



Integrated Report 2015

(Year ended 31st March, 2015)

Sharing Value,
Sharing the Future.

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Cautionary Note on Forward-Looking Statements:

- This Integrated Report is prepared for the purpose of providing information on our performance in the year ended 31st March, 2015 and our strategy for the coming years, not for the purpose of attracting investment in stocks issued by Nomura Research Institute, Ltd. (NRI). In addition, this report contains absolutely no guarantees or pledges. The opinions and outlook contained herein reflect the views of management at the time of preparation. We do not offer any guarantees or pledges as to the accuracy or completeness of such information, which, moreover, is subject to alteration without advance notice. NRI holds all rights to each and every part of the integrated report, which may not be reproduced, transmitted or otherwise duplicated by any means, whether electronic or mechanical, whatever the purpose, without our express permission.
- For the purpose of convenience within this report "NRI" is used to refer to the Company and in certain places the entire NRI Group.

Editorial Policy for the Integrated Report 2015

NRI has been publishing an integrated report since 2014, with the aim of communicating a holistic picture of its corporate value creation activities in a concise and clear manner. This is accomplished by connecting important financial and non-financial information related to corporate value. We believe this will enable us to engage all of our stakeholders, including the typical target of institutional investors, in a much deeper way. Further details and additional information can be found on our corporate website and CSR Reports. We encourage our stakeholders to refer to use these resources to learn more about NRI.

•Corporate Website

<http://www.nri.com/global/>



All corporate activities

Financial information

•Investor Relations
<http://www.nri.com/global/ir/index.html>

Non-financial information

•CSR
<http://www.nri.com/global/csr/index.html>

•Corporate Opinion
<http://www.nri.com/global/opinion/index.html>

•CSR Reports

CSR Book 2015

The year's CSR activities summarized in plain, clear language



CSR Report 2015 in PDF Format

The year's CSR activities and relevant information related to three key CSR priorities explained in detail

<http://www.nri.com/global/csr/index.html>
(It will be issued at the end of January 2016)



The Online CSR Activity File

A detailed and up-to-date explanation of NRI's business activities from a CSR perspective
<http://www.nri.com/jp/csr/activities/>
(In Japanese only)



Sharing Value, Sharing the Future.

NRI Celebrates Its 50th Anniversary in April 2015.



Dream up the future.

That's the NRI corporate philosophy.

Today, the world is changing so fast that no one can read the future.

We have placed ourselves on the leading edge, creating and innovating for the future while keeping an eye focused on society.

By creating new value, we will make a positive contribution to society that will benefit our world.

“Dream up the future” is about creating and innovating the future, which is how NRI continues to enhance our strength and challenge the status quo.

2015 in Summary



NRI has Established a Business Model for Providing Integrated Services from Consulting through to IT Services, Emphasizing “Progressive,” “Trust,” and “Quality.”

Corporate philosophy

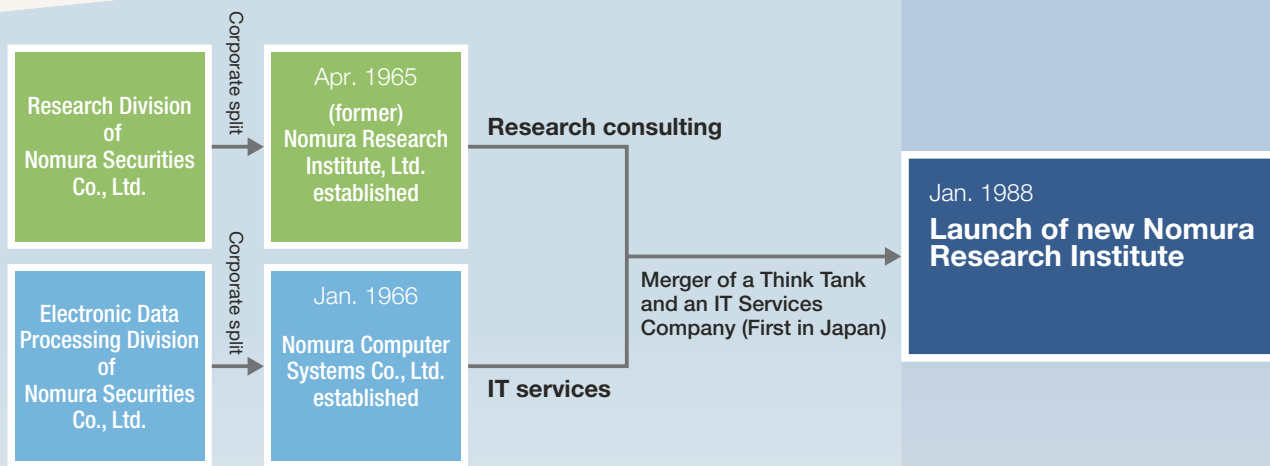
Dream up the future.

Missions



Formed from the merger of the former Nomura Research Institute, Ltd. and Nomura Computer Systems Co., Ltd., NRI has emerged as a progressive company offering consulting through to the development and management and operation of IT services.

At NRI, we promote the concept of “Navigation × Solution,” which brings together “Navigation,” where we identify and introduce measures for resolving the issues that companies and society face, and “Solution,” where we support the resolution of those issues via IT services.



Offering of Progressive IT Solutions

1955
Rolled out Japan's first business computers

1970
Operational start of Nomura Securities' "Integrated Online System"

1979
Operational start of new order system for Seven-Eleven Japan

Progressive Recommendations for Society and Policy Recommendations

1965
Established as Japan's first private think tank

1970
Earned reputation as a progressive research institute for its surveys at EXPO 1970 held in Osaka

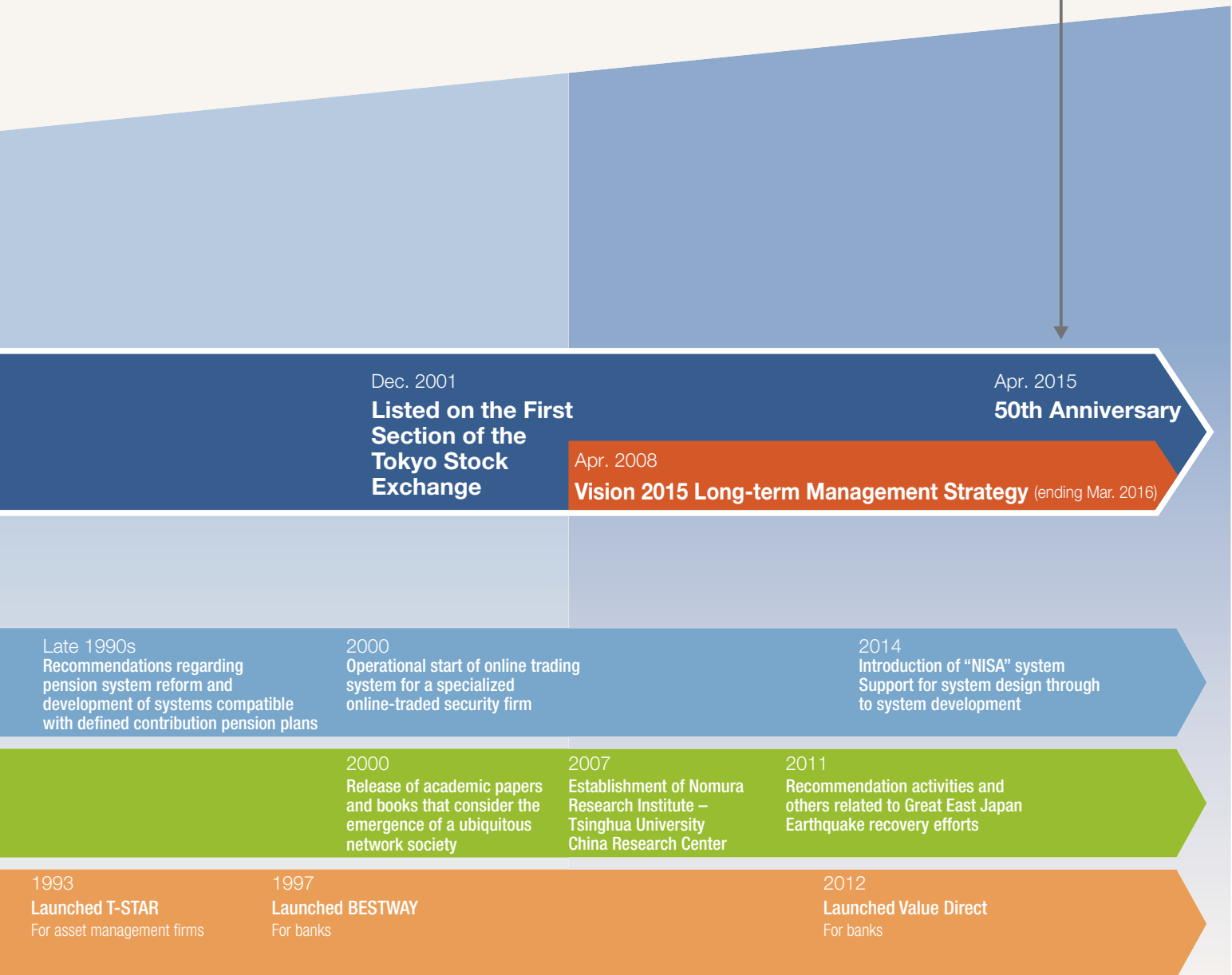
1988
Promotion of global policy research program

Expansion of Shared Online Services

1974
Launched STAR
For retail securities firms (precursor to cloud-based services)

1987
Launched I-STAR
For wholesale securities firms

Since its founding, NRI has put the “spirit of keeping one step ahead of the times” embodied in the word “Progressive” into practice, and has continued to possess both the “Trust” of its clients and a deep “commitment to Quality.”



A Unique Business Model Centered on “Navigation × Solution” Is the Source of NRI’s Strength.

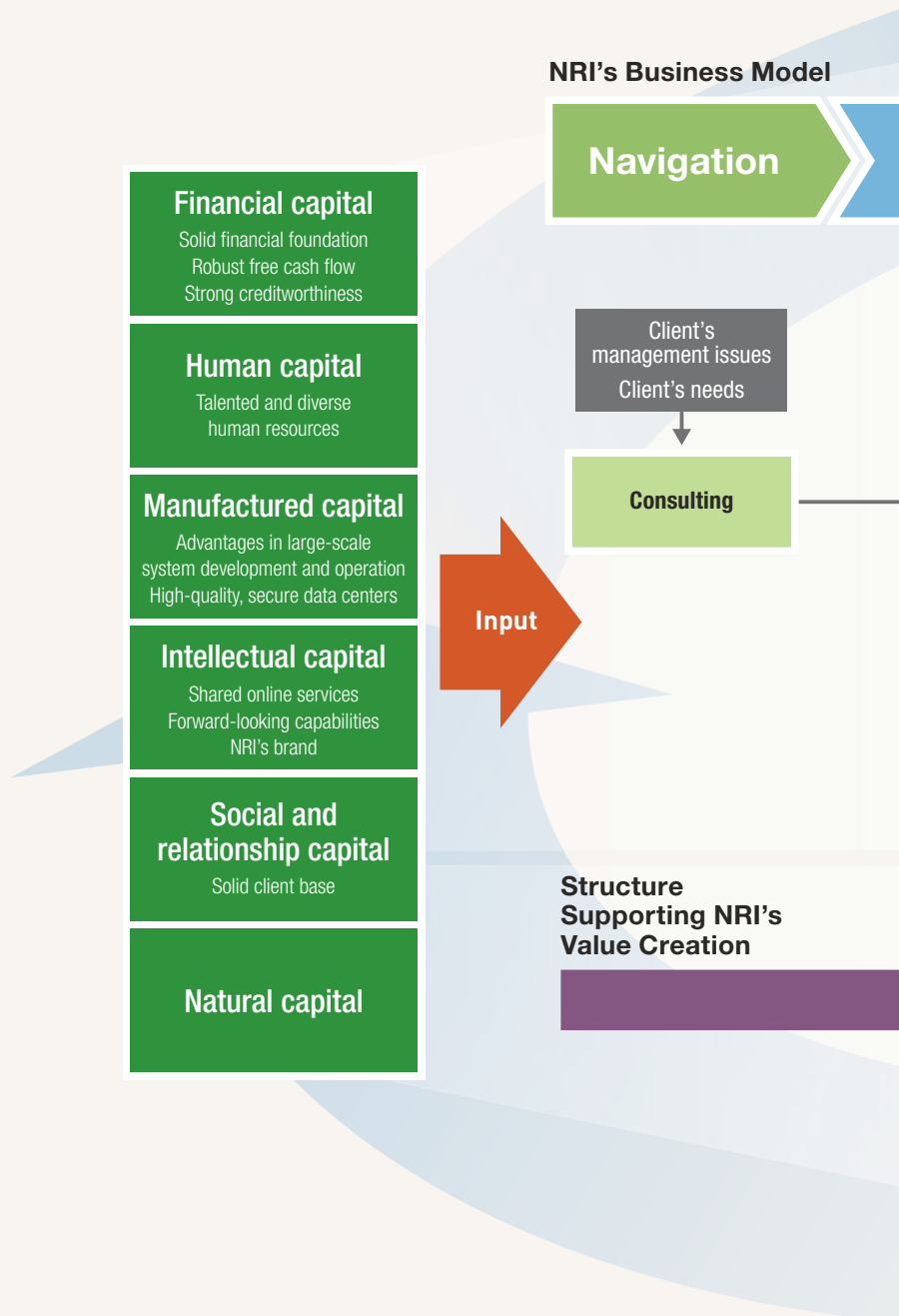
NRI’s Value Creation Process

NRI pursues value creation centered on “Navigation × Solution.”

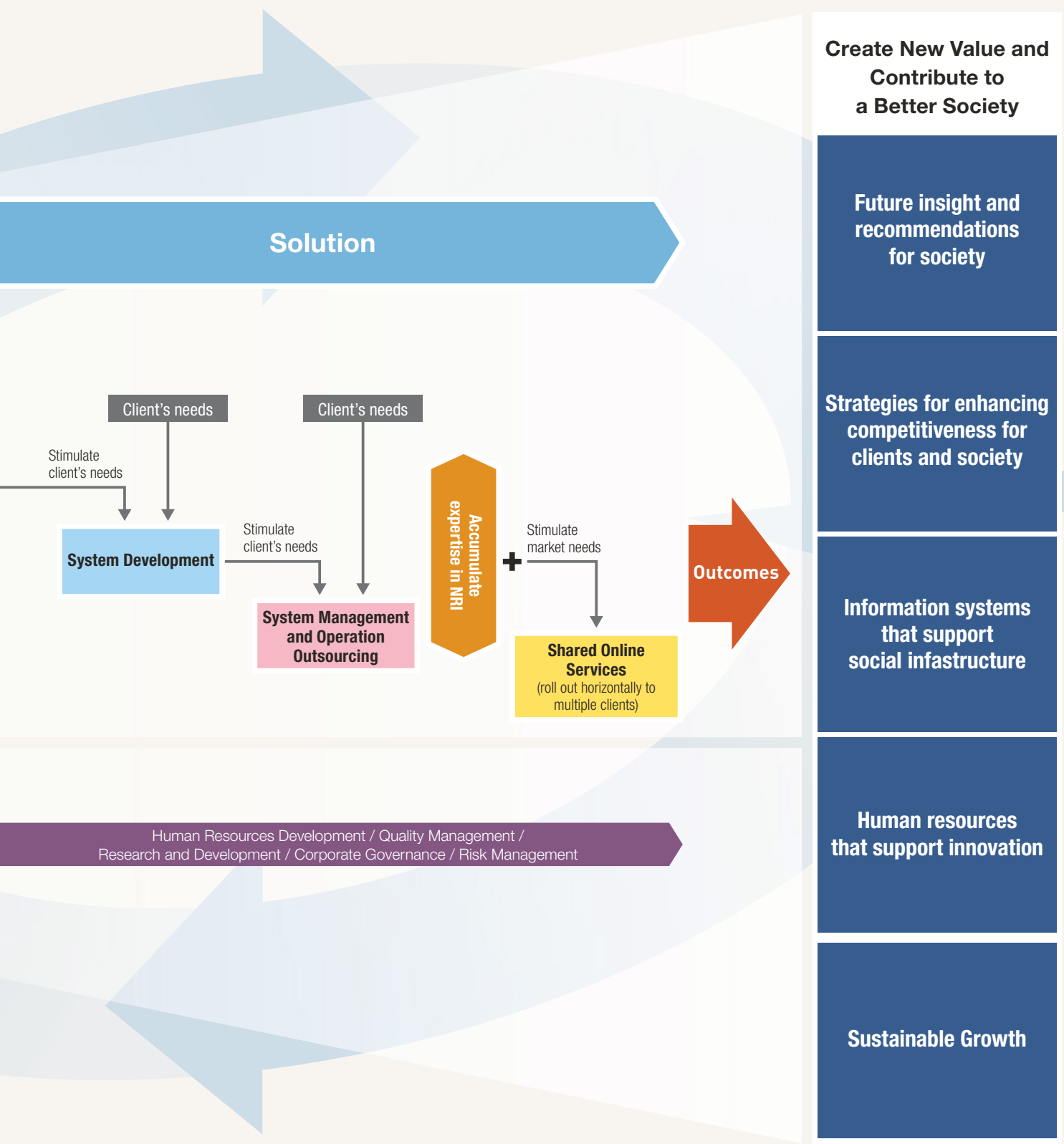
The consulting business sits at the core of “Navigation.”

“Solution,” meanwhile, consist of system development, system management and operation outsourcing, and shared online services.

A key contributor to NRI’s outstanding profitability is shared online services, developed by utilizing expertise accumulated from repeated cycles of the consulting, system development, system management and operation outsourcing process.



Note: The value creation process, including the six types of capital above, references the International Integrated Reporting Framework released in December 2013 by the International Integrated Reporting Council (IIRC).



- Create New Value and Contribute to a Better Society**
- Future insight and recommendations for society**
- Strategies for enhancing competitiveness for clients and society**
- Information systems that support social infrastructure**
- Human resources that support innovation**
- Sustainable Growth**

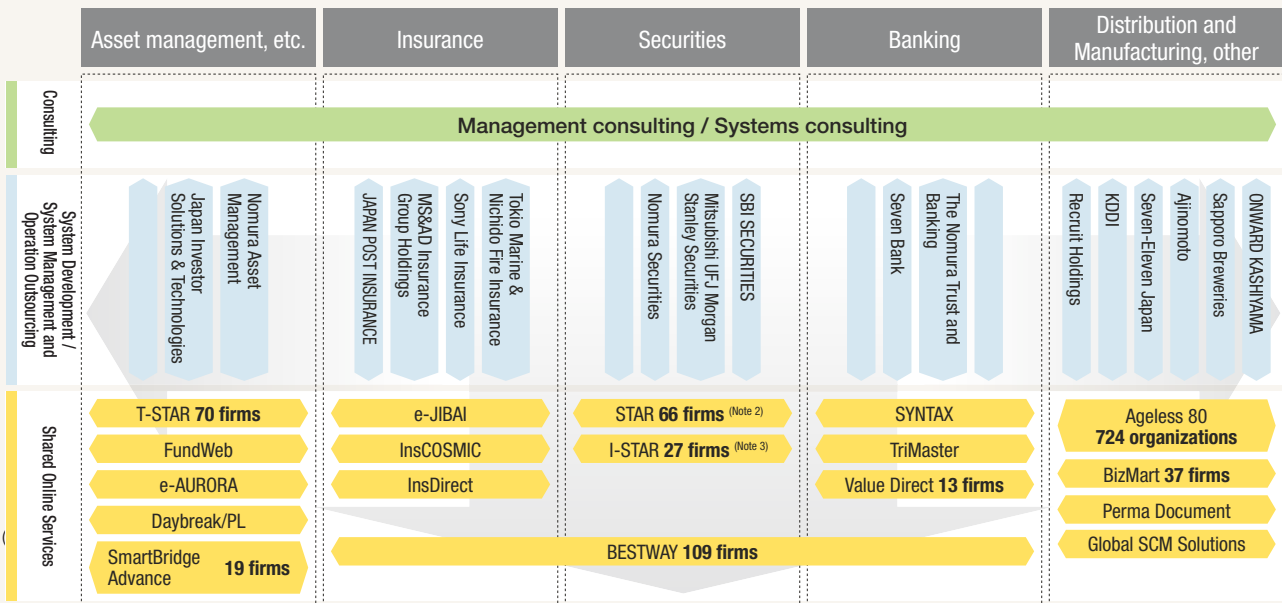
A Solid Client Base and Sustainable Business Lead to a Stable Profit Structure.

NRI puts emphasis on earning its clients' trust, and has grown alongside them since its establishment while providing needed services.

A broad client base developed through a track record spanning years of delivery of IT services to the financial sector is a prominent feature of NRI. We have also pushed forward with expanding our client base to include the manufacturing, service and distribution sectors, as well, in order to realize a strong business portfolio.

The provision of system management and operation outsourcing and shared online services, as well as enhancements in system development, are all highly sustainable businesses. NRI's stable profit structure, more than 60 percent of which is comprised of these sustainable businesses, is one of its outstanding strengths.

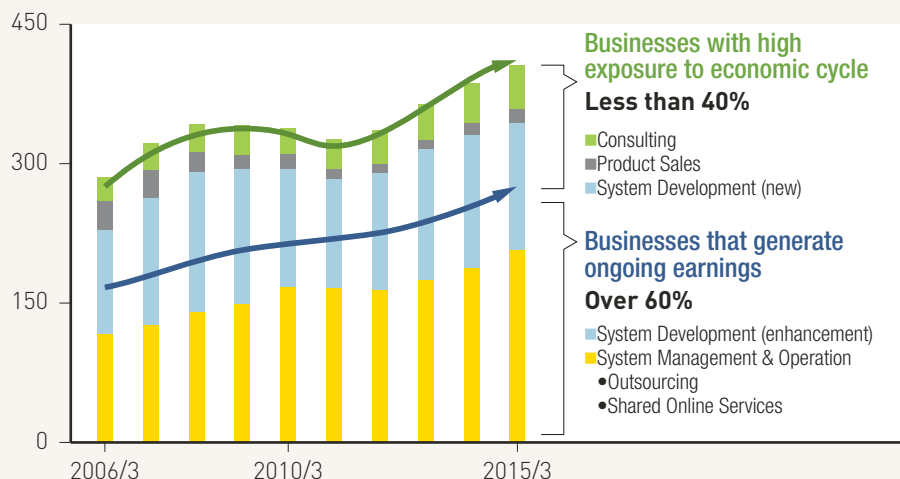
Broad Range of Services and Solid Client Base



Notes: 1. The number of clients is as of 31st March, 2015.
2. The STAR client figure includes firms using only select services.
3. The I-STAR client figure excludes users of subsystems.

NRI's Profit Structure

Sales (billions of yen)



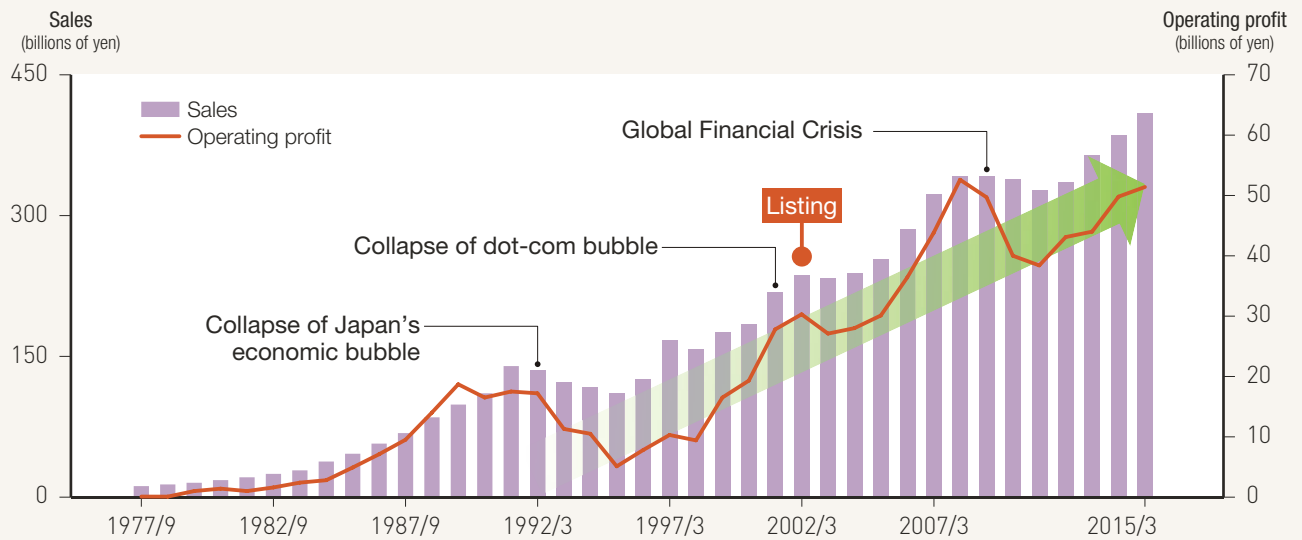
Sustainable Growth, High Profitability and High Productivity from Initiatives Spanning 50 Years.

Although short-term earnings fluctuate in line with the economic climate, NRI has to date maintained underlying long-term growth in both sales and profit. NRI's profitability (operating profit margin) and productivity (sales and operating profit per employee) are the highest in the industry.

One reason that NRI has been able to create sustainable value and achieve growth is upfront investments that always look one step ahead. NRI has allocated a reliable level of management resources from robust cash flow accumulated from high profitability and productivity to initiatives targeting new clients and the creation of new businesses.

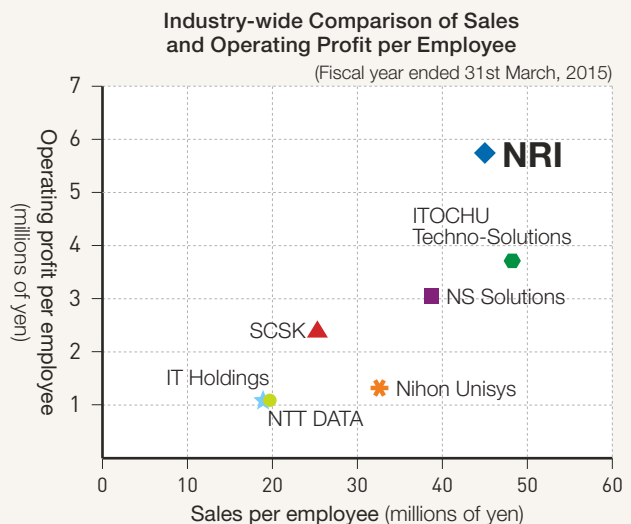
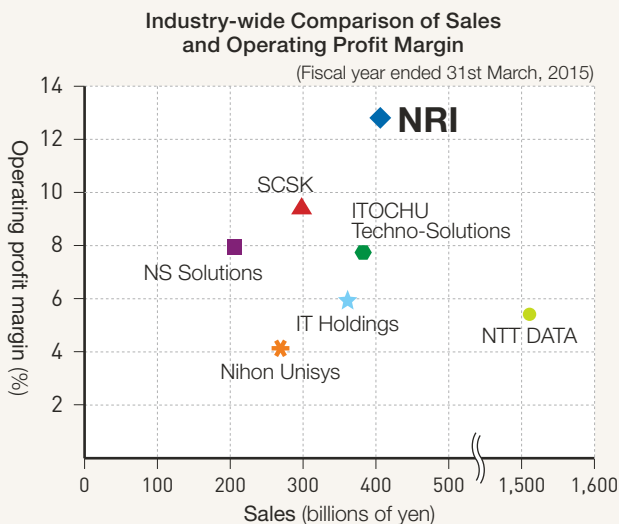
► For more on upfront investments, see p. 11.

