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 31st December, 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.

28th January, 2016

Consolidated Financial Results For the Quarterly Period Ended 31st December, 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
Inquiries: Norihiro Suzuki, General Manager, Accounting & Finance Department
TEL: +81-3-5533-2111 (from overseas)

Scheduled date to file Quarterly Securities Report: 2nd February, 2016
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 31st December, 2015 (from 1st April, 2015 to 31st December, 2015)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Sales		Operating profit		Ordinary profit		Profit attributable to owners of the parent	
Quarterly period ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
31st December, 2015	313,621	4.3	43,229	16.3	45,325	18.1	31,914	(5.1)
31st December, 2014	300,782	7.6	37,176	3.2	38,369	(0.5)	33,646	39.5

Note: Comprehensive income
Quarterly period ended 31st December, 2015: ¥32,496 million [(38.0)%]
Quarterly period ended 31st December, 2014: ¥52,386 million [46.1%]

	Earnings per share – basic	Earnings per share – diluted
Quarterly period ended	Yen	Yen
31st December, 2015	141.42	141.01
31st December, 2014	153.11	152.74

Note: The Company conducted a 1-for-1.1 stock split of common shares with an effective date of 1st October, 2015. Earnings per share – basic and earnings per share – diluted have been calculated assuming the stock split was conducted at the start of the previous fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
31st December, 2015	622,067	447,063	69.6
31st March, 2015	593,213	403,467	65.6

Reference: Equity

As of 31st December, 2015: ¥433,045 million   As of 31st March, 2015: ¥389,422 million

2. Cash dividends

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

Notes: 1. Revisions to the forecasts of cash dividends most recently announced: None

2. The Company conducted a 1-for-1.1 stock split of common shares with an effective date of 1st October, 2015. However, dividends were not 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.

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	181.68

Notes: 1. Revisions to the forecasts of financial results most recently announced: None

2. The Company conducted a 1-for-1.1 stock split of common shares with an effective date of 1st October, 2015. The forecast for earnings per share – basic has been calculated based on the average number of shares during the fiscal year, assuming the stock split was conducted at the start of the current fiscal year.

* Notes

(1) Changes in significant subsidiaries during the current nine 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

a. Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
b. Changes in accounting policies due to other reasons: None
c. Changes in accounting estimates: None
d. Restatement of prior period financial statements after error corrections: None

(4) 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 December, 2015	247,500,000 shares
As of 31st March, 2015	247,500,000 shares

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

As of 31st December, 2015	19,840,389 shares
As of 31st March, 2015	26,951,153 shares

c. Average number of shares during the period (cumulative from the beginning of the fiscal year)

Quarterly period ended 31st December, 2015	225,666,483 shares
Quarterly period ended 31st December, 2014	219,760,352 shares

Notes: 1. The NRI shares held by the trust exclusive for NRI Group Employee Stock Ownership Group are included in treasury stock.

2. The Company conducted a 1-for-1.1 stock split of common shares with an effective date of 1st October, 2015. Number of shares has been calculated assuming the stock split was conducted at the start of the previous fiscal year.

* 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

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.

Qualitative information regarding third-quarter settlement of accounts

(1) Qualitative information regarding consolidated operating results

Effective from the first quarter of the current fiscal year, the Company has applied the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, 13th September, 2013) and other related accounting standards. As a result, the item "net income" has been replaced by "profit attributable to owners of the parent."

During the nine months ended 31st December, 2015 (from 1st April, 2015 to 31st December, 2015), the Japanese economy continued to recover at a moderate pace, despite some signs of weakness against a backdrop of the slowdown in China's economy and other such developments. 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 forging ahead with measures geared to expanding its presence in new business fields while developing its strengths further.
Japan's national identity number system (social security and tax number system) started operation in January 2016. The Company launched a wide range of solutions from across the NRI Group with the aim of providing 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. The Company has also added new functionality to its multi-user services in response to the full-scale launch of the new BOJ-NET (Bank of Japan Financial Network System) and a unified tax on financial products. Going forward, the NRI Group will continue steadily responding to regulatory changes such as those involving Junior NISA (individual savings accounts for investors who are younger than 20 years old that provide tax exemptions for small-scale investments) to be launched in April 2016, 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 works 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, the Company acquired US firm Brierley & Partners, Inc., which became a subsidiary in the first quarter of the current fiscal year. Moreover, in the third quarter of the current fiscal year, Zhiming Software Beijing, Ltd. and other Chinese operating companies were made subsidiaries of the Company in order to strengthen its system development and maintenance framework.

