)

The NRI Group acquired additional shares of Daiko Clearing Services and newly included it in the scope of consolidation. In relation to this transaction, a gain on bargain purchase of ¥3,374 million and a loss on step acquisitions of ¥1,664 million were recorded by the NRI Group for the three months ended 30th June, 2014. Daiko Clearing Services is included in the Financial IT Solutions segment, but the amounts mentioned above are not included in the preceding table since they are classified as a special profit and a special loss.

For the three months ended 30th June, 2015

(Significant changes in goodwill)

The NRI Group acquired shares of Brierley & Partners, Inc. and newly included it in the scope of consolidation. In relation to this transaction, the NRI Group recorded goodwill of ¥6,555 million (\$53,536 thousand). Brierley & Partners, Inc. is included in the Industrial IT Solutions segment.

14. Business Combination

1) An outline of the business combination is as follows:

(a) Name of acquired company and business

Name of acquired company: Brierley & Partners, Inc.

Business: Consulting business related to digital marketing and IT services

(b) Main reasons for business combination

The purpose of the business combination is to provide higher value-added services related to the digital marketing business, which is a growing market, on a global basis.

(c) Date of business combination

30th April, 2015

(d) Legal form of business combination

Business combination, in which the company was acquired through a cash consideration

(e) Name of company after business combination

The company's name is unchanged.

(f) Percentage of voting rights acquired by the Company

100%

(g) Main reason for determination of the acquiring company

Nomura Research Institute Holdings America, Inc. acquired all of the voting rights of the acquired company.

2) Period during which the financial results of the acquired company are included in the quarterly consolidated statement of income

The NRI Group included the financial results of the acquired company for the period from 1st May, 2015 to 30th June, 2015.

3) Details on acquisition cost of acquired company

The acquisition cost was \$69 million (¥8,224 million) *, which was paid by cash.

* The amount may change due to price adjustments stipulated in the agreement. The amount in yen in parentheses was translated at the exchange rate as of 30th April, 2015.

4) Major acquisition-related costs and amounts

Advisory costs and others of ¥395 million (\$3,226 thousand)

14. Business Combination (continued)

5) Amount of goodwill, reason for recognition, amortization method and amortization period

(a) Amount of goodwill ¥6,555 million (\$53,536 thousand)

(b) Reason for recognition

The acquisition cost exceeded the fair value of net assets of the acquired company at the date of the business combination.

(c) Amortization method and amortization period

The corresponding goodwill is being amortized over 10 years on a straight-line basis.

15. Lawsuit

On 30th April, 2015, a lawsuit was filed against the Company by Japan Post Information Technology Co., Ltd. (“JPiT”) and the case is currently in litigation.

With an aim to migrate their communication network, connecting post offices across Japan to a new network, JPiT placed an order for the procurement and maintenance of network services with SoftBank Mobile Corp. and an order for transitional management and operational coordination of the network with the Company. In the lawsuit, JPiT is demanding that SoftBank Mobile Corp. and the Company pay ¥16.15 billion (\$131.90 million) jointly as compensation for damages due to a delay in the migration.

The Company will disclose any relevant information in the future as soon as it becomes available.

* The above names of the parties involved are the current names of the companies.

16. Subsequent Events

Not applicable.