Sustainable Growth



Notes: 1. The figures through 1987 are combined totals for former Nomura Research Institute and Nomura Computer Systems.
2. The figures for 1988-1996 are non-consolidated; the figures for 1997 onward are consolidated.
3. Owing to change of fiscal year-end, 1989 was a six-month accounting period (October 1988-March 1989).
For convenience, the graph shows six-month figures x 2.

High Levels of Profitability and Productivity



Source: Compiled by NRI from the above companies' financial statements

NRI's Long-term Management Strategy

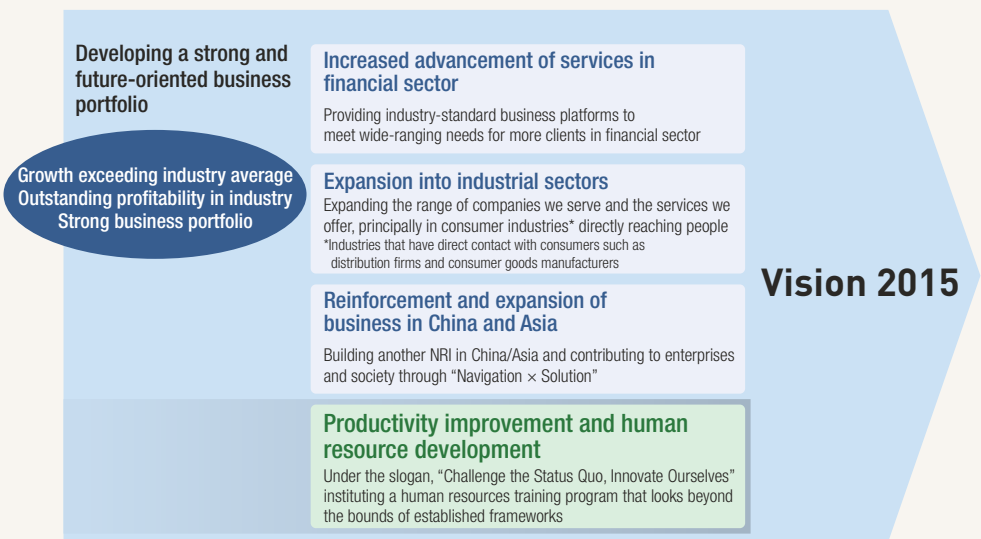
Constantly Looking to the Future for Sustained Medium- and Long-term Growth.

NRI is currently promoting "Vision 2015," an eight-year, long-term management strategy set to conclude in the fiscal year ending 31st March, 2016. With the "shift from ownership to use of information systems" serving as a backdrop, NRI is achieving steady expansion in market share for shared online services, and marking solid success in client base growth and other areas. In April 2015, we announced the start of "Vision 2022," a new eight-year strategy for NRI.

Vision 2015 (From April 2008 to March 2016)

Main message

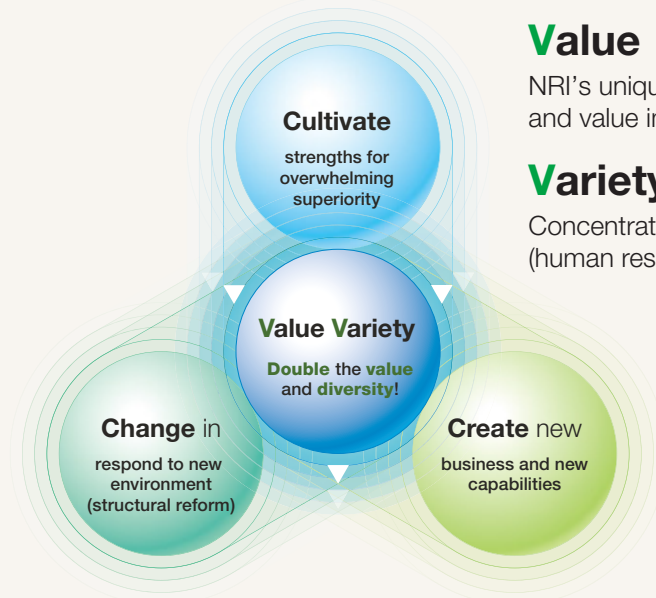
Challenge the Status Quo, Innovative Ourselves



Vision 2022 (From April 2015 to March 2023)

Main message

Double Value and Variety (VV) by Cultivating, Changing and Creating



Value

NRI's unique value creation and value improvement

Variety

Concentration of diverse capabilities (human resources, skills, know-how, etc.)

▶ For more on the successes of Vision 2015, see p. 10; for more on the numerical targets of Vision 2022, see p. 13.

Long-term and Lofty Perspective for Definitive Results and New Growth

In the fiscal year ended 31st March, 2015, NRI achieved sales and profit growth for a fourth consecutive year, with net sales and net income, in particular, at new record highs. While these results were supported by a favorable business environment, they are also proof of how the success of NRI's long-term management strategy, Vision 2015, has steadily emerged since we began promoting it in April 2008. As NRI celebrated the 50th anniversary of its founding in April 2015, we announced and launched a new long-term management strategy, "Vision 2022." We remain endlessly committed to taking initiatives designed to improve NRI's long-term corporate value.

Tadashi Shimamoto

Tadashi Shimamoto
Chairman and President & CEO,
Representative Director,
Member of the Board



Sales and Profit Growth for Fourth Consecutive Year in the Fiscal Year ended 31st March, 2015

The fiscal year ended 31st March, 2015, was a year that witnessed steady growth in both the consulting and IT services businesses. With many clients searching for pathways to growth and pushing ahead with concrete measures to this end, both consulting demand and willingness to invest in information systems remained high throughout the year, enabling NRI to maintain high capacity utilization rates. Overall profitability also improved, culminating in a fourth consecutive year of growth in sales and earnings.

On the other hand, certain issues remained in play, including the emergence of several large-scale unprofitable projects. Thus, while operating profit was up year on year, it fell short of its ¥53.0 billion target. The unprofitable projects were all considered highly difficult and occurred in fields where NRI has little experience. Nevertheless, we have already taken countermeasures from a variety of angles to prevent new large-scale unprofitable projects from appearing.

Successes of Vision 2015 Long-term Management Strategy

The fiscal year ending 31st March, 2016 is the final year of the Vision 2015 long-term management strategy we are currently advancing. In parallel, we initiated the start of our next strategy, “Vision 2022,” in April 2015. The fiscal year ending 31st March, 2016 will be an important one as it overlaps with these two long-term strategies.

Under Vision 2015, we outlined an ideal business vision in each field, reforming NRI itself in a quest for long-term growth. To this end, we sought to realize three aims— growth exceeding industry average, outstanding profitability in industry, and a strong business portfolio.

The launch of Vision 2015 coincided with the Global Financial Crisis of 2008, which led to a worsening business climate, resulting in three consecutive years of lower sales and profit. However, the fourth year of the strategy onward brought back-to-back growth in sales and profit, as NRI’s growth continued to exceed the industry average in terms of net sales and income. We also have clearly maintained outstanding profitability in the industry.





In terms of building a strong business portfolio, essentially striving for improved business stability by reducing our reliance on specific fields, we recoded solid results in this area. First, we lifted the sales ratio to external customers other than our two major clients—Nomura Holdings, Inc. and Seven & i Holdings Co., Ltd.—from approximately 58% to around 70%. This growth pace outstripped NRI’s overall growth rate, and has seen our client base expand considerably.

Meanwhile, sales ratio to external customers of industrial sectors where we were seeking expansion climbed from roughly 19% to about 24%. In addition, the sales ratio to external customers related to overseas business grew from

▶ See p. 8 for an overview of Vision 2015

▶ Outcomes of Vision 2015 to Date (Business Portfolio)

NRI is steadily progressing toward building a strong business portfolio.

Sales ratio to external customers				
		FY Mar. 2008 (Vision 2015 formulation)	→	FY Mar. 2015
Expand other than 2 major clients	Approx. 58%			Approx. 70%
Increase size of clients in industrial sectors	Approx. 19%			Approx. 24%
Sales related to overseas business	Approx. 1%			Approx. 4%
Industry-standard business platforms	Approx. 12%			Approx. 19%

around 1% at the start of Vision 2015, to approximately 4%. What's more, given our acquisition of U.S.-based Brierley+Partners, Inc. in April 2015, we fully expect this level to rise to more than 5% in the fiscal year ending 31st March, 2016.

NRI's industry-standard business platforms (shared online services*¹), its core strength and one of the sources of its high earnings capacity, has watched market share grow steadily, particularly as the "shift from ownership to use of information systems" gains momentum. Consequently, the sales ratio to external customers grew from around 12% to roughly 19%, contributing to an improved earnings ratio.

Upfront Investments from a Long-term Perspective Deliver Results

The successes seen from efforts to build a stronger business portfolio can also be understood as the result of a given proportion of upfront investments that we continued to make regardless of the economic recession.

NRI places emphasis on the creation of corporate value from a long-term perspective. To this end, we take a "2:6:2" approach to our business ratio—20% of businesses, like shared online services, have high profit margin; 60% have standard profit margins*²; and 20% of businesses represent upfront investments. In terms of upfront investment businesses, this includes efforts we promoted to expand the client base over time, such as the prime account strategy*³ in industrial sectors, among other initiatives. In shared online services business development, in addition to the expansion of services where NRI already has high market share, we are taking on the challenge of services in new fields, such as the Internet banking solution "Value Direct."

To innovate ourselves, we are looking beyond the old approach of simply extending our reach to continuously seek out new clients and new business creation.

Leveraging External Growth to Realize High Growth Rate

In shifting from a principle of self-sufficiency to growth that leverages aggressive alliances or M&A activity (external growth), NRI has built a track record of success here as well. In M&A activities, we emphasize three core elements—(1) expected synergies based on friendly relations from a foundation of shared understanding; (2) connection to growth in our client base; and (3) expected acquisition of new technologies and skills.

A good example here was our investment in April 2012 in an information systems subsidiary of Ajinomoto Co., Inc., a food product company with sales

► **Note 1** — In this business model, where NRI has significant advantages, NRI harnessed technology and expertise honed in system development for individual clients, made upfront investments, and developed services in-house that it provides as industry infrastructure to multiple clients. Examples include "STAR" for retail securities firms and "BESTWAY" for banks.

► For a review of operations, see pp. 24-34

► **Note 2** — Profit margin set as the standard to aim for in consulting proposals, system development, system management and operation service proposals, and other service propositions.

► **Note 3** — A strategy aimed at expanding the client base and building solid relationships with leading companies through sustained marketing efforts involving both Consulting and IT Solutions divisions.

in the order of ¥1 trillion. We later welcomed that subsidiary into the NRI Group as NRI System Techno, Ltd.

Additionally, with the inclusion of DSB Co., Ltd. as a consolidated subsidiary in April 2014, we acquired both expertise and clients in business process outsourcing (BPO) services for securities clerical work. U.S.-based Brierley+ Partners, Inc., acquired in April 2015, is a specialist in strategy and system development for corporate digital marketing*4 centered on loyalty programs and customer relationship management (CRM). Through synergies with NRI, we expect this company to deliver more high-value-added services going forward.

Concluding Vision 2015 and Initiatives to Stop Emergence of Unprofitable Projects

In the fiscal year ending 31st March, 2016, we are aiming for record-high net sales, operating profit and net income by further advancing measures taken to date in a business environment that is expected to remain favorable. We hope to deliver results that serve as a suitable conclusion for Vision 2015.

At the same time, we are treating early recognition and prevention of unprofitable projects as one of the most important issues we face. Specifically, in addition to establishing new Project Risk Management Departments in every business division in October 2014, we reinforced our review of proposals made to clients. Furthermore, we plan to adopt new risk management training to improve both the mindset and response capabilities of managers. As a way to predict possible problems, we are also working to systematize project alerts that utilize various signals that emerge, such as sudden spikes in man-hours and partner personnel numbers.

Commitment to Quality and Corporate Governance

Our commitment to quality is something that we will continue to emphasize in the final year of Vision 2015, and in Vision 2022. Because NRI has gained the trust of clients and society at large, and is entrusted with the management and operation of vital IT platform, we firmly believe that quality is of the utmost importance, and is the one thing that NRI must never fail to protect. To this end, we will continue to insist upon and keep up with “NRI quality.”

From a quality of management standpoint, enhancing corporate governance is essential to raising corporate value over the medium to long term. As for the Corporate Governance Code, which came into effect from June 2015, NRI will make appropriate inroads in this area, in conjunction with measures to improve corporate value from the shareholder’s perspective.

►Note 4 — Refers to services that provide value tailored to individual client needs by utilizing big data collected from web media (e-commerce transactions, social media, etc.) and all channels directly connected to customers, including actual stores.



► For more on quality management, see pp. 44-45; for more on corporate governance, see pp. 36-43.

Objectives under Vision 2022

Over the course of a year, a core group of directors developed the conceptual framework of a new long-term management strategy, Vision 2022, with the new strategy announced and launched in April 2015. We are currently exploring options for specific strategies. An eight-year period ending March 2023 was chosen since it would allow time, in the possible event of an economic recession, for NRI to maintain a long-term perspective in continuing to pursue future-oriented policies while striving to improve corporate value.

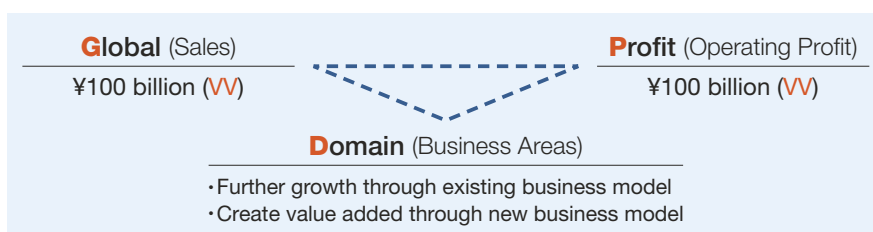
Three keywords define this new strategy; “Cultivate,” “Change” and “Create.” This first keyword, “Cultivate,” entails cultivating strengths, including our distinctive and highly profitable business model (shared online services), which will allow NRI to build an even more unassailable position than ever before. “Change” calls on NRI to revolutionize existing businesses and capabilities in order to respond to major changes in the times. Lastly, “Create” will prompt NRI to create new businesses and technologies that it currently lacks, including the earlier mentioned example of digital marketing and global business expansion.

At the same time, we have set the lofty target of doubling what we call “VV”—“Value” and “Variety.” In terms of “Value,” our aim is to double operating profit to ¥100 billion by creating value that exemplifies NRI. “Variety” has many different aspects, but expanding global business is, for NRI, the most important pathway to strengthening diversity. As an example target, we plan to capture ¥100 billion in sales related to overseas business. The “VV” are thus symbolic targets for conveying simply as possible the message that NRI is viewing the keywords of “Cultivate,” “Change,” and “Create” as ways to aim for an even higher stage.

▶ See p. 8 for an overview of Vision 2022.

▶ Target Business Vision under Vision 2022

Target Business Vision



Performance Targets

Key indicators	Numerical targets
Operating profit	¥100 billion
Operating profit margin	14% or more
Overseas business sales	¥100 billion
Return on Equity (ROE)	14%

Achieving Vision 2022 Targets

In tandem with realization of the three keywords, we have publicized as an operating profit margin (OPM) target of at least 14% as an expression of management's determination. This represents a step up from Vision 2015, when our target OPM was 13%. We consider reaching 14% to be fully feasible by expanding and further lifting the profitability of shared online services and other high-earning businesses, and by preventing the emergence of unanticipated unprofitable projects.

Another lofty goal we have set is overseas business sales of ¥100 billion. A key point to achieve it will be expansion in global IT services for the financial sector. At present, NRI's global business revolves mainly around consulting and IT support services for Japanese companies that plan to develop business overseas; financial IT solutions account for only a fraction of this business. In contrast, in Japan, financial IT solutions account for roughly 60% of overall sales. Given our unmatched strength in this field, we should also be able to leverage this advantage outside Japan. For example, while Japanese financial institutions want the same level of IT services quality that they enjoy in Japan at their branches overseas, there are currently no local IT services companies capable of meeting this need. We are seriously considering ways in which NRI might contribute to the future global systems of these clients. We also intend to move aggressively to utilize external growth via M&A activities.

Human Resources Development for Doubling Value

In terms of human resources development, creating individuals able to respond to change is vital. First, moving global business forward requires that our human resources also be globally viable. We plan to recruit not only internally but externally as well as to strengthen our hand in human resources capable of managing clients' global systems regardless of country or region. Training human resources who possess skills that were previously lacking or nonexistent at NRI is one of the challenges addressed by Vision 2022.

Promoting Health and Productivity Management and Diversity

Promoting Health and Productivity Management and diversity will also be critical to achieving Vision 2022.

Even for the most talented professional, the foundation for doing anything is a healthy mind and body. We tell our workforce that being in healthy condition

is just as important as cultivating specialization. We have already been focusing closely on Health and Productivity Management as central to a company's reputation, and will fully tackle this issue with the appointment of a director specifically assigned to it from the start of the March 2016 fiscal year.

As the NRI Group grows, becoming a company that is home to diverse human resources and allows them to thrive will be more crucial than ever before. For diversity, we are moving to encourage the active participation of women and global employees, as well as to create an environment that facilitates the ability of people with disabilities to work and reinvigorating workforce members in their 50s. For the active participation of women, because the percentage of women among our senior specialists as of 31st March, 2015 was still low, at 5.4%, our goal is to double this figure by 31st March, 2023 through various measures taken by our diversity promotion organization. We are also rapidly moving to develop mechanisms that will enable fuller participation by our rapidly growing ranks of local employees overseas. For the employment of people with disabilities, we established a new subsidiary*5 in an effort to create a workplace where employees with disabilities can also reach their full potential. At NRI, very soon one in four employees will be age 50 or older. Discussions and debate continue on the best options for providing chances for advancement to younger employees, while determining what the best roles and jobs are for talented employees in their 50s to fulfill.

►Note 5 — NRI plans to file for recognition of the company as a special subsidiary pursuant to Japan's Act on Employment Promotion, etc. of Persons with Disabilities (as of 1st July, 2015). The term "special subsidiary" refers to a type of subsidiary that gives special attention to the employment and advancement of employees with disabilities and meets certain other criteria. Receiving national certification allows persons with disabilities employed by the special company to be deemed employees of the parent company.

► For more on human resources strategy, see pp. 46-47.

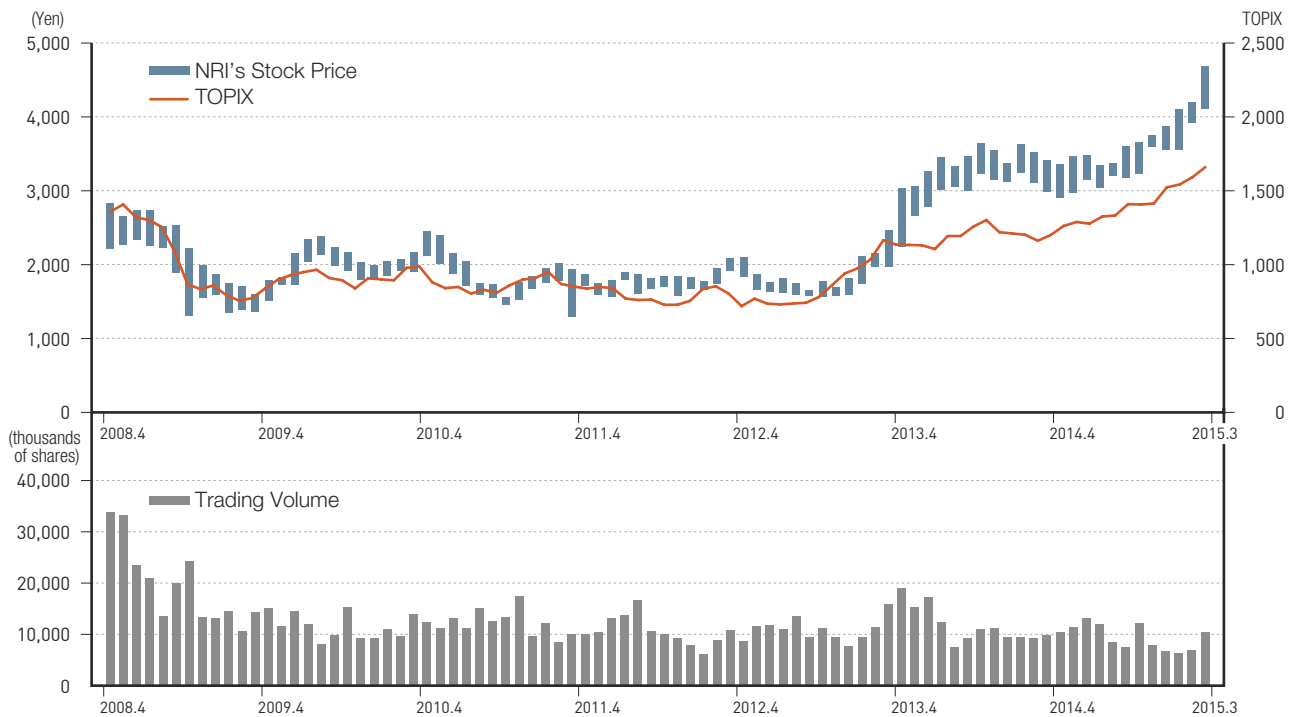
Shareholder Returns and Capital Policies

As for shareholder returns, our basic policy is to conduct stable dividend payments, setting the consolidated dividend payout ratio at roughly 35%. As a fund utilization policy to promote medium- to long-term business development, we invest in the creation of new services and in ensuring shared online services are compatible with regulatory changes, as well as in M&A and other areas.

From the fiscal year ended 31st March, 2015, in addition to operating profit and operating cash flow, we are pursuing management that emphasizes return on equity (ROE) and earnings per share (EPS). Along with high profit growth, our policy also underscores the importance of efficient capital utilization. Since the March 2006 fiscal year, we have maintained ROE at 10% or more. In a drive to boost capital efficiency further, we set an ROE target under Vision 2022 of 14%, which is higher than earlier levels. We will consider in-depth measures for achieving these objectives together with the formation and promotion of future growth strategies.



▶NRI's Stock Price and TOPIX* (Tokyo Stock Price Index) Comparison



*TOPIX is a stock price index for all domestic shares of common stock listed on the First Section of the Tokyo Stock Exchange.

50th Anniversary and Ideal Image of NRI

NRI celebrated the 50th anniversary of its founding in April 2015. Our tag line for this milestone is “Determined to Innovate, Committed to Principles.”

“Determined to Innovate” captures the NRI aspiration to transform society and its clients into their ideal state, as well as the intent to ensure that NRI itself will also continue to change.

The one thing that has never changed, however, is conviction. In looking back over the past five decades to consider how NRI came this far, there are any number of practical outcomes that reflect the conviction and sentiment inherited from our two predecessor companies. Conviction, first and foremost, means the “spirit of keeping one step ahead of the times,” or in other words, being “Progressive.” Another point is the “spirit of putting clients first,” in other words, “Trust.” These things are not conceivable, however, without the “commitment to quality” discussed earlier. Whether in consulting or IT services, the meaning of NRI’s existence begins with the provision of high quality.

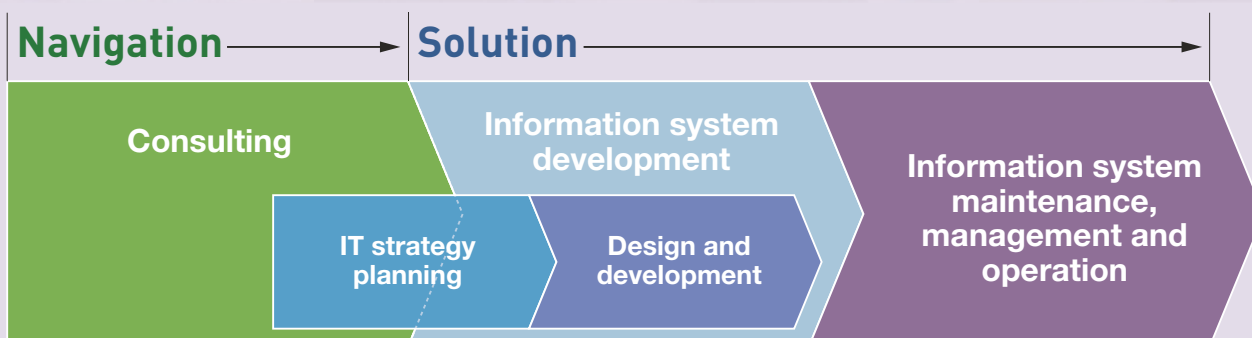
While safeguarding these three points, we will move forward with developing the human resources, society and environment that will contribute to the advancement and transformation of our clients and society, and sustainable improvement in our own value.



Go to the “50th Anniversary Special Site” on our corporate website for more on NRI’s 50th anniversary

See pp. 48-51 for more on propagation of intellectual assets and recommendations, personal development, and environmental protection

Feature: Diverse Types of Professionals as the Source of Value Creation

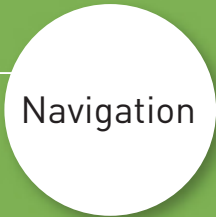


NRI has embodied the concepts of “spirit of keeping one step ahead of the times,” “spirit of putting clients first” and “commitment to quality,” what could be called its corporate DNA, into a unique business model centered on “Navigation × Solution” (see pp. 4-5 for details), providing high value added to clients that links directly to improvements in long-term corporate value.

The most significant support for this NRI value creation process comes from its talented and diverse human resource pool both within and outside of NRI. These innovating professionals are indispensable for devising mechanisms of value to clients, constantly pushing their own advancement in order to continue providing value while innovating.