During the nine months ended 31st December, 2015, the NRI Group's sales totaled ¥313,621 million (up 4.3% year on year), supported by higher sales in the Consulting, Financial IT Solutions and Industrial IT Solutions segments. Personnel expenses rose due to growth in the number of employees and an increase in bonuses, reflecting an improvement in earnings performance and other factors. However, the number of unprofitable projects declined. As a result, cost of sales was ¥214,352 million (down 0.5%) and gross profit was ¥99,268 million (up 16.2%). Selling, general and administrative expenses were ¥56,039 million (up 16.2%) due to increases in personnel expenses, costs for the acquisition of new subsidiaries and subcontracting costs related to research and development.
Operating profit was ¥43,229 million (up 16.3%), the operating margin was 13.8% (up 1.4 points) and ordinary profit was ¥45,325 million (up 18.1%). Profit attributable to owners of the parent was ¥31,914 million (down 5.1%), but this decline mainly reflected the absence of a gain on investment securities booked in the same period of the previous fiscal year.

Segment information

The business results by segment (sales include intersegment sales) are as follows.
The Company partially revised its segment classifications in the third quarter of the current fiscal year, and as such the figures presented below for the corresponding period of the previous fiscal year have been recalculated to reflect the reorganization.

(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 nine months ended 31st December, 2015, business consulting work increased, including consulting related to the introduction of the national identity number system and system consulting work to support clients in restructuring their IT divisions. However, personnel expenses rose year on year.
As a result of the above, the Consulting segment posted sales of ¥20,607 million (up 2.1% year on year) and operating profit of ¥3,424 million (down 21.1%).

(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 started operation in January 2016. The Company launched a wide range of solutions from across the NRI Group with the aim of providing 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. The Company has also added new functionality to its multi-user services in response to the full-scale launch of the new BOJ-NET and a unified tax on financial products. Going forward, the Company will continue steadily responding to regulatory changes such as those involving Junior NISA to be launched in April 2016, in order to further expand its multi-user services business.
During the nine months ended 31st December, 2015, the segment posted an increase in sales, mainly from system development and application sales to securities companies, where the Company booked sales on major application sales, and system development and application sales to insurance companies. 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 ¥189,066 million (up 7.4% year on year) and operating profit of ¥21,966 million (up 37.5%).

(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.
As part of efforts to expand its business, the Company made US firm Brierley & Partners, Inc. a subsidiary in the first quarter of the current fiscal year, and established PT. Nomura Research Institute Indonesia in the second quarter of the current fiscal year.
During the nine months ended 31st December, 2015, sales of the segment increased with respect to system management and operation services in the distribution sector and the manufacturing and service sectors, but system development and application sales decreased in the manufacturing and service sectors. On the cost front, personnel expenses and amortization of goodwill rose, 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 ¥76,584 million (up 3.2% year on year) and operating profit of ¥7,738 million (down 20.3%).

(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.
Moreover, in the third quarter of the current fiscal year, Zhiming Software Beijing, Ltd. and other Chinese operating companies were made subsidiaries of the Company in order to strengthen its system development and maintenance framework.
During the nine months ended 31st December, 2015, sales to external clients decreased, amid a decline in system development and application sales and product sales related to IT platform architecture projects. 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 ¥81,336 million (down 3.0% year on year) and operating profit of ¥8,793 million (up 78.1%).

(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 nine months ended 31st December, 2015, the Others segment posted sales of ¥9,321 million (down 5.4% year on year) and an operating profit of ¥529 million (down 60.2%), reflecting the booking of impairment losses on software at subsidiaries and other factors.

(2) Qualitative information regarding consolidated financial position

(Assets, liabilities and net assets)
At the end of the third quarter (31st December, 2015), current assets were ¥281,606 million (down 5.7% from the end of the previous fiscal year), noncurrent assets were ¥340,461 million (up 15.5%), current liabilities were ¥96,620 million (down 14.7%), noncurrent liabilities were ¥77,728 million (up 2.3%), net assets were ¥447,063 million (up 10.8%), and total assets were ¥622,067 million (up 4.9%).
The main changes from the end of the previous fiscal year are as follows.
Accounts receivable declined ¥23,694 million to ¥38,587 million and other receivables increased ¥14,392 million to ¥50,985 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.
Construction in progress increased ¥9,407 million to ¥10,378 million due to the construction of a new data center. Goodwill increased ¥7,557 million to ¥8,593 million, reflecting the acquisition of US firm Brierley & Partners, Inc., etc., which became a subsidiary. Investment securities increased ¥14,434 million to ¥130,914 million, reflecting the purchase of securities for surplus fund management purposes.
In financial operations at subsidiaries, margin transaction assets declined ¥6,376 million to ¥10,387 million, short-term loans payable decreased ¥8,375 million to ¥2,270 million and margin transaction liabilities fell ¥7,569 million to ¥4,744 million.
Reflecting the disposal of treasury stock through a third-party allocation to Nippon Life Insurance Company in the first quarter of the current fiscal year, treasury stock declined ¥15,155 million to ¥42,301 million and additional paid-in capital increased ¥12,860 million to ¥27,951 million.
In addition, net defined benefit asset increased ¥10,376 million to ¥45,064 million, accounts payable declined ¥5,581 million to ¥18,616 million, accrued expenses increased ¥4,675 million to ¥11,337 million, income taxes payable rose ¥8,190 million to ¥10,375 million and accrued bonuses fell ¥7,638 million to ¥8,645 million.

(Cash flow position)

Cash and cash equivalents as of the end of the third quarter (31st December, 2015) stood at ¥137,242 million (down ¥3,325 million from the end of the previous fiscal year).

Net cash provided by operating activities in the nine months ended 31st December, 2015 was ¥56,535 million, an increase of ¥13,490 million compared with the same period of the previous fiscal year. The drop in accounts receivable and other receivables was smaller than in the same period a year earlier, but income taxes paid declined substantially.

Net cash used in investing activities in the nine months ended 31st December, 2015 was ¥61,405 million. In the same period of the previous fiscal year, ¥1,705 million was used in investing activities amid a situation where proceeds were gained from the sale and redemption of investment securities and also from the purchase of shares of subsidiaries resulting in a change in the scope of consolidation. In the period under review, however, net cash used for investment was ¥59,700 million higher compared with the same period of the previous fiscal year partially due to increases in funds used in purchasing securities for fund management purposes and in acquiring property and equipment due to the construction of a new data center, and also due to the use of funds for purchasing shares of subsidiaries resulting in a change in the scope of consolidation.

Net cash provided by financing activities was ¥1,568 million, compared with cash used of ¥10,120 million in the same period of the previous year. There was an increase in cash used for the repayment of short-term loans payable and cash dividends paid, but this was outweighed by cash provided, including ¥26,209 million in proceeds from sales of treasury stock through a third-party allocation to Nippon Life Insurance Company.

Quarterly Consolidated Financial Statements

Nomura Research Institute, Ltd.

For the Nine-Month Period Ended 31st December, 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 Nine-Month Period Ended 31st December, 2015
(Unaudited)

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Nomura Research Institute, Ltd.

Quarterly Consolidated Balance Sheet

	Millions of yen		*Thousands of U.S. dollars (Note 3)*
	31st March, 2015	**31st December, 2015**	**31st December, 2015**
Assets			
Current assets:			
Cash and bank deposits *(Notes 4 and 8)*	¥ 26,469	¥ 26,922	$ 223,363
Short-term investment securities (*Notes 4, 5 and 8*)	119,539	119,155	988,592
Accounts receivable and other receivables *(Note 4)*	98,875	89,573	743,159
Operating loans *(Note 4)*	10,770	7,240	60,068
Margin transaction assets *(Note 4)*	16,764	10,388	86,186
Inventories	779	1,128	9,359
Deferred income taxes	9,145	9,397	77,964
Short-term guarantee deposits *(Note 4)*	7,755	8,015	66,498
Other current assets	8,660	9,953	82,578
Allowance for doubtful accounts	(191)	(164)	(1,361)
Total current assets	298,565	281,607	2,336,406
Property and equipment:			
Land	7,448	7,447	61,785
Buildings, net	33,192	32,005	265,536
Machinery and equipment, net	12,293	14,964	124,151
Leased assets, net	12	6	50
Construction in progress	971	10,378	86,103
Property and equipment, net	53,916	64,800	537,625
Software and other intangibles	54,547	55,720	462,292
Goodwill	1,036	8,593	71,293
Investment securities *(Notes 4 and 5)*	116,481	130,915	1,086,161
Investments in affiliates *(Notes 4 and 5)*	2,159	2,170	18,004
Deferred income taxes	1,219	1,232	10,222
Long-term loans receivable *(Note 4)*	8,176	8,267	68,589
Lease investment assets	505	414	3,435
Net defined benefit asset	34,688	45,065	373,890
Other assets	22,101	23,456	194,607
Allowance for doubtful accounts	(180)	(171)	(1,419)
Total assets	¥593,213	¥622,068	$5,161,105