Each year, NRI continues to hire human resources with high potential, as evidenced by the fact that more than half of the recent graduates we recruit hold graduate school degrees. Through robust on-the-job training (OJT), we entrust important work to young employees, which raises the level of specialization of our workforce. At the same time, our culture that encourages growth, variety of human resource programs and other opportunities provide the framework supporting this effort. Cooperation with outstanding partner companies in Japan and abroad, most notably in China, also plays a vital role in NRI value creation.

In this feature, we introduce professionals responsible for the provision of “Navigation × Solution” at NRI.



Consulting

Partners in Discovering and Introducing Solutions to Client Issues

Japan's Most Powerful Consulting Firms

Responsible for "Navigation," NRI's consulting group boasts the largest scale of its kind in Japan in terms of quality and volume. Equipped with sophisticated knowledge and a wealth of experience, this 900-individual-strong fusion of exceptional talent and intelligence can hold its own even in debates with outside experts. In the fields of strategies, operations, and information systems, this group provides high-quality services on a global basis.

Management Consultants Covering Broad Domains and Themes

NRI management consultants are specialists with preferred areas of focus within each of the industry fields and subfields in the consulting domain, as well as being divided along consulting themes that capture the specific issues that clients face. By paying close attention to communication between the client managers and NRI business frontlines, management consultants provide a full range of support for identifying and resolving issues.

Backed by a half century of history, NRI is home to expansive knowledge and expertise amassed over that time. These resources are conveyed to each consultant, who then merges it with our progressive orientation.

Strengths from Management Consultant Collaboration

NRI views as a strength its position as a comprehensive research institute, one that allows collaborations between its talented specialists, who possess a range of capabilities, and has an organization that enables them all to meet in one place. In-house specialists exist for most specialty fields, coupled with a climate that encourages close ties between specialists. So while the issues that clients confront often have a variety of factors interacting in complicated ways, NRI can offer up fast and accurate solutions to them.

Over the past several years, NRI has been establishing a network centered in Asia through, among other actions, the opening of bases in India and Thailand. A foundation is now emerging that will enable NRI to offer value as a global partner more than ever before.

Our Consulting Domains and Themes

		Domains															
		Government	Education and Research	Transport	Environment	Energy	Construction and Real Estate	Finance/Insurance	Distribution/Services	Food Products	Biotechnology and Health	Information and Communications	Electrical/Precision Equipment	Chemical/Pharmaceutical Products	Industrial Machinery	Electronics	Automotive
Themes	Drafting business strategies, corporate restructuring, new business development, M&As, alliance strategies																
	Organizational and personnel reforms, vitalization of human resources; design, knowledge management																
	Drafting medium-term management plan, operational management																
	Investor relations, financial strategies, administrative accounting reform																
	CRM, marketing strategies, branding strategies																
	SCM, distribution and logistics reforms																
	Business reforms, BPR, system development support (PMO)																
	Privatization, PFI, public management																
	Global strategies, overseas business expansion support																
	Future paradigms																

Sources of Competitive Edge

The Defining Traits of NRI Management Consultants

NRI management consultants have the specialization and poise to serve as discussion partners for client senior management. Backed by a track record of consulting for a deep roster of clients, including public/government agencies and TSE First-Section-listed companies, together with the right attitude to function as navigators, they bring with them both a perspective that clients need and information from other industry sectors. Management consultants also utilize information gained from being embedded in the frontlines of business to create new pathways forward, offering clients effective services while managing everything from proposals to execution support.



Information System Development: IT Strategy Planning

Enhancing Strategy Effectiveness by Understanding How Information Systems and Client Operations Connect and via Deep Involvement

Navigation
➔ Solution

System Planning from Expertise in Strategy and Operations

A major advantage for NRI in the provision of value is its integrated handling of everything from consulting to the development and management and operation of IT services.

The initial stage of information system development is the planning and formulation of an IT strategy. First, through consulting, we identify the issues that clients face and clarify the best direction forward. From there, business analysts (BAs) engage in IT strategy planning and

provide support for IT plan execution.

Given issues like the rapid advancement of information technology and the loss of expertise due to generational shifts in the workforce, most Japanese companies are struggling to overhaul information systems and retain IT section human resources with the necessary skills to keep systems compatible with new businesses. In response, BAs, with their sophisticated skill sets and operational backgrounds, give NRI a competitive edge by supporting both information systems and their operation. In this way, the grand design of information systems of value to clients emerges.

Sources of
Competitive Edge

Business Analysts Showing the True Value of IT Services

Business analysts (BAs) are critical to the existence of “Navigation × Solution” at NRI, providing support for the conceptual planning of IT systems and the definition of requirements and specifications. For these reasons, BAs are versed not only in information systems, but also have deep knowledge of a client’s medium- to long-term management strategy and operations, industry trends, and other areas. BAs also have the capacity to oversee many other areas, including a company’s organization, cost-benefit analysis, development schedule, various coordination with relevant parties, and deciding priorities for required specifications. The presence of multiple BAs to deal effectively with each industry is another NRI strength.



Information System Development: Design and Development

Internal and External Collaboration for Information Systems Tailored to Client Needs

Solution

Systems Engineers Making “Clients First” a Reality

In the IT services that NRI offers, it is the design and development process that gives shape to the information systems that clients need. NRI systems engineers consist of application engineers (AEs), whose efforts focus on client operations, and technical engineers (TEs), whose own efforts revolve around information technology. Each systems engineer

cultivates their own specialization and collaborates to bring development projects to a successful conclusion.

To consistently support improved client value with the latest technology, we aggressively promote cooperation with reliable partner companies both in and outside of Japan. This is one factor that enables NRI to continuously offer high value added.

Approaching Vital Information Systems from Client Operations and Information Technology Perspectives

AEs are responsible for the development of applications for executing client operations. Their most important role is the design of realistic information systems by understanding the true nature of operations and issues present, and determining the functionality necessary to enact and resolve them.

First, through extensive communication with clients, AEs gain an understanding of industry knowledge and expertise, as well as frontline operations. Other strengths of NRI's AEs are their ability to share issues with the client's managers, understand a client's business advancement needs, and to

delve into everything from utilization methods to marketing in order to propose and design information systems.

TEs, meanwhile, lead projects by designing and constructing IT platform for the information systems that clients need. To ensure mutual collaboration between diverse hardware and software, as well as smooth operations, TEs investigate a wide variety of technological elements, proposing effective IT platform in areas such as information system processing capacity, safety and quality.

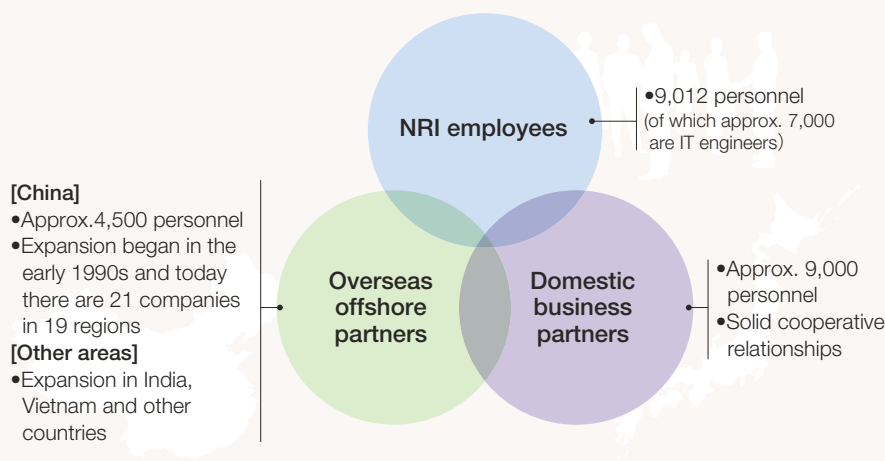
Constructing high efficiency, high quality, and easy-to-use information systems—ample human resources in applications and IT platform are another major strength for NRI IT services.

Sources of Competitive Edge

Project Managers, Vital to Projects

Pulling these systems engineers and partners in Japan and abroad together to guide the development project to success in terms of quality, schedule and cost, as well as maximizing value added, is the project manager (PM). NRI has a number of PMs capable of handling development of large-scale and progressive information systems, enabling it to execute domestic and overseas projects and deliver substantial value.

Human Resources Supporting Business



Note: The number of personnel is as of 31st March, 2015.

Working Together with Business Partners



NRI and our business partners share NRI's management policy and have worked hand in hand for many years on various activities, including quality improvements.

NRI concludes e-Partner Contracts with business partners that have particularly specialized operational know-how and IT capabilities, under which they work closely together on project management and other aspects.

As of 31st March, 2015, there were a total of nine business e-Partners in Japan and overseas.

Sources of Competitive Edge

Utilization of Offshore Partners

NRI led the industry in taking on offshore development in China, and has created a network of talented and reliable partner companies spanning India, Vietnam and other countries, as well. By sharing concepts and quality management in information system development, as well as mechanisms for enhancing productivity, the utilization of offshore partners not only supplements resources that NRI employees or domestic partners may lack, but will also play a vital role in future NRI efforts to expand its global business.



Information System Maintenance, Management and Operation

Bringing High “NRI Quality” to Data Center Operations

Climate Emphasizing Management and Operation Fostered by a User’s Perspective in Information Systems

For information system users, a critical point is stable and efficient system management and operation. This emphasis on management and operation is deeply embedded in the orientation of NRI’s IT solutions department, which emerged from the Electric Data Processing Division of user of information systems, Nomura Securities Co., Ltd. At NRI, we moved early on to build a business model for outsourcing information system management and operation, which has offered the benefit of minimizing the management resources clients needed to spend on information systems. This has also become one element supporting NRI’s stable profitability.

Improving Value Added through Constant Quality Improvement and Efficiency

We recognize that high quality and high reliability are expectations that clients have of NRI. We continue to meet these expectations through constant commitment to quality, and efforts to maintain it at high levels.

By utilizing high-quality data centers, original management and operation software packages, and other assets, NRI enhances management and operation efficiency through remote monitoring and other actions, while leveraging expertise in BCP/DR* and other areas for the safe

management and operation of the information systems that serve as core infrastructure for clients and industry. We also strive to maintain and improve operational quality by visualizing, analyzing and improving operator workflow.

In NRI’s information system management and operation services, continuing to preserve high reliability and constantly advancing are, we believe, directly connected to earning client trust.

*BCP is an acronym for Business Continuity Plan, while DR is for Disaster Recovery. Together, these terms refer to preparations and responses for maintaining viable business operations after major earthquakes and other unexpected crises.



Data center central control room

Sources of Competitive Edge

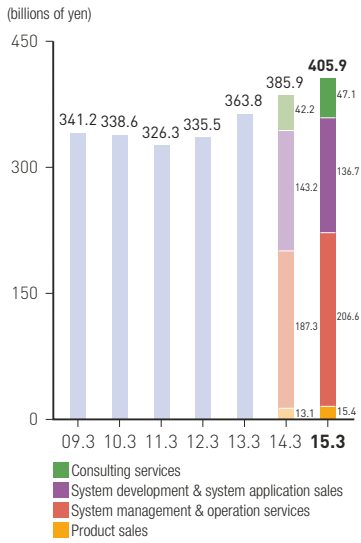
Professionals Supporting Large-scale Systems

Of the information systems NRI manages and operates, some are shared by many clients, while others have become de facto standards in their respective industries. To ensure that these information systems, which in many cases are now social infrastructure, can continue to stably operate without stoppages under any conditions demands the efforts of a variety of professionals. Specifically, this requires professionals responsible for planning, management and operations in areas such as management and operation systems (monitoring and control of the elements comprising large-scale systems), the facility environment that powers these systems, and sophisticated management and operations workflow for sustaining operations 24 hours a day, 365 days a year. These professionals work to raise quality while making various improvements to make management more efficient.

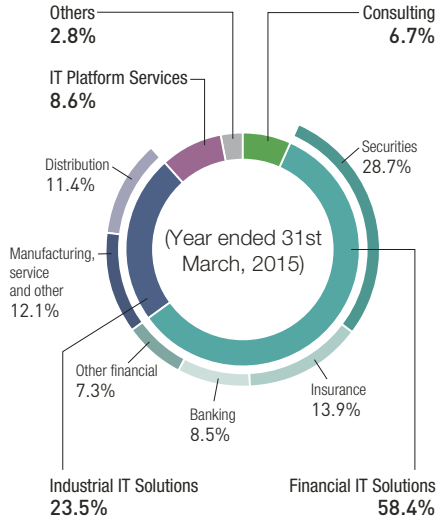
With backup systems in place for any situation, and high-quality operations management through operator-side involvement from the design stages, data center operations work is evolving daily at NRI.

Financial and Non-Financial Highlights

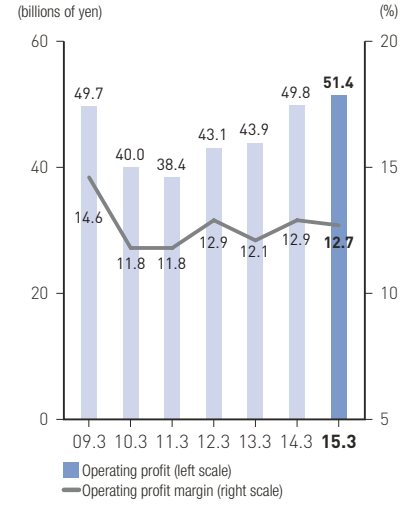
► Sales



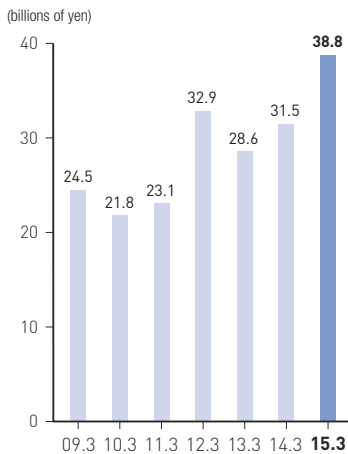
► Sales to external customers by segment



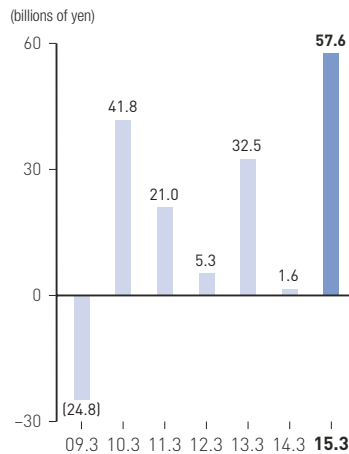
► Operating profit / Operating profit margin



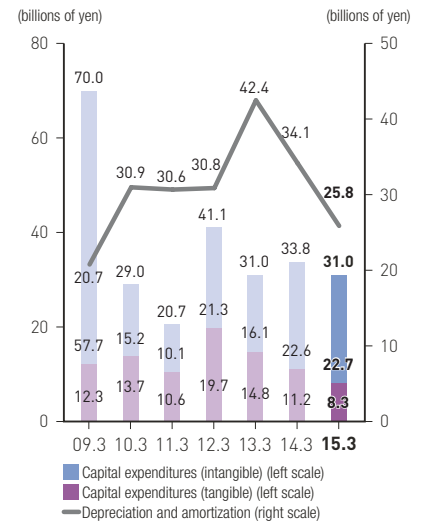
► Net income



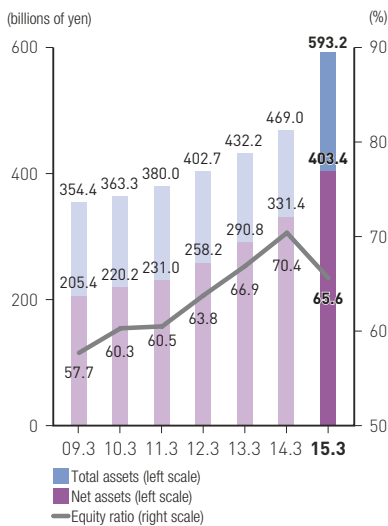
► Free cash flows



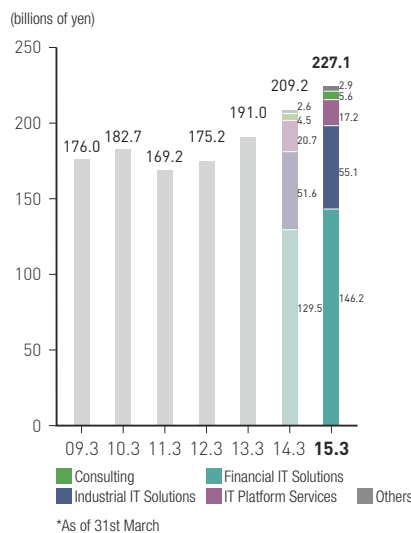
► Capital expenditures / Depreciation and amortization



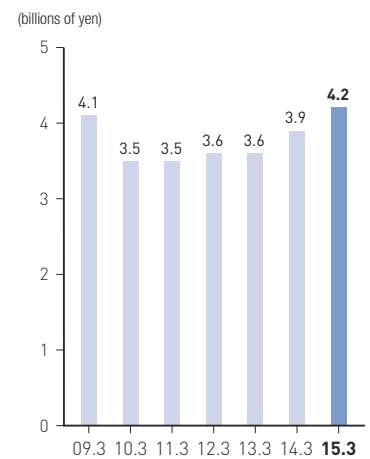
► Total assets / Net assets / Equity ratio



► Order backlog*

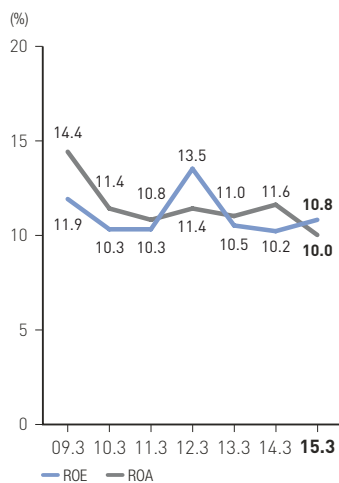


► Research and development expenses

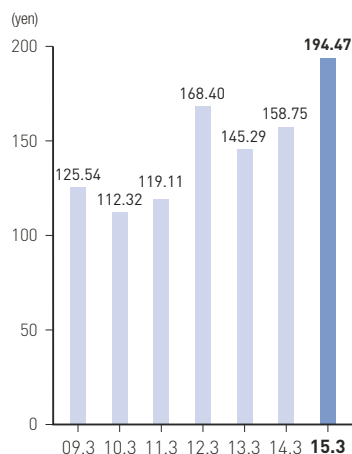


Note: Amounts of less than 100 million yen were rounded down.

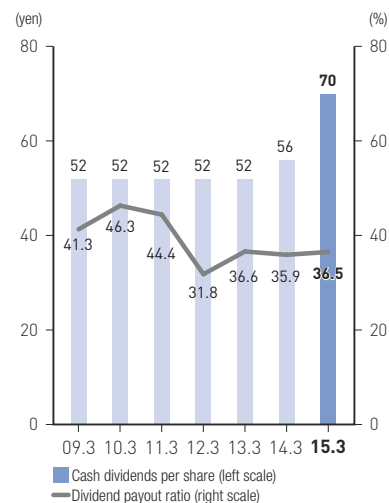
▶ROE / ROA



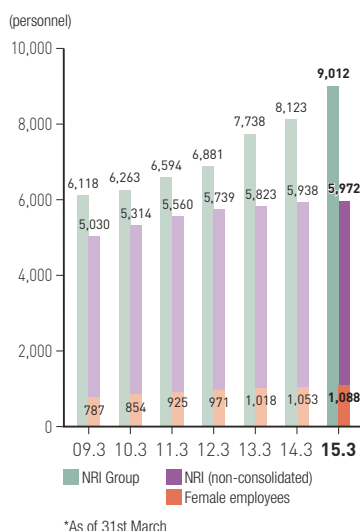
▶Net income per share



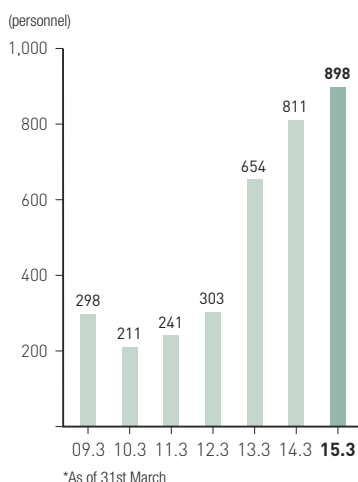
▶Cash dividends per share / Dividend payout ratio



▶Number of employees*



▶Personnel at overseas bases*



▶Information technology engineer*

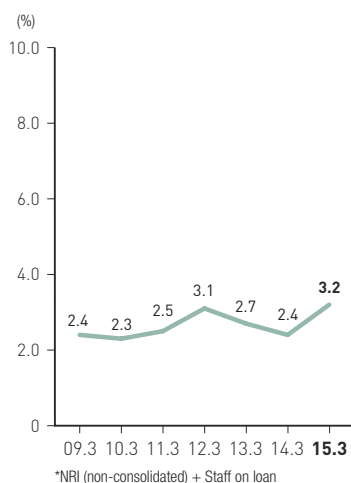
(personnel)	13.3	14.3	15.3
Systems auditor	277	298	317
IT service manager	297	320	341
Information security specialist	700	836	951
Database specialist	560	625	689
Network specialist	827	861	886
Project manager	579	657	693
System architect	766	816	848
IT strategist	165	209	246
Total	4,171	4,622	4,971

*NRI (non-consolidated) + Staff on loan

*Information technology engineer is a holder of a national certification offered by the Information-Technology Promotion Agency, which serves as the testing body designated by the Minister of Economy, Trade and Industry.

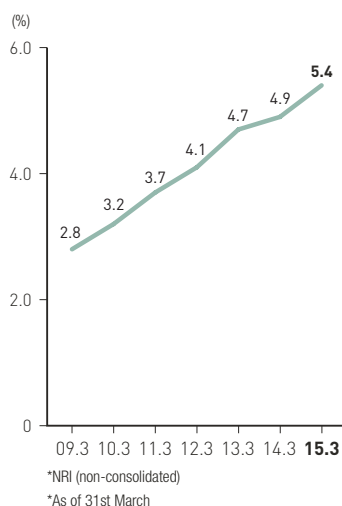
*As of 31st March

▶Attrition rate*



*NRI (non-consolidated) + Staff on loan

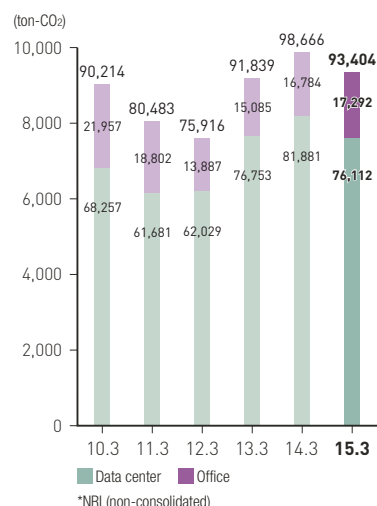
▶Percentage of females among senior professionals*



*NRI (non-consolidated)

*As of 31st March

▶CO₂ emissions*



*NRI (non-consolidated)

*Calculated by multiplying the amount of electricity used by NRI on a non-consolidated basis by the real emission factor of Tokyo Electric Power Company released by the Ministry of Economy, Trade and Industry.

▶ For human resources strategy, see pp. 46-47; for environmental protection, see p. 51

▶ For more details on financial data, see pp. 52-53

Segments at a Glance

Business Lines

Competitive Advantages & Key Figures

Consulting

Our services range from policy recommendations, strategy consulting and operational consulting offering support for business reform to systems consulting for all phases of IT management.

We also have a strong track record in the Asian market, where we have been tapped for numerous consulting projects by Japanese companies as well as local companies and governments in China and other parts of Asia.

- One of Japan's Leading Consulting Firms
- NRI's Brand Built by Providing Recommendations and Propagation of Intellectual Assets

NRI Consultants in Japan and Abroad

Approx. **900** personnel*

*As of 31st March, 2015

Financial IT Solutions

NRI provides IT services, including systems consulting, system development, system management and operation, and shared online services mainly for such industries as securities, insurance, banking, and other financial sectors.

NRI aims to strengthen business in sectors including securities and asset management while also expanding business in the banking and insurance industries to attract new clients and broaden the use of shared online services.

- System Development capabilities based on in-depth knowledge of business in client sectors
- Shared Online Services

STAR

Number of clients

Market share

66 firms*

Over **50**%

*As of 31st March, 2015

Industrial IT Solutions

Operations in this segment comprise systems consulting, system development and system operation services for the distribution, manufacturing, service and public sectors. Information systems applying our know-how in areas such as the building of supply chain management (SCM) systems and client management are one of our strengths, and we also broadly make available cross-industry shared online services that support e-commerce.

- Project Management Capabilities
- Expanding Client Base

Sales Ratio to External Customers

FY Mar. 2008

FY Mar. 2015

Approx. **19**% → Approx. **24**%

IT Platform Services

Operations in this segment comprise the provision of services such as the management and operation of data centers and IT platform/network development to the Financial IT Solutions and Industrial IT Solutions businesses. This business also provides IT platform solutions and information security services to clients in various industries. We also carry out research toward development of new IT solution businesses and products, and research in cutting-edge information technology.

- Ability to Build IT Platforms
- Highly Disaster-resilient Data Centers

Tokyo Data Center I

First in Japan to Acquire

M&O* Certification

*International data center operation standard certification defined by Uptime Institute, a U.S.-based private-sector industry consortium.

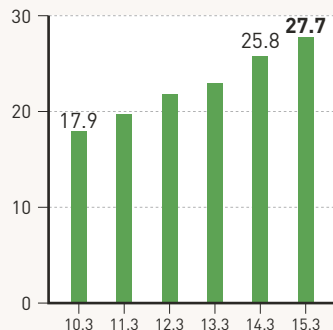
Notes: 1. From the fiscal year ended 31st March, 2011, NRI has applied the "Accounting Standard for Disclosures about Segments of an Enterprise and Related Information"; the figures for the fiscal year ended 31st March, 2010 appear with this standard retroactively applied.
2. There was a partial revision to segment categorization for the fiscal years ended 31st March, 2012 and 2013. The prior-year figures for both fiscal years reflect this change in categorization.

Key Achievements in FY March 2015

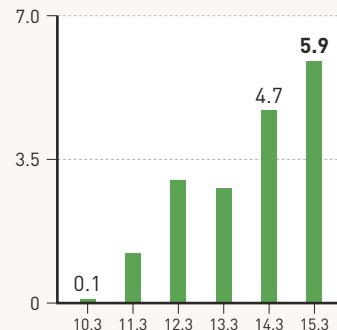
Spurred by improved corporate earnings, consulting related to corporate structural reform and systems consulting, which supports companies in projects to upgrade their information systems, have increased. NRI has seen profits grow dramatically thanks to improved capacity utilization rates driven by sales growth.

As a result, sales were ¥27,749 million (up 7.5% year on year), while operating profit was ¥5,959 million (up 26.6% year on year).

Sales (billions of yen)

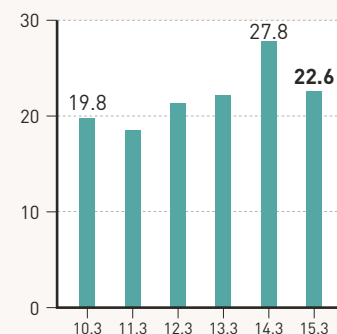
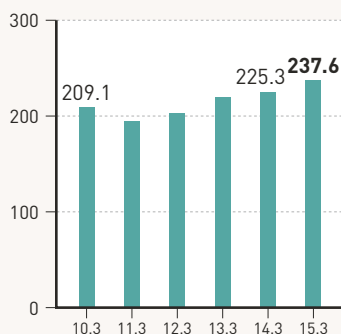


Operating profit (billions of yen)



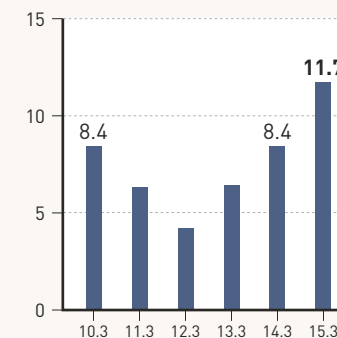
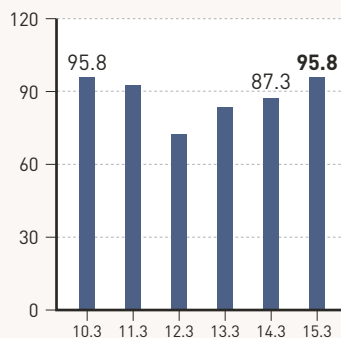
Growth in clients and services in shared online services contributed to sales growth, as did business from DSB Co., Ltd., a member of the NRI Group since April 2014. On the other hand, in several system development projects, expansion in development scale caused subcontracting costs to exceed budget, leading to a loss in profitability for these projects.

As a result, sales were ¥237,649 million (up 5.5% year on year), while operating profit was ¥22,621 million (down 18.7% year on year).



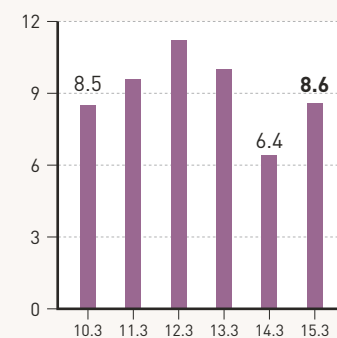
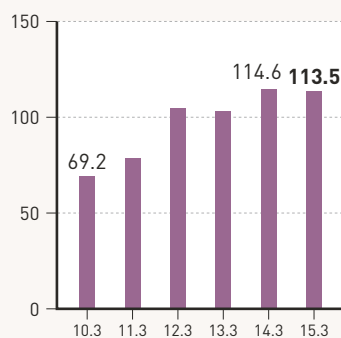
NRI's provision of IT services increased broadly across industry sectors, such as distribution, manufacturing and services. Rising capacity utilization rates due to increased sales, coupled with improved profitability for system development projects, led to record-high earnings for the segment.

As a result, sales were ¥95,857 million (up 9.7% year on year), and operating profit was ¥11,790 million (up 40.2% year on year).



Performance was impacted by the absence this term of significant sales for large-scale IT platform development projects reported in the previous fiscal year. Profits grew, however, mainly as higher capacity utilization rates for Tokyo Data Center I offset the effects of lower profitability or losses stemming from several projects.

As a result, sales were ¥113,505 million (down 1.0% year on year), while operating profit was ¥8,636 million (up 33.5% year on year).



3. Monetary amounts listed are rounded down to the nearest unit.

4. Sales for each segment include intersegment sales.

Consulting

Major Recent Successes Toward Completion of Vision 2015

NRI boasts roughly 700 active consultants in Japan, the largest scale of its kind in the country in terms of quality and volume. In this segment, NRI leverages its advantage, the ability to offer both operation and systems consulting as a set package, to support enhancement of its client companies' competitiveness. Furthermore, backed by an extensive track record of consulting in industrial sectors, NRI is working to expand its client base in industrial sectors through marketing activities built on collaborations with the IT solutions and consulting segments.

Outside Japan, we are growing our network, centered on China and other markets in Asia, with approximately 200 local consultants currently active across nine sites. Beginning with Japanese companies expanding abroad, NRI is also winning consulting projects from governments and others as it builds an expansive record of work overseas.

In step with a recovery in business performance, many companies have opted to tackle future-oriented business development and structural reforms, leading to a spike in reform support needs. NRI has highlighted the appeal of its operation consulting, backed by experience in supporting many companies in enacting reforms. Efforts here have resulted in both client base expansion and larger projects.

Recently, client IT departments have faced a variety of issues, among them shortages in human resources with the necessary skills to respond to aging information systems and to apply systems to new businesses. Reform and

enhancement support needs for such IT departments are mounting, spurring a rapid increase in projects.

Priority Strategies in the Final Year of Vision 2015

Client demands are expected to remain high with respect to strategic consulting, operation consulting and systems consulting. While remaining well-versed in client operations and building relationships of trust, NRI will offer consulting services tailored to resolving client issues. In doing so, we will further expand our client base and promote increased client size as we aim for growth.

We will take steps to expand operation consulting as well by broadening the service lineup. Two examples here, among others, are supporting responsiveness to social regulatory changes, as well as support for utilizing massive data generated in-house. In fact, NRI has already built a strong track record in providing response support for the "My Number" system (social security and tax number system) that will go into force in Japan in January 2016.

Furthermore, as seen, for example, in the way that NRI consultants have recommended reform proposals regarding regional revitalization in Japan from a host of different angles, the 50th anniversary of the founding of NRI provides the opportunity to be more dynamic in making social recommendations for which NRI is known.

▶ For more on global business, see pp. 33-34

Recent Examples of Operation Consulting

Private-sector companies

Client	Business
Pharmaceutical manufacturer	Whole-company structural reform <ul style="list-style-type: none"> Promotion support via project management office (PMO) of multiple internal projects, including cost structure reform and personnel management system reform
Freight and transport company	Business structural reform support <ul style="list-style-type: none"> Companion-style support for enactment of large-scale reforms, including organizational realignment and business reinforcement via M&A activity
Beverage manufacturer	Operations reform support <ul style="list-style-type: none"> Support for enactment of large-scale sales organization reform and accompanying management system reform

Public/government agencies

Client	Business
Ministry of the Environment	Promotional support for decontamination project <ul style="list-style-type: none"> "Decontamination information management support" and "Operational support for Fukushima Environmental Revitalization Office guiding promotion"
Ministry of Economy, Trade and Industry	Support for medical globalization project <ul style="list-style-type: none"> Support for enactment of global expansion by the government (+private companies) and related assistance operations by private companies
Ministry of Internal Affairs and Communications	Support for management of Geo-Spatial City Development Project <ul style="list-style-type: none"> Contracted for all operations, from selection of "Geo-Spatial City Development Project" pilot project to contracts, progress management, and success confirmation

Practical Guide to Reforms Proposed by NRI



(Dec. 2014, published by CHUOKEIZAI-SHA, INC.)



(Dec. 2014, published by NRI)

Financial IT Solutions

Major Recent Successes Toward Completion of Vision 2015

In this segment, under Vision 2015, NRI is promoting the advancement of financial sector services, most notably expansion of its industry-standard business platforms (shared online services). Shared online services are a major advantage for NRI, and embody industry and operational knowledge and expertise cultivated in system development for individual companies, resulting in pro-privately developed high-value-added cloud-style services.

Against the backdrop of the “shift from ownership to use of information systems” among Japanese companies, NRI has further extended its market share in existing shared online services, including in STAR (integrated back-office system for retail securities firms). Additionally, client numbers are growing steadily for shared online services in new fields, including for Internet banking solution “Value Direct” and “Advisor Platform,” a solution that supports proposal-oriented marketing operations for financial institutions.

For the STAR business, NRI is providing a wide range of services in conjunction with the business process outsourcing (BPO) business for securities clerical workflow conducted by DSB Co., Ltd., a consolidated subsidiary since April 2014.

Priority Strategies in the Final Year of Vision 2015

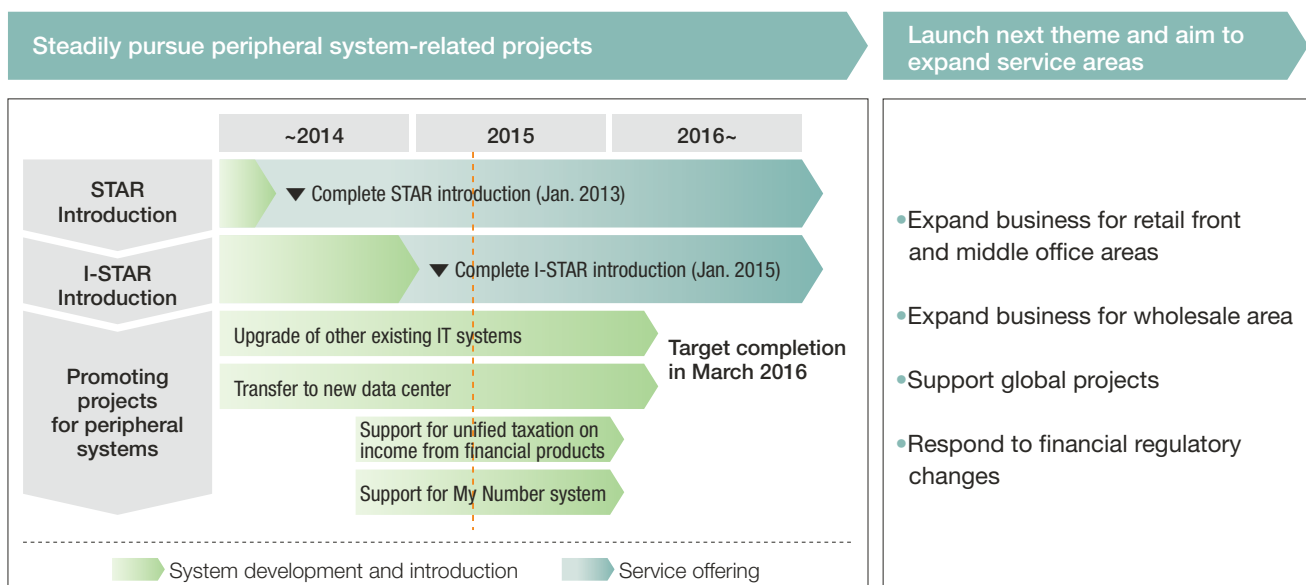
First, we will push decisively ahead toward completing of upgrading IT systems of Nomura Securities Co., Ltd. in Japan by 31st March, 2016. In a follow-up to STAR in January 2013, in January 2015, NRI began offering “I-STAR” (integrated back-office system for wholesale securities firms). As a strategic partner, we will strive to expand service areas further by supporting the future IT strategies of the Nomura Group, including Nomura Securities Co., Ltd.

Responding to financial regulatory changes, such as the “My Number” system, unified tax on financial products and Junior NISA (individual savings accounts for investors who are younger than 20 years old that provide tax exemptions for small-scale investments), will be important. Seizing these opportunities, NRI will take steps to develop new clients for shared online services and expand new services.

In the insurance sector, meanwhile, NRI is moving large-scale system development projects forward, including system renewal and system reconstruction accompanying industry realignment. By responding steadily to these needs, NRI will aim for business expansion through service area growth.

▶ For more on shared online services, see pp. 28-29; for more on global business, see pp. 33-34

Completion of Upgrading IT systems of Nomura Securities in Japan and Expanding New Service Areas



Mini Feature

Shared Online Services

High-Value-Added Services Made Possible by NRI

One of the major strengths of NRI's shared online services is standardization of information systems necessary to conduct clients' operations.

From the time of one of its predecessors, Nomura Computer Systems Co., Ltd., NRI has been involved for many years in the development of custom-made information systems for the securities sector. NRI has developed STAR, a shared online system for securities firms launched in 1974, by taking advantage of accumulated operational background and expertise to develop a system that consolidated functions viewed as required standards for those companies. This system could be considered the precursor to shared online services.

STAR, the integrated back-office system for retail securities firms, has evolved over the more than four decades since its debut into a prime example of NRI shared online services. Today, the system is used by many clients, among them second- and middle-tier securities companies, and has become the de facto standard in the industry. In January 2013, we also began providing services to Nomura Securities Co., Ltd., which elevated the status of STAR further as an industry-standard system able to meet the needs of the industry's largest securities company.

The securities industry demands advanced functionality, scalability, reliability and security—all characteristics of NRI shared online services. As for services that meet the requirements of financial institutions and their demands for high-level quality, NRI realizes such through system

management and operation at its own data centers. Data centers and other IT platform are another important source of value added.

▶ See p. 31 for more on IT Platform Services and p. 32 for more on data centers

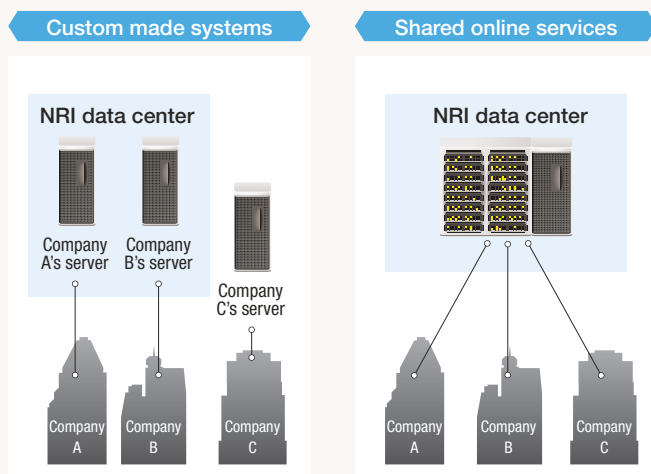
Growing Business Opportunities from the Shift from Ownership to Use of Information Systems

NRI has many shared online services beyond STAR that have established positions as de facto industry standards. For the securities and asset management sectors, there's "I-STAR," the integrated back-office system for wholesale securities firms, "T-STAR," a trust asset management system for investment trust management firms, and "BESTWAY," an account management system for over-the-counter sales of investment trusts. At many Japanese companies, the shift away from the development, management and operation of proprietary information systems to the use of external services, such as outsourcing and universal applications, is gaining strength. This ongoing "shift from ownership to use of information systems" is further broadening business opportunities for shared online services.

Reliable Responsiveness to Regulatory Changes Is Another Appealing Point

The simultaneous use of shared online services by multiple companies not only enables clients to lower their IT

▶ Comparison of Custom Made Systems and Shared Online Services



Examples of Shared Online Services		(number of clients)
STAR	Integrated back-office system for retail securities firms	66 firms
I-STAR	Integrated back-office system for wholesale securities firms	27 firms
T-STAR	Trust asset management system for investment trust management firms	70 firms
BESTWAY	Account management system for over-the-counter sales of investment trusts	109 firms

*The number of client is as of 31st March, 2015.

costs, but also frees them from having to respond individually to regulatory changes. For companies, an individual, stand-alone response to regulatory changes in information systems is an enormous burden. For clients, NRI's swift and reliable response to such changes, which it then offers as shared online services, delivers huge benefits by reducing both the labor burden and costs clients face.

The introduction of NISA (tax-exempt investment account for small investments) in January 2014 provided NRI a major opportunity for clients to fully experience the merits of shared online services. NRI, from early on, had researched and examined ISA, the UK system that served as the model for NISA. And because we were involved from the planning of the system, NRI was able to start marketing of NISA-related business in advance of competitors. In addition to STAR, we offered functions compatible with NISA for BESTWAY and Value Direct as well, enabling NRI to successfully grow the number of users.

Support for "My Number" System: Provision of BPO-Paired Integrated Services

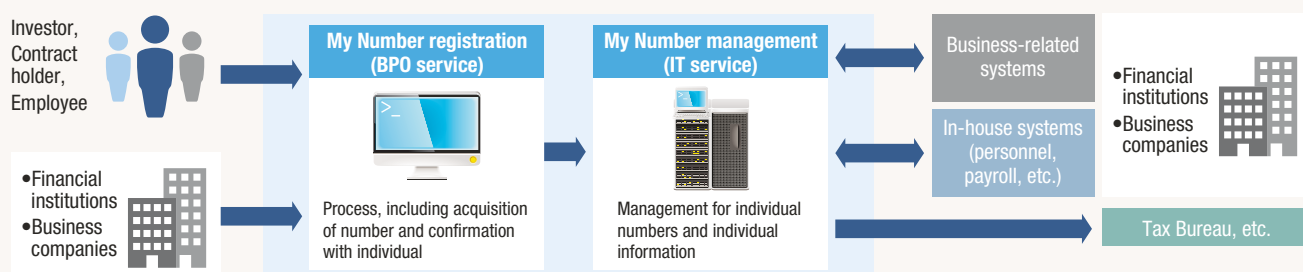
A number of changes to the financial system have emerged, among them the "My Number" system, unified tax on financial products, and Junior NISA. Of the changes mentioned, the impact of the My Number system is being broadly felt by financial institutions, making it a change to which they must respond. NRI has, in particular, researched and examined independently the impact on

private-sector companies. They are being required to follow strict procedures and management protocols, and will need to verify and review all clerical workflow before the system is enacted in January 2016. Documents that require My Number to be listed are wide ranging, which will not only significantly increase the corporate clerical burden, but also expenses for the proper management of specific personal information. At NRI, by combining shared online services with DSB Co., Ltd.'s BPO services for clerical work, we will provide companies including financial institutions and with a My Number registration and management service. This service will integrate everything from My Number registration through to management, in a bid to expand business further.

Business Domain Expansion for Shared Online Services

While NRI shared online services have, until now, mainly targeted back-office workflow, these services continue to spread into new fields. The space for developing the fields of front and middle office clerical workflow remains wide. For this reason, NRI has high expectations for the growth potential that exists.

Image of My Number Registration and Management Service



	2014	2015	2016~
Introduction schedule of My Number system	<ul style="list-style-type: none"> Law officially announced by competent ministry Guidelines published 		<ul style="list-style-type: none"> Number cards distributed System goes into effect
NRI schedule for service launch	System trends survey, review and plans for service launch	System development	Service launch

Industrial IT Solutions

Major Recent Successes Toward Completion of Vision 2015

In this segment, NRI is promoting business expansion into industrial sectors, as targeted in Vision 2015. Until recently, Consulting and IT Solutions partnered in marketing activities that targeted flagship companies in industrial sectors, and made strides in efforts to expand the client base namely through the prime account strategy, which seeks to capture large-scale IT services projects.

In addition to Ajinomoto Co., Inc., whose information systems subsidiary joined the NRI Group in April 2012, business to KDDI CORPORATION also grew. Together with a long-time client, Seven & i Holdings Co., Ltd., NRI now counts three major clients from industrial sectors.

For large clients, including the above-mentioned three major ones named, NRI provides and proposes these information systems vital to the growth strategies of each company. By building stronger relationships, we can be more proactive in activities that increase the size of clients, which extends our service domain. And we are marking steady success in doing so. In February 2014, NRI entered a capital and business alliance with Marubeni Corporation, and took a 20% equity stake in Marubeni IT Solutions Inc., established by Marubeni in April 2014. From the IT services side, NRI is providing support for Marubeni, a general trading company,

as it develops a diverse range of businesses in Japan and overseas.

Moreover, successes are emerging from our work in system development utilizing enterprise resource planning (ERP) packages from SAP and others. We are steadily building achievements, including assisting clients, where NRI has experience over many years supporting information system development and management and operation, in using SAP on Amazon Web Services to renovate their core systems. In December 2014, we entered into a capital and business alliance with Toyo Business Engineering Corporation, a company with a strong history in supporting ERP development and adoption, particularly of production management systems for the manufacturing sector.

Priority Strategies in the Final Year of Vision 2015

In parallel with steps to deepen trust with clients and increase their size, NRI will advance the prime account strategy in the quest to develop new clients. In the ERP business, by combining NRI's consulting strengths with Toyo Business Engineering Corporation's expertise in ERP adoption, we will bolster our proposal activities framework and heighten competitive advantage, which will help win more projects.

▶3 Priority Fields

Increase size
of clients/
Secure
new clients

Promote
global business

Boost
competitiveness
of ERP business

▶ See pp. 33-34 for more on global business

IT Platform Services

Major Recent Successes Toward Completion of Vision 2015

This segment primarily provides services such as data center operations management and IT platform/network development to the Financial IT Solutions and Industrial IT Solutions segments. As such, the segment plays a key role in supporting NRI's business model.

Opened in November 2012, Tokyo Data Center I (T1DC) is a state-of-the-art data center featuring the most advanced equipment and flexible scalability. Capable of handling even information systems for financial institutions, which demand the highest level of reliability, this data center is positioned as the core site for NRI's shared online services and the NRI Financial Cloud.*1 Outside of T1DC, development of the NRI Financial Cloud is also moving apace at Yokohama Data Center II, where we are aiming to improve cost efficiency. Furthermore, by strengthening all relevant inspection and training, we are improving the quality of data center operation.

*1 NRI Financial Cloud is a service that provides IT platform in the cloud for the provision of shared online services for the financial sector. Using the facilities of one of the most efficient and cutting-edge data centers built, these high integration services aim to reduce IT platform costs while delivering the highest levels of IT controls and operations.

Priority Strategies in the Final Year of Vision 2015

Construction is progressing on a new data center in western Japan (Osaka area), with a target opening date of April 2016. This data center will contribute to clients by responding to growing data center demand in the Osaka area as well as delivering high-quality services that meet Tier 4 and FISC guidelines*2 at a reasonable cost.

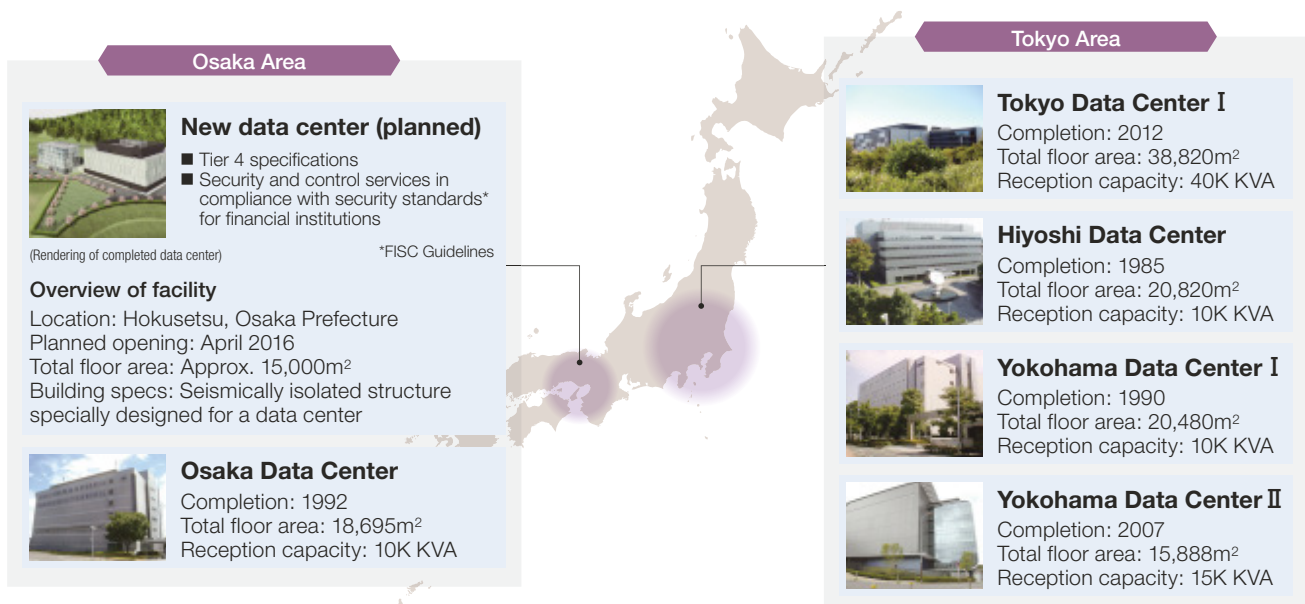
In recent years, the move to enhance information security has spread across society, with growth in related business opportunities expected. At the same time, corporate consciousness around the necessity of BCP/DR*3 is also rising. We will leverage NRI's high-spec data centers to meet these client needs.

*2 Tier is a rating standard for data centers, with 4 the highest level. The Center for Financial Industry Information Systems (FISC) is a public interest incorporated foundation established by the contributions of financial institutions and information system companies to set guidelines for safety measures, security and auditing of information systems used by financial institutions.

*3 Business Continuity Plan (BCP) and Disaster Recovery (DR): preparations and emergency response measures that will enable a business to continue operating in the event of major earthquakes and other disasters.

▶ See p. 32 for more on data centers

▶NRI's Data Centers





**Mini
Feature**

Data Centers

Data Centers Supporting NRI's Business

NRI is entrusted with information systems that are critical and indispensable to client business continuity. Stable, trouble-free operations are thus an absolute requirement for NRI's shared online services and the information systems it manages on behalf of individual clients.

NRI has supported stable management and operation of information systems through four data centers in Japan's eastern Tokyo area and one in the Osaka area. Each site has features clients demand for data centers, including excellent fire and earthquake resistance, as well as high-level security and monitoring systems to prevent information leaks and similar problems, for data centers clients can trust.

Given the importance of BCP/DR, needs around cloud computing and other areas, and the increasing sophistication of information security requirements, the terms and conditions that data centers must meet are becoming more diverse and complex. Specific examples include safety, as in the ability to protect BCP-critical data from major disasters and damage; the flexibility of information systems to adapt to new requirements due to changes in the business environment (scalability); reduction in environmental impact (environmental performance), as well as security and reliability.

T1DC is ready to meet all of these needs, as in the new data center currently under construction in the Osaka area.

Financial Quality Offered by Tokyo Data Center I

In November 2012, T1DC opened as NRI's fifth propriety data center. Securities companies, as well as banks and other financial institutions, require particularly high quality in information system operational stability and information

security. This state-of-the-art data center delivers services that meet the rigorous levels required. The prime location selected offers a foundation and elevation providing resistance to earthquakes and tsunamis, and is within 30 kilometers from the center of Tokyo, allowing for rapid response should a crisis occur. On this site, we built a facility with building specifications and seismic resistance that conform to the safety measure standards applicable to financial institutions, along with cutting-edge base-isolation technology that also reduces vertical shaking. The data center has also adopted a double-deck system, a revolutionary breakthrough in energy-saving design.