	Millions of yen		Thousands of U.S. dollars (Note 3)
	31st March, 2015	**31st December, 2015**	**31st December, 2015**
Liabilities and Net Assets			
Current liabilities:			
Accounts payable *(Note 4)*	¥ 24,197	¥ 18,616	$ 154,451
Short-term loans payable *(Note 4)*	10,645	2,270	18,833
Current portion of long-term loans payable *(Note 4)*	2,148	331	2,746
Margin transaction liabilities *(Note 4)*	12,314	4,745	39,368
Lease obligations, current	254	243	2,016
Accrued expenses	22,947	19,983	165,793
Income taxes payable	2,186	10,376	86,086
Advance payments received	7,618	8,194	67,983
Short-term guarantee deposits received *(Note 4)*	8,676	9,335	77,450
Provision for loss on orders received	3,911	2,160	17,921
Other current liabilities	18,313	20,368	168,987
Total current liabilities	113,209	96,621	801,634
Bonds *(Note 4)*	30,000	30,000	248,901
Long-term loans payable *(Note 4)*	21,333	21,000	174,230
Lease obligations	290	188	1,560
Deferred income taxes	18,192	19,195	159,255
Net defined benefit liability	5,298	6,052	50,212
Asset retirement obligations	747	968	8,031
Other long-term liabilities	128	326	2,705
Reserve for financial products transaction liabilities	548	655	5,434
Net assets *(Notes 7 and 9)*:			
Shareholders' equity:			
Common stock:			
Authorized – 825,000 thousand shares at 31st March, 2015 and 31st December, 2015			
Issued – 247,500 thousand shares at 31st March, 2015 and 31st December, 2015	18,600	18,600	154,318
Additional paid-in capital	15,091	27,952	231,909
Retained earnings	352,221	367,349	3,047,782
Treasury stock, at cost:			
– 26,951 thousand shares at 31st March, 2015 and 19,840 thousand shares at 31st December, 2015	(57,457)	(42,302)	(350,967)
Total shareholders' equity	328,455	371,599	3,083,042
Accumulated other comprehensive income:			
Valuation difference on available-for-sale securities *(Note 5)*	48,915	49,094	407,318
Deferred gains or losses on hedges *(Note 6)*	(28)	(29)	(241)
Foreign currency translation adjustment	419	75	622
Remeasurements of defined benefit plans	11,662	12,306	102,099
Total accumulated other comprehensive income	60,968	61,446	509,798
Share subscription rights	889	893	7,409
Non-controlling interests	13,156	13,125	108,894
Total net assets	403,468	447,063	3,709,143
Total liabilities and net assets	¥593,213	¥622,068	$5,161,105

See accompanying notes to quarterly consolidated financial statements.

Nomura Research Institute, Ltd.

Quarterly Consolidated Statement of Income and Comprehensive Income

	Millions of yen		*Thousands of U.S. dollars (Note 3)*
	Nine months ended 31st December,		**Nine months ended 31st December,**
	2014	**2015**	**2015**
Sales	¥300,783	¥313,622	$2,602,024
Cost of sales	215,385	214,353	1,778,420
Gross profit	85,398	99,269	823,604
Selling, general and administrative expenses (*Notes 10 and 11)*	48,221	56,039	464,938
Operating profit	37,177	43,230	358,666
Other income (expenses):			
Interest and dividend income	1,293	1,874	15,548
Interest expense	(101)	(105)	(871)
Equity in earnings (losses) of affiliates	(8)	83	689
Office transfer cost	(170)	–	–
Gain on investment securities	9,351	1,332	11,051
Gain on bargain purchase	3,374	–	–
Reversal of share-based compensation	263	9	75
Loss on step acquisitions	(1,664)	–	–
Provision of reserve for financial products transaction liabilities	(135)	(108)	(896)
Other, net	10	243	2,015
	12,213	3,328	27,611
Income before income taxes	49,390	46,558	386,277
Provision for income taxes *(Note 2)*	15,692	14,491	120,227
Profit	¥ 33,698	¥ 32,067	$ 266,050
Profit attributable to owners of parent *(Note 9)*	¥ 33,647	¥ 31,914	$ 264,781
Profit attributable to non-controlling interests	51	153	1,269
Other comprehensive income:			
Valuation difference on available-for-sale securities	17,901	126	1,045
Deferred gains or losses on hedges *(Note 6)*	52	(1)	(8)
Foreign currency translation adjustment	1,387	(299)	(2,481)
Remeasurements of defined benefit plans, net of tax	(469)	648	5,376
Share of other comprehensive income of affiliates	(182)	(45)	(373)
Total other comprehensive income	18,689	429	3,559
Comprehensive income	¥ 52,387	¥ 32,496	$ 269,609
Comprehensive income attributable to:			
Comprehensive income attributable to owners of parent	¥ 52,319	¥ 32,392	$ 268,746
Comprehensive income attributable to non-controlling interests	68	104	863

See accompanying notes to quarterly consolidated financial statements.

Nomura Research Institute, Ltd.

Quarterly Consolidated Statement of Cash Flows

	Millions of yen		*Thousands of U.S. dollars (Note 3)*
	Nine months ended 31st December,		**Nine months ended 31st December,**
	2014	**2015**	**2015**
Cash flows from operating activities			
Income before income taxes	¥ 49,390	¥ 46,558	$ 386,277
Adjustments to reconcile income before income taxes to net cash provided by operating activities:			
Depreciation and amortization	19,448	23,869	198,034
Interest and dividend income	(1,293)	(1,874)	(15,548)
Interest expense	101	105	871
Office transfer cost	170	–	–
Gain on investment securities	(9,351)	(1,332)	(11,051)
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	15,909	11,374	94,367
Allowance for doubtful accounts	(164)	(41)	(340)
Accounts payable	(231)	(2,367)	(19,638)
Inventories	397	(350)	(2,904)
Net defined benefit asset	(8,752)	(9,421)	(78,163)
Net defined benefit liability	696	752	6,239
Provision for loss on orders received	1,186	(1,751)	(14,528)
Operating loans	1,355	3,529	29,279
Margin transaction assets	(2,205)	6,376	52,900
Short-term guarantee deposits	(511)	(260)	(2,157)
Margin transaction liabilities	2,771	(7,570)	(62,806)
Short-term guarantee deposits received	710	658	5,459
Reserve for financial products transaction liabilities	134	108	896
Other	(2,008)	(8,930)	(74,090)
Subtotal	66,042	59,433	493,097
Interest and dividends received	1,321	1,928	15,996
Interest paid	(80)	(81)	(672)
Income taxes paid	(24,237)	(4,744)	(39,359)
Net cash provided by operating activities	43,046	56,536	469,062
Cash flows from investing activities			
Payments for time deposits	(399)	(959)	(7,957)
Proceeds from time deposits	638	670	5,559
Purchase of short-term investment securities	(4,000)	(6,003)	(49,805)
Proceeds from sales and redemption of short-term investment securities	–	3,000	24,890
Acquisition of property and equipment	(7,246)	(16,563)	(137,418)
Proceeds from sales of property and equipment	1,482	22	183
Purchase of software and other intangibles	(17,952)	(20,081)	(166,606)
Proceeds from sales of software and other intangibles	4	–	–
Payments for asset retirement obligations	(106)	(25)	(207)
Purchase of investment securities	(5,952)	(27,015)	(224,135)
Proceeds from sales and redemption of investment securities	26,182	14,109	117,058
Purchase of investments in affiliates	(804)	(28)	(232)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(8,535)	(70,812)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	6,436	–	–
Other	12	2	15
Net cash used in investing activities	¥ (1,705)	¥ (61,406)	$ (509,467)

Nomura Research Institute, Ltd.

Quarterly Consolidated Statement of Cash Flows (continued)

	Millions of yen		*Thousands of U.S. dollars (Note 3)*
	Nine months ended 31st December,		**Nine months ended 31st December,**
	2014	**2015**	**2015**
Cash flows from financing activities			
Net increase (decrease) in short-term loans payable	¥ 626	¥ (8,582)	$ (71,202)
Proceeds from long-term loans payable	500	–	–
Repayment of long-term loans payable	(1,439)	(2,150)	(17,838)
Repayment of obligation under finance leases	(30)	(23)	(191)
Proceeds from sales of treasury stock	2,450	29,041	240,944
Purchase of treasury stock	–	(91)	(755)
Cash dividends paid	(12,131)	(16,445)	(136,439)
Cash dividends paid to non-controlling interests	(195)	(181)	(1,501)
Proceeds from share issuance to non-controlling shareholders	98	–	–
Net cash provided by (used in) financing activities	(10,121)	1,569	13,018
Effect of exchange rate changes on cash and cash equivalents	754	(24)	(199)
Net increase (decrease) in cash and cash equivalents	31,974	(3,325)	(27,586)
Cash and cash equivalents at beginning of period	92,792	140,568	1,166,249
Cash and cash equivalents at end of period *(Note 8)*	¥124,766	¥137,243	$1,138,663

See accompanying notes to quarterly consolidated financial statements.

Nomura Research Institute, Ltd.