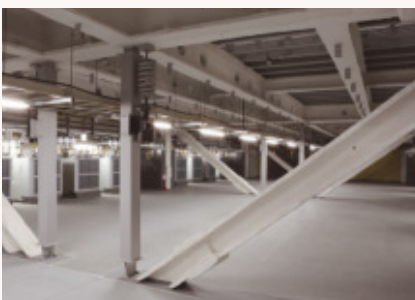
► For more on the environmental protection, see p. 51

Received Certification of a Global Data Center, M&O Standard, First in Japan



In December 2014, T1DC became the first data center in Japan to receive certification under the Management & Operation standard for data centers defined by U.S.-based private-sector industry consortium Uptime Institute. This certification evaluates daily data center facility operations from

various angles, including "organizational responsiveness," "maintenance management planning," "staff training," "operating policies," and "load management." The high marks T1DC earned suggest that NRI's data center operation capabilities are rated as excellent even by global standards. NRI will continue striving through outstanding data center operation quality to earn the deep trust of its clients.



Maintenance area
(double-deck lower layer: blade structure)



Maintenance area
(rooftop: solar panels)



M&O certification ceremony

Global Business

Until recently, NRI expanded its business mainly through services to the Japanese market. Today, however, global business expansion is increasingly important for achieving medium- to long-term growth. Through aggressive business expansion overseas, NRI is broadening its support for both consulting and IT services that meet the needs of globalizing clients. By growing and reinforcing bases and human resources, and through other actions, we are establishing a framework to support these operations. Our network of overseas bases is now at over 20, with the number of employees working outside of Japan now up to roughly 900. In tandem with business expansion, we are taking steps to ensure robust administrative functions, including governance, in our global business.

Consulting

Major Recent Successes Toward Completion of Vision 2015

Leveraging years of experience in the Japanese market, NRI's service scope is widening to include not only Japanese companies expanding operations abroad, but also local governments and companies, as well. NRI Taiwan, which celebrated the 20th anniversary of its establishment in 2014, and NRI Seoul, set to mark the same milestone in 2015, both count local governments and companies as the bulk of their clients.

Furthermore, through business alliances, NRI is expanding and reinforcing not only sites in China and the other parts of Asia but also its global network in other regions. In July 2014, NRI built a strategic cooperative relationship with German consulting company h&z Management Consulting (h&z). In addition to permitting more robust collaboration with companies in Europe, this move has enabled NRI to offer wide-ranging consulting services in the region. Cooperative business ties are also increasing with government institutions

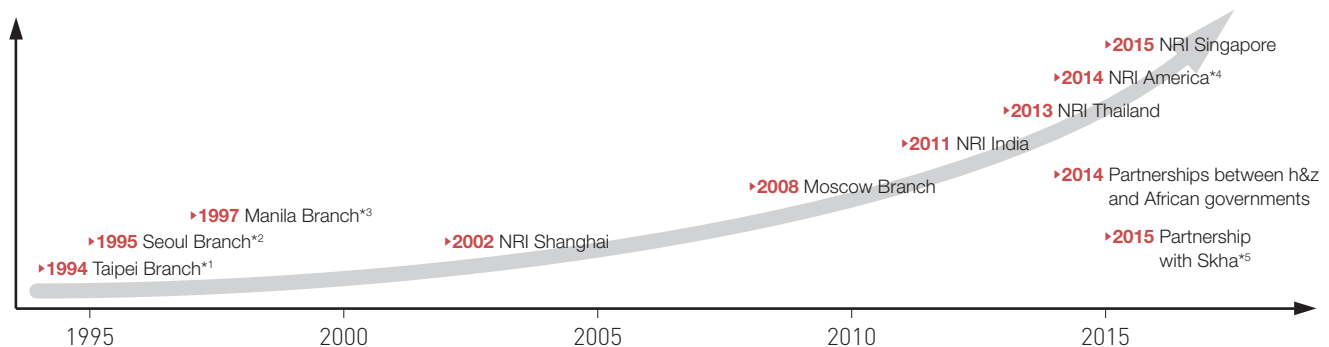
in countries across Africa. In February 2015, the Department of Trade and Industry of the Republic of South Africa joined as another such entity. For Japanese companies exploring expansion into the African market, NRI offerings include providing information and broad support.

From these initiatives, sales related to global business have grown to account for approximately 30% of consulting-business-related sales.

Priority Strategies in the Final Year of Vision 2015

We intend to further accelerate the pace of global business growth. By bolstering ties between our Tokyo headquarters and overseas bases centered on industries and fields (public, social-related, etc.), we will better clarify our specialization to move ahead with theme development and marketing. We will also assertively promote the upgrade and expansion of our global network by utilizing M&A activity.

Increasingly Robust Global Network of the Consulting Business (9 bases as of 31st March, 2015)



*1 Currently, NRI Taiwan *2 Currently, NRI Seoul *3 Currently, NRI APAC Manila Branch

*4 New York Office (currently, NRI America) established in 1967. North American bases reorganized in 2014

*5 PT. Skha Indonesia. Consulting company in Indonesia

► For details on the NRI Group's global network, see P.130

IT Services

Major Recent Successes Toward Completion of Vision 2015

The provision of support for the overseas business development of Japanese companies is the core of business in this segment. In April 2014, we reorganized our bases in North America, which culminated in NRI America's Dallas Branch becoming local subsidiary NRI IT Solutions America. In addition to supporting business development by Seven & i Holdings Co., Ltd., this move has strengthened the framework for expanding NRI operations in North America. NRI's record of achievements includes development and support of a global information system scheduled for adoption by Kumon Institute of Education Co., Ltd. (For more details, see "Key Example" below)

For our global SCM solutions*, promoted to sales and production bases of Japanese manufacturers and wholesalers in the ASEAN region, thanks to services that answer the needs of clients seeking to adopt compact information systems with outstanding cost-benefit performance for their bases, the ranks of bases adopting these services is growing steadily. As of 31st March, 2015, 70 companies and 134 bases (15 countries) were counted as users.

In April 2015, NRI acquired U.S.-based Brierley+Partners, Inc. (B+P). Operating mainly in the North American market,

B+P is involved in the development of corporate digital marketing strategies, centered primarily on loyalty programs and customer relationship management (CRM), as well as support for IT services development, management and operation. Taking advantage of expertise amassed in the growing digital marketing market, NRI plans to offer services with even higher value added to more regions.

*Outsourcing services for various operational support systems geared toward Japanese companies with overseas operations. These services range from support for core operations using enterprise resource planning (ERP), the sharing of operational information globally, visualization of the supply chain, and data communication between companies.

Priority Strategies in the Final Year of Vision 2015

After further strengthening our framework, we will expand both support for the overseas operations of Japanese companies and our global SCM solutions business. In addition, we intend to promote expansion of our global business through new business creation, while also considering M&A activity similar to that seen with B+P and business partnerships.

Key
Example

Kumon Institute of Education Co., Ltd.

In 2014, Kumon Institute of Education Co., Ltd. initiated adoption in North America and the U.K. of a next-generation core system provided by NRI that will manage information for 4.3 million students spread across 48 countries and regions, including Japan, and 25,000 classrooms, and is equipped with functions to support instructors. Plans call for the centralized management of information following successive adoption of the system in Europe, Africa, South America, Asia and Japan. The adoption of this system, backed by support on a global scale for design through development, management and operation of an information system forming the core of a client's business activities, makes this an emblematic project for NRI. We will continue to provide support for Kumon's global business expansion.



Children overseas attending Kumon-style classrooms

Structure Supporting NRI's Value Creation

At NRI, our mission is to create our own value by creating value of client and society through business activities. In fulfilling this mission, we focus on business strategy execution, while also establishing and paying attention to priorities for CSR activities, such as training and enhancing the “human capital” to support sustainable corporate value creation, and service quality management. Furthermore, along with putting in place the systems and frameworks that engender relationships of trust with society, including corporate governance, through NRI's unique contribution to society, we will work together with stakeholders to develop pathways forward to a better society.

Key CSR Priorities

Three key priorities give impetus to the NRI's CSR activities.

1

Building a sustainable society for the future

While society has sought to become affluent and has continued along the path of growth to that end, limits can also be seen with that approach. From “macro” problems such as overpopulation, the depletion of natural resources, and global warming, to “micro” problems pertaining to the economies, industries, and living standards in each country and region, issues have piled up which cannot be just passed on to future generations. NRI will contribute to finding solutions for these issues facing society through the recommendations it makes based on our surveys and research and our efforts at building frameworks for a new society.

2

Providing the information infrastructure that is vital to people's lives

Information systems in modern-day society are one of the services essential for the nation's economy and industry, and therefore for people's lives to function. They also enable limited resources to be applied efficiently, and generate new processes and value. The designing, development, and reliable operation of such information systems is at the core of NRI's business. By continuing to build, operate and safeguard trusted information systems, we will be providing a support on which society and people's lives can rest.

3

Developing human resources who can generate innovation

In order to realize our corporate philosophy of Dream up the future, people skilled in exploring new value and frameworks and in creating innovation will be essential. In order to develop these human resources, NRI is proceeding with our efforts, which include building structures and environments receptive to different modes of work for different people, and establishing processes for training those people and evaluating their work. It is also important to foster today's students, on whose shoulders the future of this country and the world rest. NRI has committed itself to a range of different policies that will serve as support for the training of young people.

▶ See the website for more on NRI's CSR Policy
<http://www.nri.com/global/csr/contribution.html>

Members of the Board, Audit & Supervisory Board Members, Senior Managing Directors and Managing Directors

Members of the Board



Tadashi Shimamoto

Chairman and President & CEO,
Representative Director, Member of the Board

1976 Joined the Company
2001 Member of the Board
Division Manager of Advanced Information Technology Division
2002 Senior Managing Director
Division Manager of Advanced Information Technology Division
2004 Senior Corporate Managing Director
Division Manager of Advanced Information Technology Division
Deputy Division Manager of Center for Knowledge Exchange & Creation
2008 Representative Director, Member of the Board, Senior Executive Managing Director in charge of Supervising of Business Divisions
2010 President & CEO, Representative Director, Member of the Board in charge of Supervising of Business Divisions
2015 Chairman and President & CEO, Representative Director, Member of the Board (present)



Masahiro Muroi

Vice Chairman, Member of the Board

1978 Joined the Company
2000 Member of the Board
Division Manager of Business Administration Division of Knowledge Solution Sector
Division Manager of EC Knowledge Solution Business Division
2002 Member of the Board, Senior Corporate Managing Director
Senior COO of e-Solution Sector
2007 Member of the Board, Senior Executive Managing Director in charge of Corporate Planning, Corporate Communications and Information System Planning & Control
Division Manager of Center for Knowledge Exchange & Creation
2009 Representative Director, Member of the Board, Senior Executive Managing Director in charge of Supervising of Corporate Administration, Internal Control, Corporate Planning, Corporate Communications and Information System Planning & Control
2013 Senior Executive Vice President, Representative Director, Member of the Board in charge of Supervising of Corporate Administration, Quality Management & Systems Development Innovation and Risk Management
2015 Vice Chairman, Member of the Board (present)



Akira Maruyama

Vice Chairman, Member of the Board

1979 Joined Nomura Securities Co., Ltd. (currently, Nomura Holdings, Inc.)
2003 Director of Nomura Securities Co., Ltd.
2010 Deputy President, Representative Executive Officer of Nomura Securities Co., Ltd.
President & Chief Executive Officer, Representative Executive Officer, Director of Nomura Institute of Capital Markets Research
2011 President & Chief Executive Officer, Representative Director of Nomura Institute of Capital Markets Research
2013 Member of the Board of the Company
2014 Vice Chairman, Member of the Board (present)



Mitsuru Sawada

Senior Executive Vice President,
Representative Director, Member of the Board
in charge of Special Missions

1979 Joined Fujitsu Limited
1991 Joined the Company
2001 Member of the Board
Division Manager of Systems Consulting Division
2002 Senior Managing Director
Division Manager of Systems Consulting Division
2004 Senior Corporate Managing Director
Division Manager of Systems Consulting Division
2008 Member of the Board, Senior Executive Managing Director in charge of Securities Systems
Division Manager of Securities Systems Division
2012 Representative Director, Member of the Board, Senior Executive Managing Director in charge of Industrial Solutions and China & Asia Region Systems
2015 Senior Executive Vice President, Representative Director, Member of the Board in charge of Special Missions (present)



Hiroshi Itano

Representative Director, Member of the Board,
Senior Executive Managing Director in charge of Supervising of Corporate Administration, Risk Management, Compliance and Health and Productivity Management

1983 Joined the Company
2005 Senior Managing Director
Deputy Division Manager of Services & Industrial Systems Division
2009 Senior Corporate Managing Director
Division Manager of Services & Industrial Systems Division
General Manager of Kansai Regional Headquarters
General Manager of Chubu Regional Headquarters
2014 Member of the Board, Senior Executive Managing Director in charge of Supervising of Corporate Administration, Risk Management and Compliance
2015 Representative Director, Member of the Board,
Senior Executive Managing Director in charge of Supervising of Corporate Administration, Risk Management, Compliance and Health and Productivity Management (present)



Shingo Konomoto

Representative Director, Member of the Board,
Senior Executive Managing Director in charge of Supervising of Business Divisions and Consulting

1985 Joined the Company
2004 Senior Managing Director
Division Manager of Consulting Division III
2010 Senior Corporate Managing Director
Division Manager of Consulting Division
2015 Representative Director, Member of the Board,
Senior Executive Managing Director in charge of Supervising of Business Divisions and Consulting (present)



Ayumu Ueno

Member of the Board,
Senior Executive Managing Director in charge of Distribution, Communication & Industrial Solutions and China & Asia Region Systems
Division Manager of Industrial Solution Business Development Division

1983 Joined the Company
2008 Senior Managing Director
Deputy Division Manager of Center for Innovative Systems Research for Management
2013 Senior Corporate Managing Director in charge of Distribution, Communication & Industrial Solutions Division Manager of Distribution & Communication Solution Division
2015 Member of the Board,
Senior Executive Managing Director in charge of Distribution, Communication & Industrial Solutions and China & Asia Region Systems
Division Manager of Industrial Solution Business Development Division (present)



Takashi Sawada

Member of the Board^(Note 1)
President and CEO of Revamp Corporation

1981 Joined ITOCHU Corporation
1997 Joined FAST RETAILING CO., LTD.
1998 Executive Vice President & Chief Operating Officer of FAST RETAILING CO., LTD.
2003 Representative Director and CEO of Kiaco Corporation
2005 Representative Director of Revamp Corporation
2008 Member of the Board of the Company (present)
2011 President and CEO of Revamp Corporation (present)
2013 Outside Director of SECOM CO., LTD. (present)
2014 Outside Director of K'S HOLDINGS CORPORATION (present)
2015 Outside Director of Link and Motivation Inc. (present)



Shohei Utsuda

Member of the Board^(Note 1)
Counselor of MITSUI & CO., LTD.

1967 Joined MITSUI & CO., LTD.
1997 Director of MITSUI & CO., LTD.
2002 Representative Director, President and Chief Executive Officer of MITSUI & CO., LTD.
2007 Outside Director of TOKYO BROADCASTING SYSTEM HOLDINGS, INC. (present)
2009 Director, Chairman of the Board of MITSUI & CO., LTD.
Outside Director of TOKYO BROADCASTING SYSTEM TELEVISION, INC. (present)
2013 Outside Director of Isetan Mitsukoshi Holdings, Ltd. (present)
2014 Member of the Board of the Company (present)
2015 Director of MITSUI & CO., LTD.
2015 Counselor of MITSUI & CO., LTD. (present)



Miwako Doi

Member of the Board^(Note 1)
Auditor of National Institute of Information and Communications Technology

1979 Joined Tokyo Shibaura Electric Co., Ltd. (currently, TOSHIBA CORPORATION)
2005 Senior Fellow of Corporate Research & Development Center of TOSHIBA CORPORATION
2008 Chief Fellow of Corporate Research & Development Center of TOSHIBA CORPORATION
2014 Auditor of National Institute of Information and Communications Technology (present)
2015 Member of the Board of the Company (present)

Audit & Supervisory Board Members



Mamoru Suenaga

Audit & Supervisory Board Member (full-time)

1979 Joined the Company
2000 Member of the Board
Division Manager of Securities Systems Division
Division Manager of Systems Consulting Division
2002 Member of the Board, Senior Corporate Managing Director
Sector COO of Financial & Insurance Solution Sector
2004 Senior Corporate Managing Director
Division Manager of IT Infrastructure Solution Division
2007 Member of the Board, Senior Executive Managing Director in charge of Distribution and Services & Industrial Systems
2009 Senior Executive Managing Director in charge of Systems Management, IT Infrastructure and Quality Management
2012 Senior Executive Managing Director
2012 Audit & Supervisory Board Member of the Company (present)



Minoru Aoki

Audit & Supervisory Board Member (full-time)^(Note 2)

1982 Joined Nomura Securities Co., Ltd. (currently, Nomura Holdings, Inc.)
2001 Managing Director of Business Conduct Advisory Department of Nomura Securities Co., Ltd.
Managing Director of Ethics & Discipline Department of Nomura Securities Co., Ltd.
2004 Executive Managing Director responsible for retail branch supervision (Tokyo) of Nomura Securities Co., Ltd.
2008 Senior Managing Director of Nomura Securities Co., Ltd.
Head of Nagoya Branch of Nomura Securities Co., Ltd.
2009 Deputy President, Executive Managing Director of Nomura Business Services Co., Ltd.
2011 Deputy President, Director of Nomura Business Services Co., Ltd.
2013 Advisor of Nomura Securities Co., Ltd.
2014 Audit & Supervisory Board Member of the Company (present)



Hirofumi Kitagaki

Audit & Supervisory Board Member (full-time)

1985 Joined the Company
2000 General Manager of Asset Management System Services Consulting Department
2002 General Manager of Audits' Department
2006 General Manager of Internal Control Department
2010 General Manager of Office of COO
2011 General Manager of Corporate Strategy Department
2015 Senior Manager of Center for Corporate Planning
2015 Audit & Supervisory Board Member of the Company (present)



Hisatsugu Nonaka

Audit & Supervisory Board Member^(Note 2)

1970 Joined Tokyo Shibaura Electric Co., Ltd. (currently, TOSHIBA CORPORATION)
2003 Executive Officer, Corporate Vice President of TOSHIBA CORPORATION
2005 Executive Officer, Corporate Senior Vice President of TOSHIBA CORPORATION
2007 Executive Officer, Corporate Executive Vice President of TOSHIBA CORPORATION
2008 Director, Representative Executive Officer, Corporate Senior Executive Vice President of TOSHIBA CORPORATION
2009 Senior Adviser of TOSHIBA CORPORATION
2011 Outside Director of Miraca Holdings Inc. (present)
2013 Audit & Supervisory Board Member of the Company (present)



Kiyotaka Yamazaki

Audit & Supervisory Board Member^(Note 2)

Managing Partner of GYOSEI & CO.

1979 Joined M. Serizawa & CO. (CPA Office)
1983 Registered as a certified public accountant
2005 Partner of M. Serizawa & CO. (currently, GYOSEI & CO.)
2006 Managing Partner of GYOSEI & CO.
2007 Vice Executive Director, Partner of GYOSEI & CO.
General Manager of Head Office Tokyo of GYOSEI & CO.
2010 Managing Partner (CEO) of GYOSEI & CO.
2014 Audit & Supervisory Board Member of the Company (present)
2014 Managing Partner of GYOSEI & CO. (present)

Notes:

1. Takashi Sawada, Shohei Utsuda and Miwako Doi are Outside Directors. NRI specifies those three members as Independent Directors pursuant to the regulations of the Tokyo Stock Exchange and has notified them to the said stock exchange.
2. Minoru Aoki, Hisatsugu Nonaka and Kiyotaka Yamazaki are Outside Audit & Supervisory Board Members. NRI specifies Hisatsugu Nonaka and Kiyotaka Yamazaki as Independent Audit & Supervisory Board Members pursuant to the regulations of the Tokyo Stock Exchange and has notified them to the said stock exchange.

Senior Managing Directors and Managing Directors (excluding those also serving as Members of the Board)

Senior Executive Managing Director

Harumi Saitou

Senior Corporate Managing Directors

Yoshihito Mitsugi

Tatsuya Watahiki

Yutaka Harada

Masaki Takimoto

Hiroshi Funakura

Shigeki Higashiyama

Hajime Ueda

Masahiro Fuchida

Yoshio Usumi

Masato Matsuo

Senior Managing Directors

Kenji Yokoyama

Tomoyasu Miura

Yoshio Murata

Takuhito Sakata

Fumihiko Sagano

Yasuo Fukami

Yasuki Okai

Shigeki Hayashi

Yoichi Inada

Hiroshi Masutani

Katsuhiko Fujita

Akio Yamamoto

Tomoshiro Takemoto

Hirofumi Tatematsu

Shuji Tateno

Hidenori Anzai

Managing Directors

Minoru Yokote

Namiki Kubo

Ken Ebato

Yuichi Higo

Katsutoshi Murakami

Managing Directors

Shin Kanai

Motoya Nishimura

Hisao Nakajima

Tohru Yasumaru

Susumu Nishimoto

Tetsuro Watanabe

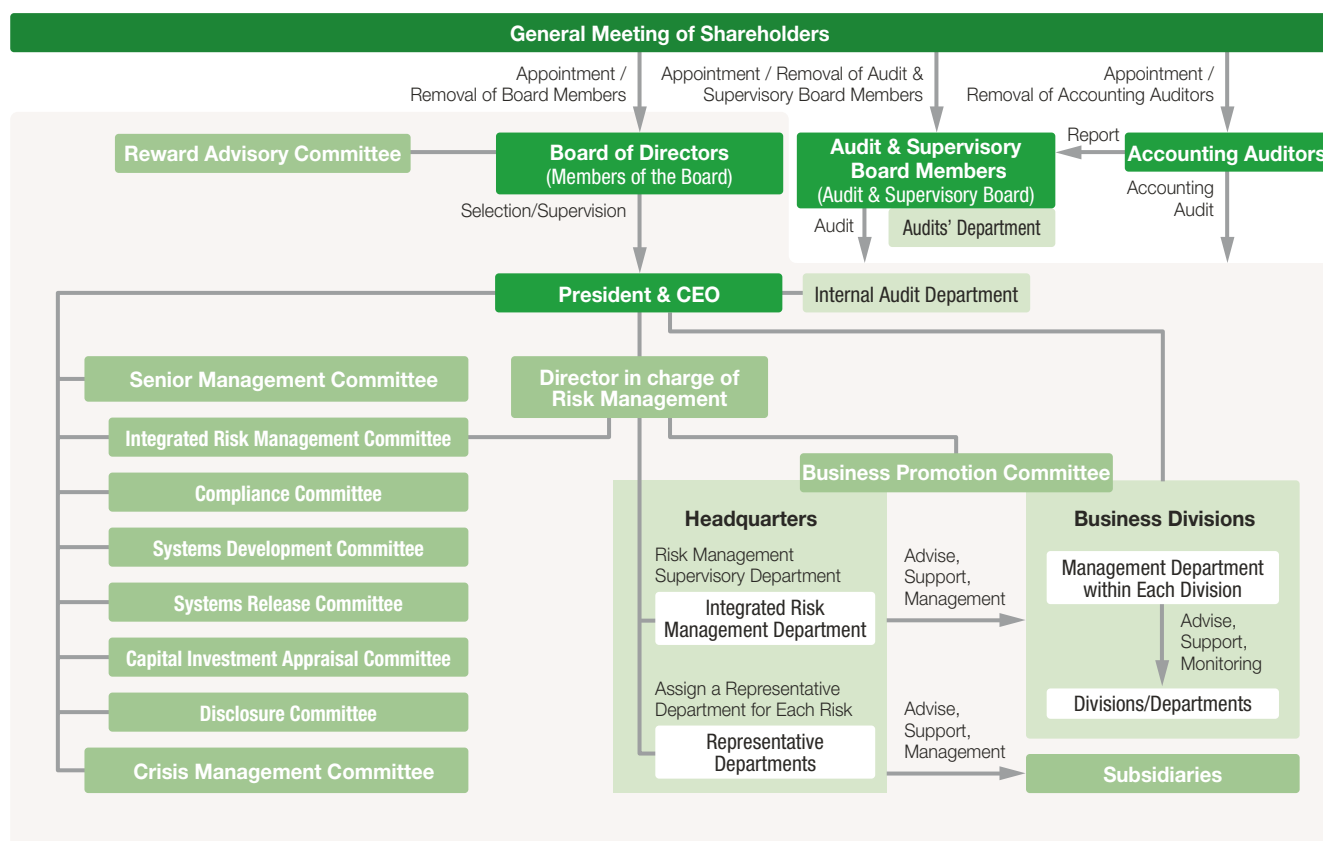
Shigekazu Ohmoto

Yasushi Kobara

Hiroyuki Kawanami

Basic Policy on Corporate Governance

NRI considers that the key objective of corporate governance is to increase our corporate value by making prompt and accurate decisions for our business execution and implementing fair and efficient management, which is transparent to all our stakeholders. NRI is a company with an Audit & Supervisory Board. NRI makes effective use of Audit & Supervisory Board Members and the Audit & Supervisory Board, while building the system's discussed below to further enhance NRI's corporate governance. We believe that NRI's corporate governance system, underpinned by the organizational arrangements of a company with an Audit & Supervisory Board, is functioning effectively.



Roles and Activities of Committees

Reward Advisory Committee	Comprised of outside experts, the Committee deliberates on the system and standards for executive compensation, from the standpoint of fairness and objectivity.
Senior Management Committee	The Committee meets in principle once every week to deliberate on important issues involving corporate management in order to achieve consistent business execution and decision making.
Integrated Risk Management Committee	The Committee deliberates on important issues concerning risk management based on instructions given by the President.
Compliance Committee	The Committee deliberates on the issues concerning the promotion of ethical and compliance management covering the improvement of structure to comply with corporate ethics and laws and the prevention of violation reoccurrences, based on instructions given by the President.
Systems Development Committee	The Committee deliberates on important issues concerning systems development, based on instructions given by the President.
Systems Release Committee	The Committee deliberates on important issues concerning systems releases, based on instructions given by the President.
Capital Investment Appraisal Committee	The Committee deliberates on important issues concerning commercialization investments and contract software development investment projects, based on instructions given by the President.
Disclosure Committee	The Committee deliberates on important issues concerning the disclosure of financial reports and other documents, based on instructions given by the President.
Crisis Management Committee	The Committee is established based on the orders of the President to execute and support prompt responses to a crisis whenever one may occur.
Business Promotion Committee	The Committee involves administrative departments from the headquarters and management departments within business divisions and seeks to establish highly effective and efficient internal controls.

Measures Aimed at Ensuring Meaningful General Meeting of Shareholders

To help invigorate the General Meeting of Shareholders and facilitate the exercise of voting rights, we take steps such as setting meeting dates with the aim of maximizing shareholder attendance and sending meeting notices early on, and have adopted an Internet-based system for exercising voting rights and a platform that allows institutional investors to exercise voting rights electronically. We also undertake activities to improve communications with shareholders. One example is the holding of management briefings following the General Meeting of Shareholders to explain the status of NRI's business and future initiatives primarily to individual investors.