Notes to Quarterly Consolidated Financial Statements

31st December, 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 40 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. and one other company are newly included in the scope of consolidation.
During the quarterly period ended 30th September, 2015, the Company established two companies and acquired shares of one company. As a result, these three companies are newly included in the scope of consolidation.
During the quarterly period ended 31st December, 2015, the Company acquired shares of seven companies. As a result, these seven companies are newly included in the scope of consolidation.

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 nine-month period ended 31st December, 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 quarterly 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 quarterly 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 31st December, 2015, ¥4,058 million (corresponding to 2,349 thousand* shares of the Company held by the ESOP Trust) and ¥3,176 million ($26,350 thousand) (corresponding to 1,839 thousand* shares of the Company held by the ESOP Trust) and the loan payable of the ESOP Trust of ¥1,815 million and ¥331 million ($2,746 thousand), respectively, are recorded in the accompanying quarterly consolidated balance sheet.

* The number of shares of the Company's common stock reflect the 1.1-for-1 stock split effective 1st October, 2015.

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 ¥120.53 = U.S.$1.00, the rate of exchange prevailing on 31st December, 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 31st December, 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).

	Millions of yen					
	31st March, 2015			**31st December, 2015**		
	Carrying amount	**Estimated fair value**	**Difference**	**Carrying amount**	**Estimated fair value**	**Difference**
Assets:						
Cash and bank deposits	¥ 26,469	¥ 26,469	¥ –	¥ 26,922	¥ 26,922	¥ –
Accounts receivable and other receivables	98,875	98,875	–	89,573	89,573	–
Short-term investment securities, investment securities, and investments in affiliates	233,733	233,733	–	247,723	247,723	–
Operating loans	10,770			7,240		
Allowance for doubtful accounts *1	(14)			(2)		
Net operating loans	10,756	10,756	–	7,238	7,238	–
Margin transaction assets	16,764	16,764	–	10,388	10,388	–
Short-term guarantee deposits	7,755	7,755	–	8,015	8,015	–
Long-term loans receivable	8,176	8,395	219	8,267	8,400	133
Total	¥402,528	¥402,747	¥219	¥398,126	¥398,259	¥133
Liabilities:						
Accounts payable	¥ 24,197	¥ 24,197	¥ –	¥ 18,616	¥ 18,616	¥ –
Short-term loans payable	10,645	10,645	–	2,270	2,270	–
Margin transaction liabilities	12,314	12,314	–	4,745	4,745	–
Short-term guarantee deposits received	8,676	8,676	–	9,335	9,335	–
Bonds	30,000	30,104	104	30,000	30,110	110
Long-term loans payable *2	23,481	23,485	4	21,331	21,336	5
Total	¥109,313	¥109,421	¥108	¥ 86,297	¥ 86,412	¥115
Derivative transactions *3	¥ (29)	¥ (29)	¥ –	¥ (37)	¥ (37)	¥ –

	Thousands of U.S. dollars		
	31st December, 2015		
	Carrying amount	**Estimated fair value**	**Difference**
Assets:			
Cash and bank deposits	$ 223,363	$ 223,363	$ –
Accounts receivable and other receivables	743,160	743,160	–
Short-term investment securities, investment securities, and investments in affiliates	2,055,281	2,055,281	–
Operating loans	60,068		
Allowance for doubtful accounts *1	(17)		
Net operating loans	60,051	60,051	–
Margin transaction assets	86,186	86,186	–
Short-term guarantee deposits	66,498	66,498	–
Long-term loans receivable	68,589	69,692	1,103
Total	$3,303,128	$3,304,231	$1,103
Liabilities:			
Accounts payable	$ 154,451	$ 154,451	$ –
Short-term loans payable	18,833	18,833	–
Margin transaction liabilities	39,368	39,368	–
Short-term guarantee deposits received	77,450	77,450	–
Bonds	248,901	249,813	912
Long-term loans payable *2	176,977	177,018	41
Total	$ 715,980	$ 716,933	$ 953
Derivative transactions *3	$ (307)	$ (307)	$ –

*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 ¥331 million ($2,746 thousand) as of 31st March, 2015 and 31st December, 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.