Business Management and Execution System

NRI has 10 Members of the Board, including three Outside Members of the Board. Members of the Board are elected for a one-year term, creating a management system that can respond quickly to changes in the business environment and clarifying all management responsibilities for each fiscal year. By inviting Outside Members of the Board, NRI will energize the Board of Directors and realize fairer, more transparent management. In selecting Outside Members, in addition to independence, emphasis is placed on candidates who possess the breadth of experience and insightful knowledge appropriate for monitoring business execution at NRI from an objective standpoint.

The Board of Directors, in principle, convenes once a month and on an extraordinary basis as needs dictate. Jurisdiction and responsibility for business execution are largely delegated to Senior Managing Directors and Managing Directors, while the Board of Directors is responsible for decisions that become the basis for our business execution and for the supervision of business execution. NRI has established the Reward Advisory Committee, made up of the outside experts to provide advice on Members of the Board compensation.

Senior Managing Directors and Managing Directors appointed through a resolution by the Board of Directors are responsible for the execution of business based on policies adopted by the Board. Representative Directors hold a Senior Management Committee with Senior Managing Directors once a week and deliberate on the key issues for general business to coordinate our business activities and build consensus in executing business operations.

Meetings of Main Organizations for the fiscal year ended 31st March, 2015

Board of Directors' meeting	14 times
Audit & Supervisory Board's meeting	17 times
Outside Directors' attendance at Board of Directors' meetings	89%
Outside Audit & Supervisory Board Members' attendance at Board of Directors' meetings	90%
Outside Audit & Supervisory Board Members' attendance at Audit & Supervisory Board's meetings	92%

Examples of Recent Decisions of the Board of Directors

Conversion of DSB Co., Ltd. into a consolidated subsidiary
Construction of a new data center in the Osaka area
Acquisition of U.S.-based Brierley+Partners, Inc.
Reorganization of overseas offices (conversion into a regional holding company)
Taking business assets off the balance sheet (Hiyoshi Data Center and Hiyoshi Dormitory)

Reason for Appointment as Outside Director

Takashi Sawada

President and CEO of Revamp Corporation

Mr. Sawada was involved in the management of FAST RETAILING CO., LTD., which developed UNIQLO, and later established Revamp Corporation to promote corporate revitalization and new business startups, etc. NRI has appointed him with the expectation that he will utilize his abundant experience and excellent understanding concerning corporate management gained throughout his career, in the supervision of the management of NRI from an objective standpoint.

Shoei Utsuda

Counselor of MITSUI & CO., LTD.

Mr. Utsuda has been involved in the management of MITSUI & CO., LTD. for many years. NRI has appointed him with the expectation that he will utilize his abundant experience and excellent understanding concerning corporate management gained throughout his career, in the supervision of the management of NRI from an objective standpoint.

Miwako Doi

Auditor of National Institute of Information and Communications Technology

Ms. Doi has long-standing experience as a researcher and a person with responsibilities at a research and development division in the field of advanced information technology. Although she has not been involved in corporate management in the past, NRI has appointed her with the expectation that she will utilize her abundant experience and excellent understanding as a person with expertise gained throughout her career, in the supervision of the management of NRI from an objective standpoint.

Audit & Supervisory System

Currently, NRI has five Audit & Supervisory Board Members, including three Outside Audit & Supervisory Board Members*. In addition to participating on the Board of Directors and on other important committees, Audit & Supervisory Board Members may request reports from employees and executives to provide impartial supervision of business execution by the Members of the Board. The Outside Audit & Supervisory Board Members are selected for their ability to formulate fair opinions and to audit the Members of the Board business execution objectively in order to maintain impartiality and independence of the corporate auditing system. The Audit & Supervisory Board discusses and decides auditing policies and other important matters related to auditing and formulates and expresses audit opinions. In carrying out audits, Audit & Supervisory Board Members coordinate with the accounting auditors and the Internal Audit Department over such matters as receiving reports on the audit plans and current status of audits from the accounting auditors as well as the results of internal audits from the Internal Audit Department, which is responsible for promoting internal controls. In addition, the Audit & Supervisory Board Members appropriately receive internal control status reports providing information such as monitoring results on compliance with various regulations from the Risk Management Supervisory Department. To ensure that audits are effectively conducted by the Audit & Supervisory Board Members, the Audits' Department has been established to support the work of the Audit & Supervisory Board Members. To determine the personnel for this department, the representative directors or directors responsible for personnel consult with the Audit & Supervisory Members, while maintaining the independence of the department.

* Among the Audit & Supervisory Board Members, Kiyotaka Yamazaki holds professional qualifications as a Certified Public Accountant and has significant expertise in finance and accounting.

▶Reason for Appointment as Outside Audit & Supervisory Board Members

Minoru Aoki

NRI has appointed Mr. Aoki with the expectation that he will utilize his abundant experience and excellent understanding in the securities industry, which is one of NRI's major business areas, in the auditing of the business execution of NRI's Members of the Board from an objective standpoint.

Hisatsugu Nonaka

Mr. Nonaka was involved in the management of TOSHIBA CORPORATION for many years. NRI has appointed him with the expectation that he will utilize his abundant experience and excellent understanding concerning corporate

management, which he gained through his career, in the auditing of the business execution of NRI's Members of the Board from an objective standpoint.

Kiyotaka Yamazaki

Managing Partner of GYOSEI & CO.

Mr. Yamazaki serves as Managing Partner of an audit corporation and has long-standing experience as a certified public accountant. Although he has not been involved in corporate management, NRI has appointed him with the expectation that he will utilize his abundant experience and excellent understanding concerning finance and accounting, which he has gained through his career, in the auditing of the business execution of NRI's Members of the Board from an objective standpoint.

Executive Compensation

•Executive Compensation Amounts

Executive compensation for the fiscal year ended 31st March, 2015 is as shown below.

Category	Total compensation (millions of yen)	Compensation by type (millions of yen)				No. of eligible individuals (personnel)
		Basic compensation	Bonus	Stock options	Other	
Members of the Board (Excluding Outside Members of the Board)	550	292	127	127	2	8
Audit & Supervisory Board Members (Excluding Outside Audit & Supervisory Board Members)	86	66	17	0	1	2
Outside Members of the Board and Outside Audit & Supervisory Board Members	84	74	8	—	0	8

Notes: 1. The above includes two Directors and two Audit & Supervisory Board Members, who retired at the conclusion of the 49th Ordinary General Meeting of Shareholders held on 20th June, 2014.
 2. "Other" refers to contributions for the defined contribution pension plan and insurance premiums for casualty insurance.
 3. Stock options for Audit & Supervisory Board Members were granted prior to their appointments as Audit & Supervisory Board Members.
 4. In addition to the above, stock option fees applicable to Members of the Board who have retired in the past (one director, ¥0 million) were recorded in the fiscal year under review.

•Policies for the Determination of Member of the Board Compensation and Other Matters

Maximum total Member of the Board compensation is ¥1.0 billion annually (including stock options, but excluding employee salaries for Members of the Board who serve concurrently as employees). The Reward Advisory Committee, which is comprised of outside experts, was established to enhance transparency regarding Member of the Board compensation and other such matters. The committee deliberates on matters regarding compensation systems and standards from an objective and fair perspective. Using the results of the committee's inquiries, the Board of Directors sets policies for the determination of Member of the Board compensation and other matters.

The compensation system for Members of the Board is based on executive position, but, in the interest of enhancing business results, the system emphasizes connections to business performance. The standards employed by the system have been set with reference to market standards and trends and other factors, with the goal of establishing standards appropriate for a leading company in the information services industry.

The compensation system for Members of the Board is outlined below:

a. Basic Compensation

Basic compensation consists of fixed pay (basic pay and position pay), which is compensation based on each Member of the Board's post, and variable pay, which is based on our business performance in the previous fiscal year.

b. Bonus

The bonus is based on our business performance during the current fiscal year, while taking into consideration individual evaluations.

c. Stock-based Compensation (Stock options)

The NRI Group, to provide incentives for improving our performance and enhancing morale over the medium to long term, and to align employee interests with those of shareholders, grants stock options as stock-based compensation. Two types of stock options — one with an exercise price set at market price and another with an exercise price of ¥1 per share — are granted in accordance with executive position. Note that, based on the Stock Ownership Guidelines for Executive Officers, Members of the Board are expected to hold more than a certain number of shares of NRI's stock, in accordance with their respective positions.

Outside Members of the Board do not receive the variable pay portion of the basic compensation, bonus shares, or stock-based compensation.

• **Policies for the Determination of Audit & Supervisory Board Member Compensation and Other Matters**

Maximum total Audit & Supervisory Board Member compensation is ¥250 million annually. Policies for the determination of Audit & Supervisory Board Member compensation and other matters are set through discussions among the Audit & Supervisory Board Members. The role of the Audit & Supervisory Board Members is to audit the Members of the Board in the performance of their duties and to do so from an independent standpoint. However, given that the Audit & Supervisory Board Members (full-time) share with the Members of the Board the objective of realizing sound, sustainable growth for the NRI Group, their compensation, in addition to a fixed amount, includes a variable portion that changes in accordance with our business performance.

Levels of compensation have been set based on the need to secure human resources capable of playing important roles in the establishment and operation of effective corporate governance.

The compensation system for Audit & Supervisory Board Members is outlined below:

a. Basic Compensation

Basic compensation consists of fixed pay (basic pay and position pay) based on each Audit & Supervisory Board Member's career, knowledge, responsibilities, and variable pay (for Audit & Supervisory Board Members (full-time) only) based on our business performance level in the previous fiscal year.

b. Bonus

The bonus is only paid to Audit & Supervisory Board Members (full-time), and it is based on our business performance during the current fiscal year.

Internal Controls, Compliance and Risk Management

In order to develop an effective internal control system for the entire NRI Group and to provide continuous improvements to the system, we have appointed a director in charge of risk management and established the Risk Management Supervisory Department. In addition, the Integrated Risk Management Committee meets to check the company-wide internal control status as appropriate. The Business Promotion Committee, which all business divisions attend, also works to ensure that the internal control system is implemented. Each of the major risks associated with our business activities is discussed and addressed by a committee with the necessary expertise as occasion arises and are controlled by the representative department in collaboration with the business division in an appropriate manner.

In addition, in order to ensure the effectiveness of our ethics and compliance systems, NRI has appointed a Chief Ethics Officer and Compliance Officer, established the Compliance Committee, and set regulations on “the principles of corporate activities,” a code of ethics, basic business practices and compliance. NRI continuously carries out training and educational activities on risk management and compliance to enhance the system and improve efficiency. The Basic Policy establishes the scope of these activities and states that the NRI Group will maintain absolutely no relationship with any antisocial forces including any business activities. Representative departments are in charge of gathering information on these issues and ensuring that management does not engage in transactions with such organizations.

The Internal Audit Department (17 employees), which functions directly under the President, audits the NRI Group to ensure the effectiveness of risk management and compliance systems and to maintain the efficiency of the business

execution of the Members of the Board. The results of such audits are reported to the President and other directors, and when corrections or improvements are required, the Risk Management Supervisory Department, the representative departments and the business divisions, collaborate to introduce improvements. In addition, the Internal Audit Department works to cooperate with the accounting auditor through regular exchange of opinions regarding plans for conducting internal audit and their results.

Communication with Shareholders and Investors

•Basic Policy

NRI's basic policy is to meet the expectations of its shareholders and investors by pursuing growth and profit targets that are stable and sustainable in the medium to long term.

It is important to gain the trust of shareholders and investors through active dialogue, and to receive an appropriate evaluation from capital markets. For these reasons, taking fair disclosure as our fundamental policy, we are working to promote understanding of both our business and our medium- to long-term strategies for growth, and to expand our shareholder and investor base.

•Augmenting Direct Communication with Shareholders and Investors

With the aim of expanding its shareholder and investor base, NRI is promoting better understanding of its business activities and strategies for growth through direct communication. Specific initiatives include holding earnings presentations and meetings for institutional investors and analysts both in and outside Japan, as well as participating in forums for Japanese and non-Japanese institutional investors. We also hold briefing sessions for individual investors to help as many individual investors in various regions as possible to learn about NRI.

▶Direct communication for the fiscal year ended 31st March, 2015

Institutional investors and analysts	Total of 548 personnel
Briefing sessions for individual investors	Total of 4 times, two in Tokyo and one each in Sapporo and Fukuoka Participants: Total of 559 personnel

•Conducting Shareholder Questionnaires

As an opportunity to receive feedback, NRI asks its shareholders to fill out questionnaires.

Two questionnaires were conducted in the fiscal year ended 31st March, 2015. In the first, we gathered information on shareholders' reasons for buying NRI shares, their main medium for obtaining information about NRI, and their general portfolio policies. Questionnaires were sent to 12,539 shareholders, of whom 1,968 (15.7%) responded. In the second, shareholders' views on the layout of our shareholder newsletters were canvassed — questionnaires were sent to 11,887 shareholders, of whom 2,256 (19.0%) responded.

NRI will make further efforts to understand shareholders' requests and opinions, and to meet their expectations.

•Providing Appropriate Information Disclosure

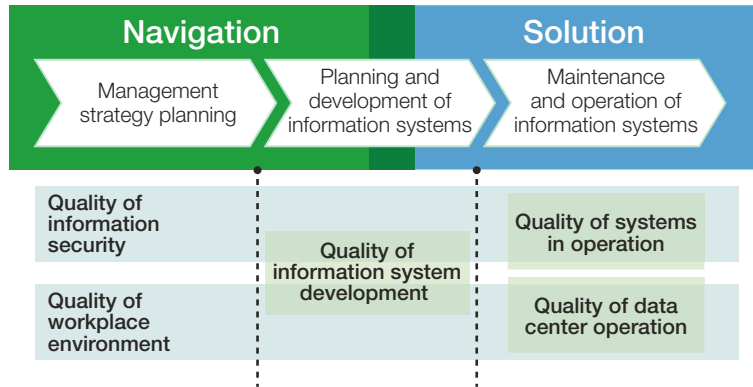
In order to improve management transparency and achieve accountability to shareholders, investors and other stakeholders, NRI is striving to enhance the level of information disclosure and IR functions, as well as ensuring the timely disclosure of information. To enhance the reliability of disclosure materials, we have formed the Disclosure Committee to assist in the preparation process of financial statements and financial reports and confirm their fairness.

NRI publishes its financial results and latest information promptly under the Investor Relations section on its website. We have also provided a dedicated website for individual investors and are striving to enhance information disclosure and make it easier to understand.



IR information website front page
<http://www.nri.com/global/ir/index.html>

Ever since our founding, NRI has emphasized a consistent commitment to quality. We continually work to improve the quality of services, fully aware of our responsibility to deliver and operate information systems that serve as a key component of social infrastructure.

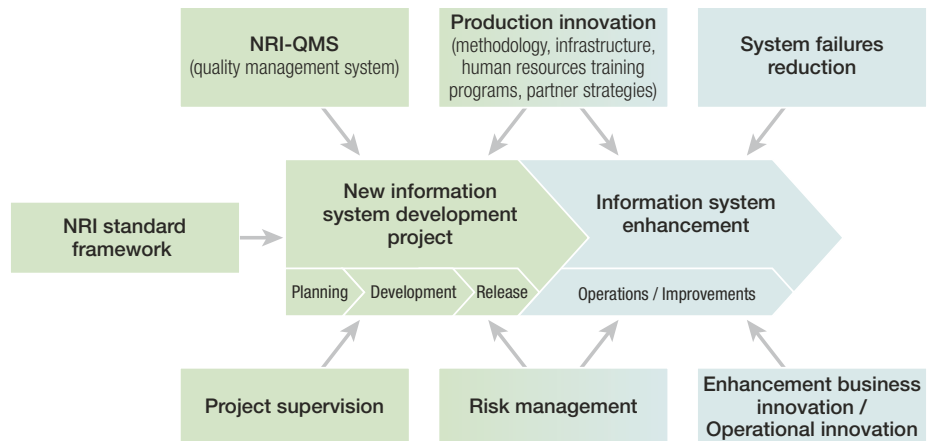


Initiatives for Improving the Quality of Information Systems

Each division is responsible for quality control over system development, maintenance and operations, and consulting services projects. In addition, NRI has an organization which proposes and supports quality control activities for each division.

•A 360-Degree Quality Improvement Support System

We at NRI pride ourselves on being an organization possessing world-leading experience in quality control and production process innovation in every stage. From system development to system maintenance and operations, every individual at NRI must be conscious of improving quality. Each employee needs to understand how vital their role is to supporting our system.



•Project Supervision Activities to Support the Quality of Information System Development

The Quality Management Division provides both supervisory and Project Management Office functions for each individual division, when they develop a new information system.

In addition to “project management” for project implementation and success, NRI has a “project supervision” function to propose quality improvements, and to identify and resolve issues early on.

Experts from across NRI meet to review projects as part of the Systems Development Committee and Systems Release Committee meetings. These, coupled

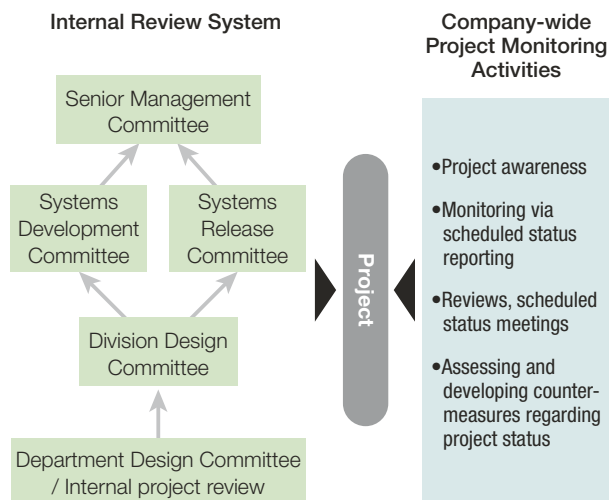
with project monitoring, play an important role within NRI’s overall quality management activities.

▶ See p.12 for initiatives to stop emergence of unprofitable projects

•Emphasis on Quality of Systems in Operation

Operating and maintaining completed information systems of a high quality not only builds solid relationships with clients, but also provides opportunities to improve and propose new solutions for the streamlining and further growth of clients’ businesses. For this reason, NRI refers to operations and maintenance projects as

► Project Supervision Activities



“enhancement projects,” which are assigned the same level of importance as projects to develop new information systems.

• Quality of Data Center Management that Supports Stable Operations

The stable operation of information systems requires not only the quality of the information system itself, but also the quality of the data center that operates and manages the information system. To eliminate serious system disruptions and provide stable and secure services, NRI carries out re-inspections of our system platform, holds meetings of the Systems Disruption Elimination Committee, visualizes risks from disruptions, conducts drills based on scenarios of a large-scale disruption at our data centers, and performs inspections of data centers.

Topic

Ensuring a Robust Operation Framework for Information Systems

In 2014, the entire NRI Group conducted full-scale drills for the scenario of a major earthquake. We also held our first ever drill for responding to a cyber attack.



Conducting drills for the scenario of a major earthquake

► Quality of Information Security

NRI has established an advanced information security framework at our offices, data centers and partner companies that serves as a standard for society. This framework ensures that NRI continues to be a trusted partner by our clients and society. Under the leadership of the Chief Information Security Officer, NRI complies

with and responds to changes in laws and advancements in information technology to proactively create in-house regulations and rules, obtain Information Security Management System (ISMS) certification and Privacy Mark certification, and train our employees.

► Quality of Workplace Environment

NRI carries out a multitude of initiatives to foster a workplace environment where employees can work healthily and positively. These include utilizing a diverse pool of human resources, developing global business professionals, and making constant improvements to our labor environment. The NRI Group believes that further growth can be achieved by practicing Health

and Productivity Management. This approach involves encouraging employees to achieve a better work-life balance by reducing long working hours and changing their awareness, enabling them to properly fulfill their potential while taking care of both their health and their home life.

People are our most important management resource for delivering added value. This is also the key to promoting “Navigation x Solution.” NRI’s human resources strategy seeks to make the hidden talents of our highly motivated people blossom and to develop “human assets” with the ability to achieve success on the frontlines of our business.

NRI’s Human Resource Development Structure

•Career Fields Aimed at Developing True Professionals

A professional possessing advanced expert knowledge, who strives diligently to pursue their own goals, unafraid to innovate and take on difficult challenges. This is the ideal model of an NRI employee. NRI has established career fields that help visualize the diverse background of employees and that seek to define present areas and skill levels for each and every employee. There are 22 different career fields for employees in accordance with our business plan. There are seven levels denoting skill levels for each of these fields. We encourage employees to select more than one career field in order to diversify their expertise. Furthermore, employees set their future career goals in terms of field and skill level, giving them an awareness of the need to balance the pursuit of a specialization and cross-functional skills, which they use in their own work and career planning.

▶Career Fields

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
Corporate strategy consultant	Business consultant	Systems consultant	Business strategist	Sales representative / Marketing manager	Project manager (Development)	Project manager (Enhancement)	Application architect	IT Infrastructure architect	Application specialist	Common application Infrastructure specialist	IT platform specialist	IT services manager	IT security specialist	Researcher	Data scientist	Project management specialist	Quality control specialist	Business administration staff	Corporate management / Headquarters staff	Systems engineer	Consultant

•Training based on OJT, Formal Training, and Self-Development

NRI has developed a human resources training program that integrates a cycle of on-the-job training (OJT), formal training, and self-development.

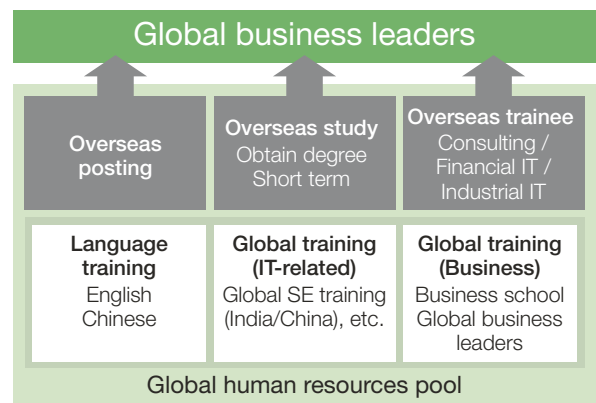
One part of our on-the-job training is to assign an “instructor” to new employees on a one-on-one basis, imparting necessary knowledge and skills for the job. NRI also has a cross-functional training program linking

our consulting and systems divisions, as well as trainee programs at NRI and client locations overseas.

NRI believes that even having gained and imprinted experience and expertise through on-the-job training, there are skills and lessons that can only be learned through formal training. We provide a variety of programs depending upon seniority/title, as well as courses in career advancement training enhancing management and leadership skills. To develop the human resources that will help expand NRI’s operations globally, we have programs that enable employees to study abroad at a business school and programs in China and India that teach about system development in the local language.

Another way we develop highly skilled and knowledgeable experts is to support individuals in their acquisition of certifications such as the Information Technology Engineer. NRI has even developed our own internal certification program.

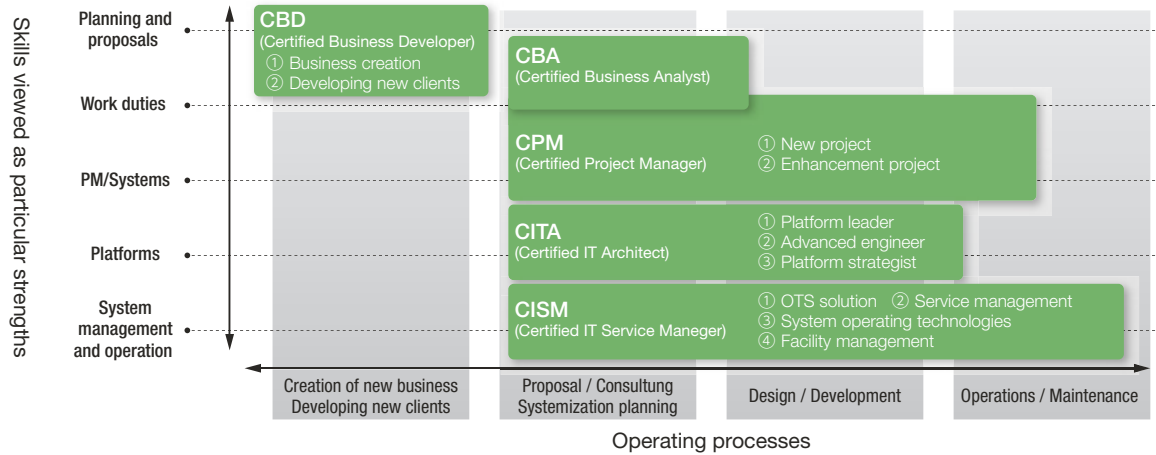
▶NRI’s Global Human Resources Development Program



•Accrediting Personnel with High Level Expertise

The purpose of our internal certification program is to promote the development of core human resources and demonstrate NRI’s vision for our professional human resources. There are currently five types of certification available. Employees with a strong track record and who take part in designated training programs as well as having other external certifications receive the internal certification. The number of employees certified in-house continues to rise each year.

Internal Certification Program



Fostering a Culture Where Employees Can Grow Autonomously

NRI uses various formats to foster a culture where employees can pursue self-development independently.

The NRInnovation! Forum (NIF) encourages group-wide discussions and interaction across organizations on the themes of human resources training programs,

global training, and female professional career counseling, etc. We maintain a daily commitment to mutually respect one another and engage in activities that challenge the status quo and innovate ourselves.

NRInnovation! Forum

Human Resources Training Program	Instill a greater awareness and appreciation of our human resources training program
Global Training	Learn more about our global business activities and partners; gain an awareness and appreciation of the need for NRI to be a globally competitive business, and act accordingly
Female Professional Career Counseling NWN (NRI Women's Network)	Share and incorporate career-related expertise; encourage female employees to take a more active role in their own careers by gaining various professional experiences
Challenge!	Merging business perspectives and technical perspectives while learning NRI's technology and development



Topic

Efforts to Further Women's Participation in Business

NRI works to provide workplace environments where people with high ambition and ability can thrive. One of our initiatives, the NRI Women's Network (NWN), has been engaged to support female employees since February 2009. The activities are based on three themes: 1) helping female employees to develop their careers, 2) helping them to strike a balance between their work and parenting, and 3) fostering a better corporate culture.

Based on the Diversity Promotion Organization established in April 2010, we hold the NWN Annual Conference, which is intended to help female employees build networks with one another and create opportunities for future career development. We also hold several Mini NWN and NWN Salon sessions for women to talk together in small groups and share information and opinions each year. For working mothers, we have implemented various initiatives, including "three-person consultations"* during pregnancy and "Support Training for Balancing Work and Parenting" and other assistance after they return to work. Recently, we have been taking various new proactive measures to help individuals advance their careers.

*These consultations are held between employees about to give birth and begin raising children, their supervisors, and the NWN secretariat, to ensure communication regarding approaches to working before and after maternity leave and the systems available for use.



Propagation of Intellectual Assets and Recommendations

Since its foundation, NRI has undertaken investigation and research activities in diverse fields. We use the results of these activities in our business, and continue to propagate intellectual assets through periodic publications and reports, books, and events such as forums.

Recommendations for the Ideal Future of Japan

With today's aging population and declining birth-rate as well as increasing concentration of the population in cities, one of the important themes for recovering Japan's power is how to maximize the appeal of its regional areas.

Since February 2015, NRI's consultants have been utilizing their accumulated experience and expert insight to give recommendations as "urgent recommendations for regional revitalization" through various perspectives. They have already announced a model for coexistence of cities and regional areas, as well as proposals for revitalization of regional cities leveraging the Tokyo Olympic and Paralympic Games.

Contribution to Creation of Useful Systems for the Future Society through Advanced Technologies

NRI has long undertaken research and development for identifying promising technologies for the future and combining them with various equipment and information systems to create solutions that will be used for the future society. For example, in 2014, NRI and Japan Airlines Co., Ltd. worked together on an experiment where airport staffs were given wearable devices with camera and information transmission functions (smart watches) with the goal of increasing the efficiency of guidance to passengers at the airport and the maintenance of aircraft, among other functions.



Smart watches with information transmission function

History of NRI's Periodic Publications

1984

1990

Monthly Report



Provides various timely information to clients as part of the System Clinic Service of Nomura Computer Systems Co., Ltd.

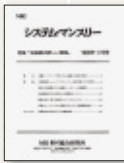
Knowledge Creation and Integration



General information magazine where NRI's professional team involved in intellectual asset creation contributes on timely themes in line with the needs of the times.

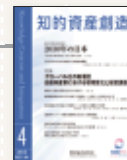
System Monthly

After the merger of the former NRI and Nomura Computer Systems Co., Ltd., the name of the publication was changed to System Monthly to reflect the expanded scope of its business.



IT Solutions Frontier

The name of the publication was changed to "IT Solutions Frontier" and the scope of coverage was expanded further. It remains firmly positioned as "NRI's system information magazine."



NRI Management Review

Provides the latest information ahead of the times through NRI consultant opinions and interviews with top management of Japan's leading companies.



NRI Regional Management Newsletter

Published as "NRI Regional Management Newsletter."

Offers NRI consultants' thoughts from various expert perspectives on a single theme each time.

NRI Knowledge Insight



NRI Public Management Review

Publication name changed to "NRI Public Management Review." Provides the latest information on policy proposals and business development to central and regional governments, and corporations.



Financial Information Technology Focus

Provides topics on recent financial business trends, particularly from market environment, financial institution management, and operational innovation perspectives.

Japan's Asset Management Business

Provides a comprehensive analysis of the status of Japan's asset management business targeting the managers of both asset management and financial product sales companies, and heads of marketing planning and sales planning divisions, etc.



NRI International Pension Research Series

A report that introduces the latest overseas pension fund management trends and presents proposals for improving Japanese pension fund operations.



▶ See the website for NRI's periodic publications that are available in English.
<http://www.nri.com/global/opinion/index.html>

NRI has a workforce of more than 9,000 talented professionals. We have a wide range of job types, including management consultants, IT consultants, systems engineers, and project managers, and many of our people are among the best in their field. NRI provides various personal development programs to effectively utilize these human resources.

A Career Education Program for Drawing Out and Nurturing the Skills of Youth, Who Will Serve as the Leaders of Tomorrow

Based on the belief that children and students should be able to make their own educational and career choices to become adults who contribute their skills to society, we provide a variety of programs. Specific programs include an information system learning program for elementary and junior high school students called the Information Systems Secrets—supporting our convenience, the IT Strategic Experience Program

for junior high and high school students, as well as the Consultant for a Day Program and the Team Building Exercises for high school students. Through experience-style lessons, the participants find out for themselves about things such as information systems, business and social mechanisms, systems engineering or consulting as professions, and what it means to work.



Information Systems Secrets—supporting our convenience



Consultant for a Day Program

Providing Opportunities to Deliberate on the Future Society

NRI also provides students with opportunities to learn, think, and make presentations. For example, the NRI Student Essay Contest has been held annually since 2006 as an outlet for high school, study abroad, as well as university undergraduate and graduate students to offer recommendations for the future of Japan and the world. It also gives an opportunity for students to present their own unique ideas to society. In 2014, the contest had 883 entries from throughout Japan on the theme of “What does the future society you dream of look like? What are the principles / beliefs you adhere to in creating such a society?”

In addition, using consumer marketing data it collects, NRI conducts the “Marketing Analysis Contest” for ushering in innovative business principles and marketing indices. It also holds the Tsinghua-NRI Cup: Japan-China Economic Presentation Contest at the Nomura Research Institute-Tsinghua University China Research Center in Beijing, China. In 2014, NRI held a CSR workshop entitled “Thinking about Work” to provide an opportunity for university undergraduate and graduate students to think specifically about industries and working.



NRI Student Essay Contest 2014 top placing contestants



NRI seeks to realize an abundant future by preserving a global environment where humans and nature exist in harmony. All NRI executives and employees are taking steps to reduce environmental impact in every facet of operations. We established the Environmental Activities Committee in May 2014 and the Environmental Activities Section in July of the same year to strengthen our framework for promoting environmental activities.

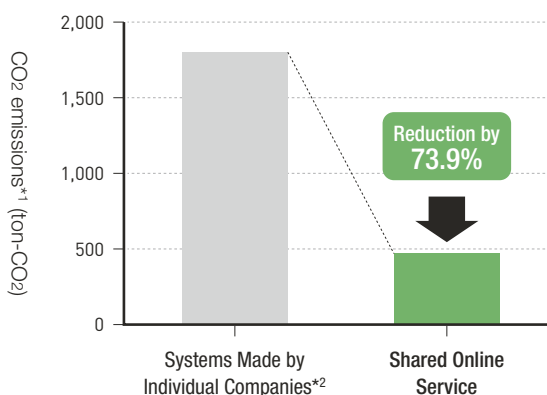
Green by NRI

Green by NRI refers to our contributions to helping clients reduce their impact on the environment through more efficient business operations and improved productivity achieved through our services and policy recommendations.

•Significantly Reducing CO₂ Emissions through the Use of Shared Online Services

If individuals use trains and buses rather than private cars, energy consumption is reduced, and CO₂ emissions can also be suppressed. This principle can also be applied to corporate IT systems. NRI provides various shared online services to multiple companies in many different fields. In the case of STAR, an integrated back-office system for retail securities firms, estimates have shown that CO₂ emissions can be reduced by 73.9% compared to when clients own and operate their own equivalent systems.

▶Comparison of Annual CO₂ Emissions between Shared Online Service and Proprietary Systems Made by Individual Companies



*1. Calculated by multiplying electricity usage by the real emission factor of Tokyo Electric Power Company released by the Ministry of Economy, Trade and Industry

*2. Calculated using an estimate of the approximate curve from a regression analysis of sample data, assuming that a client using STAR operates a similar system on their own.

Green of NRI

Green of NRI refers to the NRI's activities to reduce our own environmental impact by making our data centers, office building facilities and IT equipment more energy efficient and through environmental measures such as energy saving efforts carried out by each and every one of our employees.

•Data Center with Advanced Environmental Performance

Around 80% of the electricity consumption in NRI's operations occurs at data centers. For this reason, NRI has built environmental management systems at all of its data centers and acquired ISO 14001 certification.

NRI's Tokyo Data Center I has achieved a significant reduction in power consumption by adopting a double-deck system that could be called the data center of the future, and combining several energy-saving technologies based on this.

The equipment provided in data centers has been growing denser and more sophisticated every year in response to the trend towards virtualization and adoption of cloud systems. In conjunction with this, the heat emitted by the equipment has also increased significantly, and cooling it to ensure stable operation has become a major issue. The double-deck system places server equipment and facility equipment on completely separate floors, enabling efficient and highly flexible air conditioning that can greatly reduce electricity consumption.

Electricity consumption related to air conditioning was greatly reduced by use of free cooling, which utilizes the outside air during winter and between seasons to create cooling water without the use of a chiller, as well as high-temperature chilled water.* Moreover, we have also tried to reduce the environmental impact of the data centers by maximizing the use of natural energy, such as solar power and geothermal heat source systems

* The water temperature is between 14 and 15 degrees Celsius, which reduces electricity usage compared to conventional methods that use chilled water with a temperature of 7 degrees Celsius.

Consolidated 11-year Financial Summary

	2005.3	2006.3	2007.3	2008.3	2009.3	2010.3
For the year						
Sales	252,963	285,585	322,531	342,289	341,279	338,629
Cost of sales	190,732	213,706	234,578	238,537	240,854	245,641
Selling, general and administrative expenses	32,071	35,409	44,055	51,087	50,711	52,911
EBITDA ^{Note 2}	48,561	53,043	63,692	69,181	70,476	70,992
Operating profit	30,159	36,469	43,897	52,664	49,713	40,077
Ordinary profit	30,987	38,252	46,099	55,517	51,731	40,947
Net income	16,303	22,518	27,019	28,157	24,513	21,856
Order backlog	117,923	132,030	135,129	143,199	176,021	182,759
Subcontracting costs	73,173	87,335	102,324	118,596	121,446	109,825
Capital expenditures	17,351	18,343	29,903	36,438	70,083	29,000
Depreciation and amortization	18,402	16,574	19,795	16,517	20,763	30,915
Research and development expenses	1,646	2,501	2,864	4,915	4,104	3,561
At year-end						
Net assets	231,766	209,301	216,232	207,363	205,466	220,237
Total assets	317,341	311,786	371,458	362,447	354,487	363,368
Number of employees (personnel)	4,848	5,013	5,303	5,711	6,118	6,263
Cash flows						
Cash flows from operating activities	27,569	48,875	39,583	31,806	46,180	58,060
Cash flows from investing activities	(81,981)	17,853	(18,578)	(47,925)	(70,994)	(16,175)
Cash flows from financing activities	(3,928)	(54,828)	44,040	(23,537)	(22,414)	(10,348)
Cash and cash equivalents at the end of year	38,677	50,752	115,854	75,524	28,228	59,775
Per share information (yen) ^(Note 3)						
Net income (EPS)	72.46	103.94	132.95	138.52	125.54	112.32
Net assets	1,030.09	1,030.55	1,060.84	1,038.68	1,051.65	1,125.63
Cash dividends	20	28	36	50	52	52
Stock information (based on the closing price as of 31st March)						
Stock price (yen) ^(Note 3)	2,000	2,886	3,470	2,605	1,530	2,130
Market capitalization (billions of yen)	450.0	649.3	780.7	586.1	344.3	479.3
Ratios (%)						
ROE	7.1	10.2	12.7	13.3	11.9	10.3
ROA	9.6	12.2	13.5	15.1	14.4	11.4
Operating profit margin	11.9	12.8	13.6	15.4	14.6	11.8
EBITDA margin	19.2	18.6	19.7	20.2	20.7	21.0
Equity ratio	73.0	67.1	58.1	57.0	57.7	60.3
Dividend payout ratio	27.6	26.2	27.1	35.7	41.3	46.3

Notes: 1. Amounts of less than one million yen were rounded down.

2. EBITDA was calculated by adding depreciation and amortization to operating profit.

3. Per share information and stock price have been retroactively restated for prior years to reflect the effect of stock splits.

4. From the fiscal year ended 31st March, 2014, NRI adopted the "Practical Solution on Transactions of Delivering NRI's Own Stock to Employees, etc. through Trusts." The figure for the fiscal year ended 31st March, 2013 has been retroactively restated.

(millions of yen)

2011.3	2012.3	2013.3	2014.3	2015.3	
					For the year
326,328	335,554	363,891	385,932	405,984	Sales
233,119	235,515	262,315	276,664	289,210	Cost of sales
54,782	56,886	57,608	59,450	65,287	Selling, general and administrative expenses
69,091	74,027	86,441	83,934	77,286	EBITDA ^{Note 2}
38,426	43,152	43,967	49,816	51,486	Operating profit
40,073	44,686	45,858	52,360	52,942	Ordinary profit
23,188	32,920	28,612	31,527	38,880	Net income
169,286	175,242	191,012	209,202	227,188	Order backlog
101,156	112,039	116,166	132,825	141,925	Subcontracting costs
20,755	41,165	31,048	33,878	31,080	Capital expenditures
30,665	30,875	42,474	34,118	25,800	Depreciation and amortization
3,564	3,643	3,643	3,903	4,222	Research and development expenses
					At year-end
231,074	258,276	290,818	331,408	403,467	Net assets
380,032	402,784	432,222	469,010	593,213	Total assets
6,594	6,881	7,738	8,123	9,012	Number of employees (personnel)
					Cash flows
48,777	53,067	68,600	33,839	58,710	Cash flows from operating activities
(27,723)	(47,731)	(36,019)	(32,234)	(1,093)	Cash flows from investing activities
1,590	(10,438)	(10,723)	(8,773)	(10,536)	Cash flows from financing activities
82,085	77,043	99,623	92,792	140,567	Cash and cash equivalents at the end of year
					Per share information (yen) ^(Note 3)
119.11	168.40	145.29	158.75	194.47	Net income (EPS)
1,179.92	1,309.39	1,464.11	1,657.15	1,942.27	Net assets
52	52	52	56	70	Cash dividends
					Stock information (based on the closing price as of 31st March)
1,836	2,053	2,416	3,260	4,520	Stock price (yen) ^(Note 3)
413.1	461.9	543.6	733.5	1,017.0	Market capitalization (billions of yen)
					Ratios (%)
10.3	13.5	10.5	10.2	10.8	ROE
10.8	11.4	11.0	11.6	10.0	ROA
11.8	12.9	12.1	12.9	12.7	Operating profit margin
21.2	22.1	23.8	21.7	19.0	EBITDA margin
60.5	63.8	66.9	70.4	65.6	Equity ratio
44.4	31.8	36.6	35.9	36.5	Dividend payout ratio

Management's Discussion and Analysis of Financial Condition and Results of Operations

►Business Overview

In the current fiscal year (from 1st April, 2014 to 31st March, 2015), the Japanese economy continued to recover at a moderate pace despite the impact of the consumption tax hike. In addition, investment in information systems was firm amid signs of improvement in corporate earnings.

Operating in such an environment, NRI 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, NRI also pushed ahead with growth measures in new fields while further developing its strengths. With respect to the "My Number" system (social security and tax number system), which is set to start operation in January 2016, NRI pushed forward with initiatives to utilize its wide range of solutions to provide an integrated service that covers all aspects of the system, from My Number registration to system management. Other planned regulatory changes 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) and a unified tax on financial products. NRI will steadily respond to these changes in order to further expand its shared online services business.

In the data center business, NRI started construction of its new data center in the Osaka area in January 2015. The center is scheduled to start operations in the fiscal year ending 31st March, 2017.

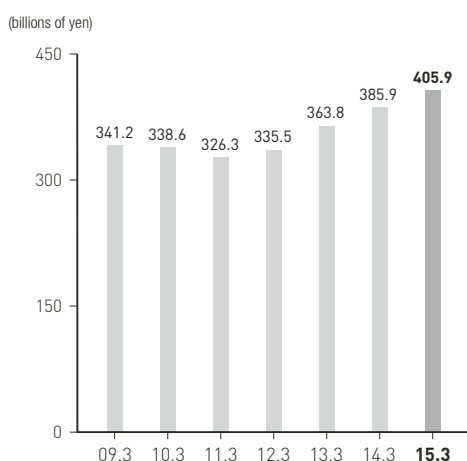
In overseas business, NRI provided support to Japanese companies moving into overseas markets and developed businesses geared to local governments and companies. Also, NRI realigned its corporate structure in North America and Asia, centered on holding companies, in order to reinforce its operations and management system for

expansion of overseas business. In human resources, NRI is pushing ahead with efforts to foster a workforce capable of conducting global business, including steps to further upgrade its overseas training systems.

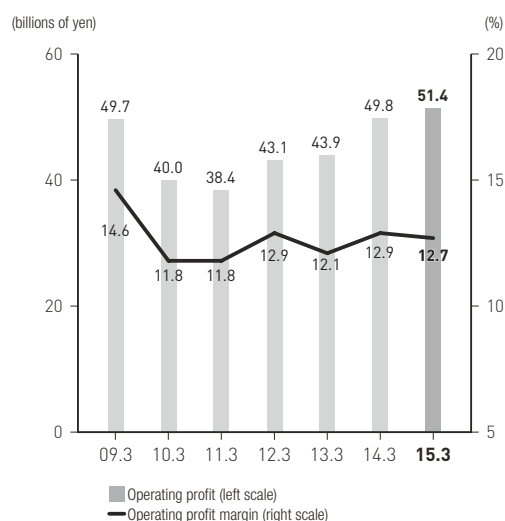
In the current fiscal year, NRI's sales increased to ¥405,984 million (up 5.2% year on year). Cost of sales was ¥289,210 million (up 4.5%) and gross profit was ¥116,774 million (up 6.9%). Selling, general and administrative expenses rose year on year to ¥65,287 million (up 9.8%), mainly reflecting a rise in personnel expenses due to an increase in personnel, and higher subcontracting costs. Operating profit was ¥51,486 million (up 3.4%), the operating profit margin was 12.7% (down 0.2 percentage points) and ordinary profit was ¥52,942 million (up 1.1%). In the current fiscal year, NRI booked extraordinary income such as gain on investment securities and gain on bargain purchase and other items related to the consolidation of DSB Co., Ltd. NRI also booked extraordinary loss, such as office restructuring costs due to an overhaul of business sites in preparation for future business expansion, and loss on the sale of the Hiyoshi Data Center*, which was sold to improve business asset efficiency. As a result, net income was ¥38,880 million (up 23.3%).

* After the sale, NRI will continue to use the Hiyoshi Data Center under a lease-back agreement.

►Sales



►Operating profit / Operating profit margin



►Business Results by Segment

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 systems consulting for overall IT management.

Demand for consulting services is increasing as the government and companies implement structural reforms. NRI worked to accurately address these needs in order to expand the client base.

In the current fiscal year, consulting related to business restructuring and systems consulting to support clients in the implementation of system upgrade projects increased on the back of improved corporate earnings. As a result of the above, the Consulting segment posted sales of ¥27,749 million (up 7.5% year on year) and operating profit of ¥5,959 million (up 26.6%).

(millions of yen)	FY Mar. 2014	FY Mar. 2015
Sales	25,820	27,749
Operating profit	4,708	5,959
Operating profit margin	18.2%	21.5%

Financial IT Solutions

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

With respect to the My Number system, which is set to start operation in January 2016, NRI pushed forward with

initiatives to utilize its wide range of solutions to provide an integrated service that covers all aspects of the system, from My Number registration to system management. Other planned regulatory changes 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) and a unified tax on financial products. NRI will steadily respond to these changes in order to further expand its shared online services business.

During the current fiscal year, sales from system management and operation services increased, mainly in the securities sector, partly helped by a contribution from DSB Co., Ltd., which was consolidated during the current fiscal year. Sales from systems consulting services also rose in areas such as support for system upgrade projects in the insurance sector. However, the emergence of additional costs due to insufficient planning foresight at the time of proposal and inadequate research of existing systems ahead of system reconstruction caused several projects to become unprofitable.

As a result of the above, the Financial IT Solutions segment posted sales of ¥237,649 million (up 5.5% year on year) and operating profit of ¥22,621 million (down 18.7%).

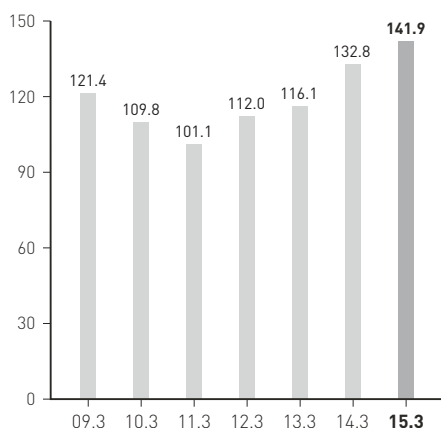
(millions of yen)	FY Mar. 2014	FY Mar. 2015
Sales	225,345	237,649
Operating profit	27,809	22,621
Operating profit margin	12.3%	9.5%

Industrial IT Solutions

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

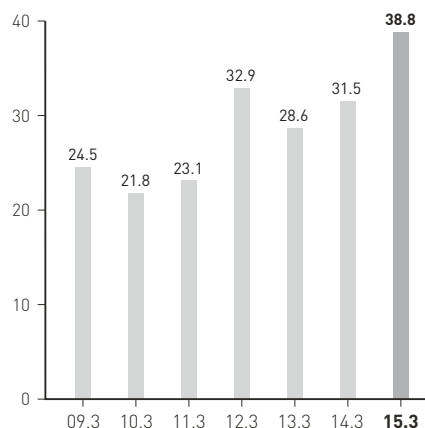
►Subcontracting costs

(billions of yen)



►Net income

(billions of yen)



and public sectors.

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

Marubeni IT Solutions Inc. has been included in the equity-method scope from the current fiscal year, after NRI and Marubeni Corporation entered into an agreement of equity and business alliances in the IT services sector.

The segment posted an increase in sales, mainly from system development and application sales and from system management and operation services in the telecommunications sector. The results of efforts to expand the client base and improve profit-making capabilities began to emerge, leading to improved profitability in this segment.

As a result of the above, the Industrial IT Solutions segment posted sales of ¥95,857 million (up 9.7% year on year) and operating profit of ¥11,790 million (up 40.2%).

(millions of yen)	FY Mar. 2014	FY Mar. 2015
Sales	87,389	95,857
Operating profit	8,408	11,790
Operating profit margin	9.6%	12.3%

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, NRI 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.

In the data center business, NRI started construction of its new data center in the Osaka area in January 2015. The center is scheduled to start operations in the fiscal year ending 31st March, 2017.

In sales to external clients, there was a decline in system development and application sales from IT platform architecture projects and IT platform renewal projects. In terms of costs, there was an impact from unprofitable projects, but depreciation and amortization expenses declined in the data center business, supporting an increase in operating profit.

As a result of the above, the IT Platform Services segment posted sales of ¥113,505 million (down 1.0% year on year) and operating profit of ¥8,636 million (up 33.5%).

(millions of yen)	FY Mar. 2014	FY Mar. 2015
Sales	114,624	113,505
Operating profit	6,470	8,636
Operating profit margin	5.6%	7.6%

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.

The Others segment posted sales of ¥16,761 million (up 9.3% year on year) and operating profit of ¥1,595 million (up 24.6%).

▶Results of Operations of the Fiscal Year Ended 31st March, 2015

① Sales and Operating Profit

As mentioned in the "Business Overview," sales were ¥405,984 million (up 5.2% year on year), and operating profit was ¥51,486 million (up 3.4%). As a result, the operating profit margin was 12.7% (down 0.2 percentage points).

② Non-operating Income/Expenses and Ordinary Profit

Non-operating income was ¥1,791 million (down 35.8% year on year), reflecting declines in both dividend income from securities held and equity in earnings of affiliates. Non-operating expenses were ¥335 million (up 35.7%), due to an increase in interest expenses pertaining to loans accompanying the consolidation of DSB Co., Ltd. As a result, non-operating profit was ¥1,455 million (down 42.8%), while ordinary income was ¥52,942 million (up 1.1%).

③ Extraordinary Income/Loss, Provision for Income Taxes, and Net Income

Extraordinary income was ¥14,565 million, primarily from a gain on investment securities and a gain on bargain purchase from the consolidation of DSB Co., Ltd. Extraordinary loss was ¥8,432 million, reflecting office reorganization expenses from a review of base location ahead of future business expansion, and the sale of the Hiyoshi Data Center in an effort to enhance business asset efficiency. The result was extraordinary income of ¥6,132 million (¥349 million in the previous fiscal year).

With the application of tax-effect accounting, the effective tax rate was 32.5%, and the provision for income taxes came to ¥19,209 million (down 9.3% year on year).

As a result of the above, net income was ¥38,880 million (up 23.3%).

►Basic Policy Regarding Profit Distribution, and Dividend Payments for Current and Next Fiscal Year

① Policy for distribution of profits

NRI considers the ongoing growth of its corporate value to be the most important return to its shareholders. NRI's basic policy on the payment of dividends from surplus is to continue to provide stable dividends while securing sufficient retained earnings for its medium- and long-term business development. In line with this policy, NRI has targeted a consolidated dividend payout ratio* of 35%, taking into account factors such as operating revenue and the cash flow situation.

Retained earnings will be utilized as a source of funds for business expansion, including capital investment and R&D investment to enhance existing businesses and cultivate new businesses, investment in human resources development, and strategic investment such as M&A. Retained earnings may also be utilized to purchase treasury stock, as part of NRI's flexible capital management aimed at improving capital efficiency and responding to changes in the business environment.

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

* Consolidated dividend payout ratio = Total annual cash dividends (including dividends for the trust exclusive for NRI Group Employee Stock Ownership Group) / Consolidated net income

② Payment of dividends from surplus

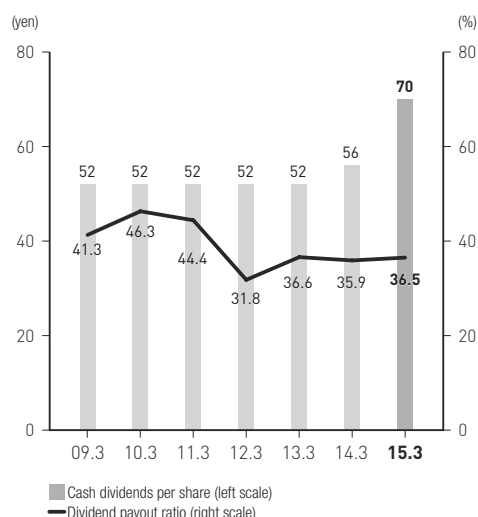
Based on the policy above and business results for the current fiscal year, NRI paid cash dividends of ¥40 per share with the record date of the end of the current fiscal year (31st March, 2015). Consequently, combined with interim cash dividends paid in November 2014 (the record date for interim dividends was 30th September, 2014), the annual dividend payment was ¥70 per share (an increase of ¥14 from the previous fiscal year), resulting in a consolidated dividend payout ratio of 36.5%.

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

Date of Board resolution	Total cash dividends	Cash dividends per share	Record date
24th October, 2014	6,072 million yen	30 yen	30th September, 2014
14th May, 2015	8,105 million yen	40 yen	31st March, 2015

Note: The total cash dividends include dividends for the trust exclusive for NRI Group Employee Stock Ownership Group (portion decided by resolution in October 2014 was ¥74 million and the planned portion to be decided by resolution in May 2015 is ¥85 million).