	Millions of yen		*Thousands of U.S. dollars*
	31st March, 2015	**31st December, 2015**	**31st December, 2015**
Unlisted companies' shares *1	¥4,165	¥4,131	$34,274
Investments in partnerships *2	281	385	3,194

*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 ¥1,490 million ($12,362 thousand) as of 31st March, 2015 and 31st December, 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 31st December, 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 31st December, 2015:

Securities Classified as Available-for-Sale Securities

	Millions of yen					
	31st March, 2015			31st December, 2015		
	Acquisition cost	Carrying amount	Unrealized gain (loss)	Acquisition cost	Carrying amount	Unrealized gain (loss)
Equity securities	¥ 23,107	¥ 93,882	¥70,775	¥ 21,965	¥ 92,886	¥70,921
Bonds:						
Government bonds	10,008	10,010	2	6,014	6,020	6
Corporate bonds	18,527	18,507	(20)	40,300	40,290	(10)
	28,535	28,517	(18)	46,314	46,310	(4)
Other	114,302	114,327	25	111,503	111,552	49
Total	¥165,944	¥236,726	¥70,782	¥179,782	¥250,748	¥70,966

	Thousands of U.S. dollars		
	31st December, 2015		
	Acquisition cost	Carrying amount	Unrealized gain (loss)
Equity securities	$ 182,237	$ 770,646	$588,409
Bonds:			
Government bonds	49,896	49,946	50
Corporate bonds	334,357	334,274	(83)
	384,253	384,220	(33)
Other	925,105	925,512	407
Total	$1,491,595	$2,080,378	$588,783

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 and the nine months ended 31st December, 2015 amounted to ¥94 million and ¥106 million ($879 thousand), respectively. 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 nine months ended 31st December, 2015.

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

	Millions of yen			
	31st March, 2015		**31st December, 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	¥ 298	¥ (6)
Forward foreign exchange contracts for accounts payable, accounted for by deferral hedge accounting method:				
Buy: USD (Sell: JPY)	–	–	167	1
Forward foreign exchange contracts for accounts receivable, accounted for by deferral hedge accounting method:				
Sell: USD (Buy: INR)	–	–	168	2
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	¥(34)

	Thousands of U.S. dollars	
	31st December, 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)	$ 2,472	$ (50)
Forward foreign exchange contracts for accounts payable, accounted for by deferral hedge accounting method:		
Buy: USD (Sell: JPY)	1,386	8
Forward foreign exchange contracts for accounts receivable, accounted for by deferral hedge accounting method:		
Sell: USD (Buy: INR)	1,394	17
Interest rate swap contracts for bonds, accounted for by deferral hedge accounting method:		
Fixed-rate receipt, fixed-rate payment *2	$248,901	$(282)

*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 ($4,729 thousand) at 31st March, 2015 and 31st December, 2015, respectively.

For the nine months ended 31st December, 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
Meeting of the Board of Directors on 24th October, 2014 *2	Common Stock	¥6,072	¥30.00	30th September, 2014	28th November, 2014	Retained earnings

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

*2 Dividends of ¥74 million paid to the ESOP Trust are included in the total dividends amount.

2) Significant changes in shareholders' equity

Not applicable.

For the nine months ended 31st December, 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	$67,245	¥40.00	$0.33	31st March, 2015	1st June, 2015	Retained earnings
Meeting of the Board of Directors on 23rd October, 2015 *2	Common Stock	¥8,346	$69,244	¥40.00	$0.33	30th September, 2015	30th November, 2015	Retained earnings

*1 Dividends of ¥85 million ($705 thousand) paid to the ESOP Trust are included in the total dividends amount.

*2 Dividends of ¥74 million ($614 thousand) paid to the ESOP Trust are included in the total dividends amount.

7. Net Assets (continued)

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 ($111,267 thousand) and capital surplus increased by ¥12,798 million ($106,181 thousand) during the nine months ended 31st December, 2015. As a result, treasury stock and capital surplus as of 31st December, 2015 were ¥42,302 million ($350,967 thousand) and ¥27,952 million ($231,909 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 31st December, 2014 and 2015 is as follows:

	Millions of yen		*Thousands of U.S. dollars*
	31st December,		**31st December,**
	2014	**2015**	**2015**
Cash and bank deposits	¥ 22,755	¥ 26,922	$ 223,363
Short-term investment securities	106,787	119,155	988,592
Time deposits with maturities of more than three months when deposited	(779)	(833)	(6,911)
Bond and other investments maturing in more than three months from the acquisition date	(3,997)	(8,001)	(66,381)
Cash and cash equivalents	¥124,766	¥137,243	$1,138,663

9. Per Share Data

Per share data is summarized as follows:

	Yen		*U.S. dollars*
	Nine months ended 31st December,		**Nine months ended 31st December,**
	2014	**2015**	**2015**
Earnings per share	¥153.11	¥141.42	$1.17
Diluted earnings per share	152.74	141.01	1.17

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

9. Per Share Data (continued)

The computation of earnings per share and diluted earnings per share for the nine months ended 31st December, 2014 and 2015 is as follows:

	Millions of yen		*Thousands of U.S. dollars*
	Nine months ended 31st December,		**Nine months ended 31st December,**
	2014	**2015**	**2015**
Numerator:			
Earnings *2	¥33,647	¥31,914	$264,781
Earnings not attributable to common shareholders	(–)	(–)	(–)
Earnings attributable to common shareholders	¥33,647	¥31,914	$264,781

	Thousands of Shares	
Denominator:		
Weighted-average number of shares of common stock outstanding – basic *3	219,760	225,666
Potentially dilutive shares of common stock:		
Stock options	525	663
Total	525	663
Weighted-average number of shares of common stock outstanding – diluted	220,285	226,329

*1 The Company implemented a 1.1-for-1 stock split effective 1st October, 2015. To reflect this stock split, earnings per share and diluted earnings per share are calculated as if the stock split took place on 1st April, 2014.

*2 In computing diluted earnings per share for the nine-month period ended 31st December, 2015, an adjustment due to potentially dilutive shares of affiliates in the amount of ¥(0) million ($(0) thousand) has been made to earnings in the above table.

*3 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 2,801 thousand and 2,094 thousand during the nine-month periods ended 31st December, 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 nine months ended 31st December, 2014 and 2015. The number of shares reflects the effect of the stock split:

	Shares	
	Nine months ended 31st December,	
	2014	**2015**
a) 8th share subscription rights	0 *1	–
b) 20th share subscription rights	423,500	–
c) 22nd share subscription rights	445,500	–
d) 24th share subscription rights	–	486,750

*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 nine months ended 31st December, 2014 and 2015 are summarized as follows:

	Millions of yen		*Thousands of U.S. dollars*
	Nine months ended 31st December,		**Nine months ended 31st December,**
	2014	**2015**	**2015**
Personnel expenses	¥26,065	¥ 29,702	$ 246,428
Rent	3,667	3,964	32,888
Subcontractor costs	8,031	10,163	84,319
Other	10,458	12,210	101,303
Total	¥48,221	¥56,039	$464,938

11. Research and Development Expenses

Research and development expenses included in selling, general and administrative expenses amounted to ¥1,569 million and ¥3,353 million ($27,819 thousand) for the nine months ended 31st December, 2014 and 2015, respectively.

12. Contingent Liabilities

There were no material contingent liabilities at 31st March, 2015 and 31st December, 2015.

13. Segment Information

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

Millions of yen

	Nine months ended 31st December, 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	¥19,930	¥175,662	¥73,477	¥25,089	¥294,158	¥6,625	¥300,783	¥ –	¥300,783
Intersegment sales or transfers	246	319	729	58,762	60,056	3,225	63,281	(63,281)	–
Total	20,176	175,981	74,206	83,851	354,214	9,850	364,064	(63,281)	300,783
Segment profit	¥ 4,341	¥ 15,977	¥ 9,706	¥ 4,936	¥ 34,960	¥1,332	¥ 36,292	¥ 885	¥ 37,177

Millions of yen

	Nine months ended 31st December, 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	¥20,358	¥188,503	¥75,638	¥22,029	¥306,528	¥7,094	¥313,622	¥ –	¥313,622
Intersegment sales or transfers	249	564	946	59,308	61,067	2,227	63,294	(63,294)	–
Total	20,607	189,067	76,584	81,337	367,595	9,321	376,916	(63,294)	313,622
Segment profit	¥ 3,425	¥ 21,966	¥ 7,738	¥ 8,793	¥ 41,922	¥ 530	¥ 42,452	¥ 778	¥ 43,230

Thousands of U.S. dollars

	Nine months ended 31st December, 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	$168,904	$1,563,951	$627,545	$182,768	$2,543,168	$58,856	$2,602,024	$ –	$2,602,024
Intersegment sales or transfers	2,066	4,679	7,849	492,060	506,654	18,477	525,131	(525,131)	–
Total	170,970	1,568,630	635,394	674,828	3,049,822	77,333	3,127,155	(525,131)	2,602,024
Segment profit	$ 28,416	$ 182,245	$ 64,200	$ 72,953	$ 347,814	$ 4,397	$ 352,211	$ 6,455	$ 358,666

*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 changes in reportable segments

During the quarterly period ended 31st December, 2015, the Company partially changed its segment reporting structure. Subsidiaries providing system development and system management as part of the Chinese and Asian systems business previously included in "Others" were newly included in the Industrial IT Solutions segment.

Segment information for the nine months ended 31st December, 2014 in the above table has been restated to reflect the new segment reporting structure.

14. 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 ($133.99 million) jointly as compensation for damages due to a delay in the migration.

15. Subsequent Events

Not applicable.