►Cash dividends per share / Dividend payout ratio



▶Analysis of Financial Position at the End of the Fiscal Year ended 31st March, 2015

① Summary

As of 31st March, 2015, current assets amounted to ¥298,565 million, an increase of ¥90,443 million (up 43.5% year on year) from the previous fiscal year-end. Noncurrent assets came to ¥294,647 million, an increase of ¥33,758 million (up 12.9%). Current liabilities stood at ¥113,208 million, an increase of ¥33,366 million (up 41.8%), while noncurrent liabilities increased ¥18,229 million (up 31.6%) to ¥75,988 million. NRI reported a reserve defined under special laws of ¥547 million (none reported in the previous fiscal year). Net assets amounted to ¥403,467 million, an increase of ¥72,059 million (up 21.7%), and total assets amounted to ¥593,213 million, an increase from the previous fiscal year-end of ¥124,202 million (up 26.5%).

② Securities

Short-term securities totaled ¥119,539 million, an increase of ¥35,735 million (up 42.6% year on year) compared to the previous fiscal year-end, while investment securities increased ¥21,714 million (up 22.9%) to ¥116,480 million. These changes reflected purchases of securities as part of the management of surplus funds, as well as rising prices for equities held. Short-term securities comprised bond investment trusts (cash equivalents) and short-term bonds maturing within one year. Investment securities comprised ¥93,183 million in equities (up 69.9%), ¥23,016 million in bonds (down 42.0%), and ¥280 million in equity investment partnerships and other investments (up 9.2%).

Investments in affiliates declined ¥9,632 million (down 81.7%) to ¥2,158 million, primarily accompanying the conversion of DSB Co., Ltd. into a consolidated subsidiary.

③ Fixed Assets

Under property and equipment, buildings, net decreased ¥4,881 million (down 12.8% year on year) from the previous fiscal year-end to ¥33,191 million. Machinery and equipment, net decreased ¥470 million (down 8.6%) to ¥4,984 million, while tools, furniture and fixtures increased ¥242 million (up 3.4%) to ¥7,308 million. Decreases in buildings and structures and land were mainly attributable to the sale of the Hiyoshi Data Center. Property and equipment, net decreased ¥8,851 million (down 14.1%) to ¥53,915 million, and accounted for 9.1% of total assets. NRI invested ¥8,349 million in property and equipment during the fiscal year under review (down 25.6%), consisting mainly of capital expenditures related to data centers.

④ Software

Software (including software suspense accounts) increased ¥12,990 million from the previous fiscal year-end to ¥53,987 million (up 31.7% year on year), accounting for 9.1% of total assets. Software investment during the fiscal year under review was ¥22,731 million (up 0.3%), and related largely to the development of shared online services.

⑤ Retirement Benefits

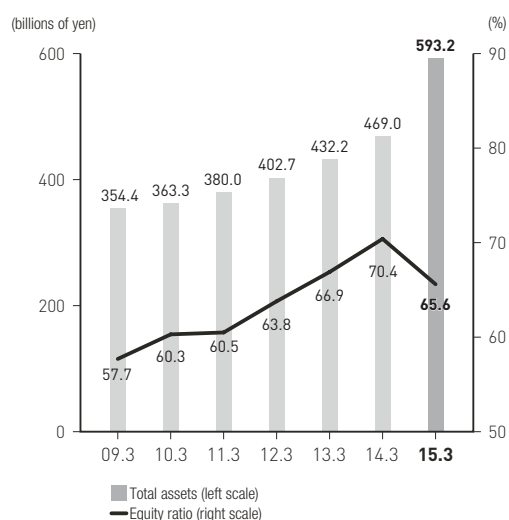
Due primarily to an increase in pension assets, the net defined benefit increased ¥14,384 million from the previous fiscal year-end, to ¥34,688 million (up 70.8% year on year). The net defined benefit liability increased ¥755 million to ¥5,297 million (up 16.6%).

⑥ Others

In addition to the above, NRI recorded ¥62,282 million in accounts receivable (down ¥4,843 million year on year), accounts receivable including development of ¥36,592 million (up ¥3,091 million), and income tax payable of ¥2,185 million (down ¥11,159 million) compared to the previous fiscal year-end.

Moreover, with the addition of new line items related to DSB Co., Ltd. following its conversion into a consolidated subsidiary, NRI recorded operating loans of ¥10,769 million, margin transaction assets of ¥16,764 million, short-term guarantee deposits of ¥7,754 million, short-term loans payable of ¥10,645 million, margin transaction liabilities of ¥12,314 million, short-term guarantee deposits received of ¥8,676 million, and a reserve for financial product transaction liabilities of ¥547 million.

▶Total assets / Equity ratio



▶Cash Flow Position

Cash and cash equivalents as of 31st March, 2015 stood at ¥140,567 million, up ¥47,775 million from the previous fiscal year-end.

For the fiscal year under review, net cash provided by operating activities was ¥58,710 million, an increase of ¥24,870 million compared to the previous fiscal year. This reflected the absence of a contribution of ¥15,000 million to an employee retirement trust reported in the previous fiscal year, coupled with a switch from the previous year to a decrease in accounts receivable and other receivables, net of advance payments received.

Net cash used in investing activities was ¥1,093 million, a decrease of ¥31,140 million compared to the previous fiscal year. Cash used for investments, notably the acquisition of property and equipment for data centers (including facilities, machinery and equipment), the acquisition of intangibles related to the development of shared online services, and the acquisition of short-term investment securities for fund management purposes, was largely offset by proceeds from sales and redemption of short-term investment securities, proceeds from the acquisition of subsidiary shares due to changes in the scope of consolidation, and proceeds from the sale of the Hiyoshi Data Center.

Net cash used in financing activities was ¥10,536 million, an increase of ¥1,763 million from the previous fiscal year. Cash was mainly used for dividends paid.

▶Credit Ratings

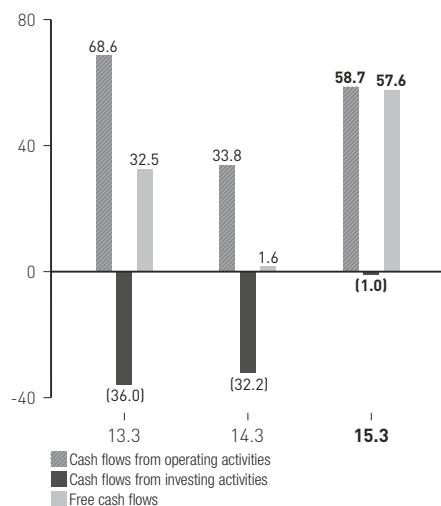
NRI has acquired a credit rating from Rating and Investment Information, Inc. (R&I).

As of 31st March, 2015, NRI had received the following issuer rating:

Rating institution	Rating and Investment Information, Inc. (R&I)
Rating (Outlook)	AA- (stable)

▶Cash flows

(billions of yen)



►Facilities

During the fiscal year ended 31st March, 2015, NRI's total capital expenditures (including intangible fixed assets) came to ¥31,080 million. Major capital expenditures included development of shared online services to improve high value-added services in financial IT solutions and capital expenditure in data center-related facilities in IT platform services.

The breakdown by business segment is listed below.

Name of segment	Investment (millions of yen)
Consulting	82
Financial IT Solutions	19,555
Industrial IT Solutions	3,700
IT Platform Services	6,311
Others	727
Company-wide (common-use)	702
Total	31,080

In order to improve business asset efficiency, NRI sold the Hiyoshi Data Center (beginning of year book value: ¥7,707 million; IT Platform Services segment) during the fiscal year under review. NRI will continue to utilize this data center on a lease basis.

We have capital expenditure plans totaling ¥45,000 million for the fiscal year ending 31st March, 2016, and the breakdown by business segment is listed below.

Other than these, there are no plans to dispose of or sell major facilities, excluding the disposal or sale of facilities for regular updating.

Name of segment	Planned investment (millions of yen)	Major items and purposes
Consulting	50	<ul style="list-style-type: none"> •Office facilities
Financial IT Solutions	17,000	<ul style="list-style-type: none"> •Software for internal use to provide services for financial industry and other clients, software development for sale purposes •Equipment for system development to provide services for financial industry and other clients, equipment to provide services installed in data centers
Industrial IT Solutions	8,000	<ul style="list-style-type: none"> •Software development for internal use to provide services for clients in the distribution, manufacturing, service, and other industries; software development for sale •Equipment for system development to provide services for clients in the distribution, manufacturing, service and other industries; equipment to provide services installed in data centers
IT Platform Services	18,600	<ul style="list-style-type: none"> •Construction of data center* •Acquisition of data center-related facilities •Development of software for internal use relating to cloud services and IT platform services
Others	800	<ul style="list-style-type: none"> •Software for internal use to provide client services, office equipment
Company-wide (common use)	550	<ul style="list-style-type: none"> •Office facilities
Total	45,000	

*Data center under construction in Osaka scheduled for completion in 2016.

►Research and Development

NRI's research and development activities are concentrated in three areas:

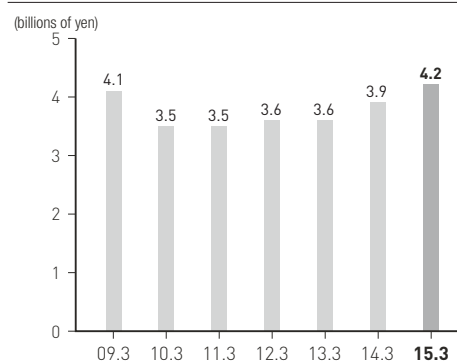
1. Research and feasibility studies, development of prototypes, and experimental trials, all of which lead to the development of new businesses and products
2. Research into advanced information technologies, platform technologies, and production and development technologies
3. Surveys and research on new social systems

Research and development activities are routinely pursued by the IT Platform Innovation Business Division, which is in charge of technology development for NRI, and the Center for Strategic Management & Innovation, which is in charge of policy recommendations and advanced technology functions. Further, individual business divisions, in pursuing medium- to long-term development of business and new products engage in research and development activities via cross-functional arrangements as necessary. In addition to introducing R&D strategies, we have introduced

R&D meetings to provide opportunities to select R&D projects in priority areas from a company-wide perspective. These meetings serve as a forum for investigating projects from the planning stage through applications of results.

In the fiscal year ended 31st March, 2015, our research and development expenses amounted to ¥4,222 million.

►Research and development expenses



Business and Other Risks

Items that could have an important influence on investor judgments in NRI's business and other operations are outlined below.

The risks that we list here are representative risks inherent to our business as of 31st March, 2015, but the potential risks are not limited to those listed below. Furthermore, items herein relating to future events are based on judgments by NRI as of the end of the fiscal year under review.

(1) Risks Concerning Management Strategies

<1> Price competition in the information services industry

Competition is fierce among service providers in the information services industry. Intense price competition could occur in the future as a result of the continuing participation by new service providers from other industries, emergence of overseas providers, and an increase in demand for packaged products.

Under these business circumstances, NRI strives to differentiate our services from those of our competitors by offering high value-added services that enhance our ability to offer end-to-end services from consulting to system development and system management and operation. We are also striving to improve productivity.

However, if price competition becomes more intense than forecast, NRI's business performance may be adversely affected.

<2> Technological changes in the information services industry

In the information services industry, we must constantly respond to match market needs that change as information technology evolves.

Acknowledging such a changing business climate, NRI is striving to respond rapidly to technological innovations by being active in investigation and research of advanced, basic, and developmental IT through implementing across-sectional system.

However, if technological innovations advance in a wide range of areas, and if our response to these changes is delayed, it could adversely affect NRI's business performance.

<3> Stability of management and operation services business

Expansion of system management and operation services requires various investments such as real estate for data centers and equipment for operations and software. Return on such investments is obtained over the long term through client contracts.

Many contracts for system management and operation services span more than one year or are automatically renewed in the case of one-year contracts. Accordingly, sales are deemed relatively stable; moreover, NRI strives to achieve steady return on investments through careful management of works in progress and continuous credit control of clients.

Nevertheless, there is no guarantee that this stability in sales of system management and operation will continue in the future;

each time a client business undergoes a merger or bankruptcy, or when a client decides to overhaul its information systems strategies, there is a possibility that it will not renew its contract with NRI.

<4> Investment in software

NRI invests in software to expand our business, including product sales, shared online services and outsourcing services. In many cases, the software is designed for specific use and cannot be readily readapted for other applications, which means that careful consideration must go into the decision to make such an investment.

At NRI, we exhaustively discuss the legitimacy of each business plan before commencing software development. We also have an internal system whereby regular checks on the plan's progress enable prompt revision to the plan when necessary, both in the development stage and after completion.

However, with this type of software investment, there is never a total guarantee that the initial investment will be recovered, and there is a chance the capital will not be recovered and a loss will be incurred.

<5> Dependence on specific business categories and clients

NRI sales showed strong dependence on specific business sectors and clients. In the fiscal year ended 31st March, 2015, sales of Financial IT Solutions to external clients mainly in the financial sector accounted for 60% of total sales. Moreover, NRI's combined sales to our major clients, Nomura Holdings, Inc. and its subsidiaries, and Seven & i Holdings Co., Ltd. and its subsidiaries, accounted for one-third of consolidated sales.

NRI possesses the operational know-how gleaned from our businesses for the financial sector and large-scale and advanced system development and operation expertise. NRI is aggressively cultivating new clients by utilizing these strengths in services for other sectors. In terms of our approach to major clients, NRI is differentiating ourselves from our competitors by becoming even more adept in our areas of strength and is strengthening our client relationships through strategic deployment of human resources.

However, it is possible that in the future NRI will experience an enormous impact on business performance if the legal system in a specific sector is changed, if the business environment is suddenly changed, if the business circumstances of our major clients change, or if they radically reexamine their information systems strategies. There is also a possibility that NRI, against expectations, will be unable to secure new clients.

<6> Investments, M&As, alliances

NRI invests in various companies with a view to developing future business opportunities, and it also takes equity stakes in clients to strengthen business relationships, considering expected return on investment. NRI also undertakes M&As and forms business alliances with a view to strengthening the operating base.

Such actions involve careful prior examination of the target

company's financial standing and its business activities, and decisions are made only after all the necessary information has been gathered and due diligence exercised.

Despite this approach, there is a possibility that investments, M&As, and alliances have an adverse impact on NRI's performance in the event that unforeseen problems arise after deals have been completed, or that the expected benefits fail to materialize.

<7> *Capital relationship with Nomura Holdings, Inc. and its affiliates*

As of 31st March, 2015, Nomura Holdings, Inc. held 37.9% of the voting rights of NRI (including 31.5% of indirectly held voting rights). In addition, affiliated companies (JAFCO Co., Ltd. and TAKAGI SECURITIES CO., LTD.) held 8.8% of NRI's voting rights.

There is no guarantee that the percentage of voting rights held by Nomura Holdings, Inc. and its affiliates will remain stable. Furthermore, the exercise of voting rights by Nomura Holdings, Inc. and its affiliates may not necessarily be aligned with the interests of other NRI shareholders.

(2) Business continuation

As a result of the advance of globalization of business activity and a widely networked environment, significant damage may be caused by unexpected events such as disasters and system failures, requiring the reinforcement of a crisis management system.

NRI has prepared a contingency plan (emergency response plan) outlining the emergency response system and action guidelines in the event a large-scale disaster, large-scale system disruption, accident, or other incident occurs that affects the business and execution of operations. While taking proactive measures and conducting repeated drills, we will work to upgrade and reinforce our crisis management structure, including preparing the infrastructure necessary for business continuation and establishing a structure to achieve smoother business continuation. The data centers held by NRI meet the highest Japanese standards for disaster preparation, in terms of security measures and earthquake resistance among other aspects. We intend to further reinforce our backup systems for NRI's information assets contained within these data centers as well as take measures based on standards agreed upon with clients regarding their information assets in our keeping.

However, in the event of a contingency or situation that exceeds the capabilities of one company, in which interruption of operations is unavoidable, provision of services at the standards agreed upon with clients may not be feasible and could potentially affect NRI's performance.

(3) Intellectual property rights

NRI is witnessing a growing importance of intellectual property rights related to information systems and software, such as patents for business models related to e-commerce.

With these circumstances in mind, in the development of

information systems, NRI is constantly investigating whether it is possibly breaching another party's patent.

Furthermore, through education, training and other measures, we are raising employee awareness of intellectual property rights. At the same time, we recognize that intellectual property is an important business resource, so by proactively investing in applications for patents, we are rigorously protecting the intellectual property of NRI.

If, despite these measures, the product or service of NRI breaches the intellectual property rights of a third party, not only would this potentially make NRI liable for reparation, but NRI might also be ordered to stop using an information system, or service, which could interfere with business execution. There is also the possibility that NRI's intellectual property could be breached by the third party.

(4) Laws and regulations

NRI is subject to domestic and overseas laws and regulations when conducting our business activities. NRI has established a compliance structure and makes every effort to ensure compliance with laws and regulations.

However, there is a possibility that the breach of laws and regulations or the implementation of new laws and regulations could have a negative impact on NRI's operations and performance.

(5) Information Security

With the penetration of Internet infrastructure, dissemination of all kinds of information throughout society has become instantaneous.

While these technological advances have broadened the range of users and increased convenience, they have also heightened the risk of information leaks, for example through improper external access. The question of security management is now being closely scrutinized by society in general. In the information services industry, where NRI constantly handles clients' confidential data, more sophisticated information security management and comprehensive employee training are needed.

In the area of personal information management, we have obtained Privacy Mark certification accrediting our management system to protect personal information. We conduct appropriate management of confidential information, and a portion of our business has obtained Information Security Management System certification. Among the steps we take to consistently maintain a high level of security, we have systems that control entering and exiting of buildings, ensure rigorous computer security management, and conduct training sessions on protection of personal information. Particularly in our data centers, where we operate our clients' backbone systems, we have introduced stricter entry/exit controls such as X-ray scanning of articles being brought into and out of the facilities.

However, in the event that information leaks occur despite our efforts, factors such as claims for compensation for damages from clients and others and a loss of confidence in NRI could potentially affect NRI's performance.

(6) Quality of services

NRI aims to provide clients with high value-added services by taking advantage of our total capabilities from consulting through system development and system management and operation by following a basic strategy of "Navigation × Solution," which is to propose strategies to achieve those objectives, and provide measures to bring such strategies to fruition. Our clients expect a high-quality service.

i. Consulting services

In our consulting services, we are working hard to establish systems that offer high-quality services such as the provision of infrastructure that allows the sharing of information on the expertise accumulated within NRI. In addition, we are committed to continuing to improve quality in the future by conducting client satisfaction surveys, analyzing results and providing feedback.

However, if we are unable to provide the high-quality service that our clients expect, this may hinder prospects for future business contracts.

ii. System development

Generally, system development projects are undertaken on a contract basis. We are obliged, under such a contract, to complete an information system and deliver it by the specified deadline. However, there may be times when more person-hours are required than initially estimated because of the client's requests for a more advanced and complex system as well as requirement changes made before completion, which may delay delivery. Even after delivery, more work than expected may be needed to complete the contract, such as carrying out additional improvements on system performance. In particular, long-term projects that take several years to complete have a higher likelihood of being affected by requirement changes to respond to the changes in both technology and the surrounding environment.

Information systems are important social infrastructure, and quality management and risk management are essential from the development stage to achieve stable operation after system completion. We strongly recognize that, for systems in the financial services sector in particular, the systems not only involve the reliability of NRI's client, but also the entire financial market.

Therefore, in order to deal with these situations, NRI is making efforts to ensure that project estimate examination before contract signing as well as project management after contract signing are done properly, for example, improving the management abilities of our project managers through training programs, and providing quality management systems based on ISO (International Organization for Standardization) 9001. In particular, we have established exclusive examination bodies, such as the Systems Development Committee, for projects over a certain size in order to thoroughly review the progress of projects through system delivery and operation. We will further develop examinations for and improvements to the system development process for systems in the financial services sector.

However, in the event that extra costs are incurred, such as an increase in person-hours or performance improvement work conducted after delivery, the project's final profitability may deteriorate. Moreover, if the client's business is harmed because of a delay in delivery or because of problems with the delivered information system, not only may we be liable for the loss, but the situation might also damage the reputation of NRI.

iii. System management and operation services

The information systems developed by NRI are often important platforms for client business and it is essential that these systems operate stably after completion. Regarding financial sector systems, in particular, there are cases in which credibility is on the line not only for our clients but also for entire financial markets, and we are keenly aware of the weight of that reality.

NRI is seeking to improve the quality of system management and operation. We are constantly striving to maintain and improve the quality of services we provide, based on the ISO27001 information security management system, and ISO20000 IT service management system. Concerning financial sector systems, we perform management status and other inspections on a prioritized basis and are formulating measures for responding to failures in the unlikely event they occur.

Data centers play a crucial role in the economy and society, and we are keenly aware of their importance. NRI has in place an operating structure that enhances security and regularly evaluates and verifies their operating status.

Nevertheless, there is a possibility that the stability of data-center operations may not meet the standards agreed to with clients despite our efforts, as a result of human failure to follow correct operating procedures, equipment failure, or power outages and other infrastructure-related problems. Such adverse developments could not only have a negative impact on our performance but could also damage the reputation of NRI.

(7) Subcontracting partners

To improve productivity and make use of the highly specialized know-how of outside corporations, NRI is outsourcing some business operations. Many of these outsourcing operations are carried out under subcontracting contracts.

i. Good business relationships with subcontractors

In the fiscal year ended 31st March, 2015, our subcontractors were responsible for 50% of NRI's actual production. It is essential to secure top-level subcontractors and maintain a good business relationship with them in order to carry out NRI's operation.

At NRI, we strive to secure superior subcontracting partners by performing corporate screening regularly and searching for new collaborating partners both domestically and overseas. Furthermore, we are conducting activities to raise productivity and quality, including activities with subcontracting partners, through such measures as sharing of project risks with e-Partner Contracts, a contracted business partner with high levels of specialized business expertise, and demands for greater

security and thorough information management on the part of subcontracting partners.

Our subcontracting partners are not only in Japan, but also in various overseas locations, including China. Currently, Chinese companies account for 15% of subcontracting costs. We are therefore striving to strengthen this system of cooperation by regularly dispatching executives to China to visit subcontracting partners and check the status of projects.

In spite of all these efforts, in case we fail to secure superior subcontracting partners or maintain a good business relationship with them, we might not be able to conduct business smoothly. Especially in subcontracting to a subcontracting partner overseas, an unexpected event might occur caused by political, economic, or social factors which are different from those in Japan.

ii. Contract work

There have been calls for appropriate responses in compliance with labor-related laws when contracting business outsourcing work is carried out under service contracts.

NRI has formulated guidelines relating to contract work to raise common awareness of this problem and to allow the awareness to take root in NRI. In addition, we host meetings to explain our policies to subcontracting partners as part of our drive for entirely appropriate business outsourcing.

If despite these efforts, work outside the scope of the contract work is carried out and disguised contract issues and so forth arise, NRI may lose credibility.

(8) Human resources

NRI believes that the specialized expertise of our employees is the foundation of our high value-added services. In addition, hiring and fostering highly specialized human resources and establishing personnel systems and workplace environments that allow these individuals to demonstrate their full potential is necessary to build long-term trusting relationships between NRI and our clients and ultimately enable NRI to achieve medium- to long-term growth.

We perceive our employees as valuable “human assets,” and we are dedicated to creating a system that allows us to secure and develop these assets. We strive to recruit highly capable staff with specialized skills, while focusing on the work-life balance of employees, constructing a personnel system that accommodates diverse working methods and values, and implementing improvements to the working environment. As part of our strategies for personnel development systems, we offer assistance to and subsidize our employees to obtain various licenses and qualifications and hold many human resources development seminars at a facility dedicated to employee education and training. We encourage employees to improve themselves by taking advantage of NRI’s internal certification program.

Despite these efforts, if we fail to secure and develop professionals who can respond to the highly specialized demands

of our clients, NRI’s performance could suffer. Furthermore, if workplace conditions worsen and cause employees’ mental and physical health to deteriorate, this could possibly lead to a drop in worker productivity and attrition.

(9) Securities holdings

NRI holds stocks of client companies with a view to strengthening business ties and bonds for investment purposes.

In the event of business deterioration or bankruptcy at an issuer, NRI may incur an impairment loss or be unable to recover our investment. Moreover, market prices for these securities fluctuate in line with the economic environment, market trends, and earnings at issuers. Such fluctuations can affect NRI’s financial position.

(10) Assets and liabilities related to retirement benefit

NRI has established a defined contribution pension system and a retirement allowance system as our defined-benefit system. The allowance for employee retirement benefits will fluctuate according to changes in the amount of retirement benefit obligations and pension plan assets.

Retirement benefit obligations are calculated using a number of assumptions and estimates, such as employment termination trends and discount rates. A change in any of these factors could change the amount.

Meanwhile, pension plan assets fluctuate according to trends in the stock market and interest rates.

Moreover, if any change in the pension plan is adopted, it could affect the liabilities of retirement benefit obligations.

Significant Accounting Policies and Estimates

The accompanying financial statements for NRI have been prepared in accordance with generally accepted accounting principles and practices in Japan. The compilation of these financial statements has required certain assumptions and estimates that influence the stated value of assets, liabilities, income and expenditure. An estimate deemed reasonable in view of historical experience or current circumstances may differ from the actual figure, owing to the inherent uncertainty of estimates.

The significant accounting policies used in the preparation of NRI's consolidated financial statements are described in Consolidated Financial Statements and Notes to the Consolidated Financial Statements (Significant Accounting Policies). We think the following accounting policies and estimates in particular could have significant influence on NRI's financial statements.

<1> *The percentage-of-completion method*

NRI in principle uses the percentage-of-completion method for recognizing sales and cost of sales of subcontracted software development and consulting projects. In practice, cost of sales is recognized as incurred, and sales are recorded in accordance with the rate of accrued cost on the work in progress (actual costs incurred as a percentage of total estimated costs for each project). Receivables corresponding to sales on projects that are incomplete at the end of the fiscal year are recorded on the consolidated balance sheet as accounts receivable including development.

The percentage-of-completion method is adopted on the assumption that for each project it is possible to reasonably estimate the total costs and rate of work in progress, which form the basis for recognition of sales. We have put in place a project management structure that enables us to accurately estimate costs at the time orders are received and to monitor work in progress. We revise our estimates immediately if a project deviates beyond prescribed limits from initial estimates. Accordingly, we are confident that such revenues are recorded with a high level of accuracy.

<2> *Accounting method for software*

In the development of software packages, and the development of information systems for shared online and outsourcing services, instead of recording subcontracting costs and labor costs for the development of information systems as expenses, these amounts may be recorded as assets for NRI investments in software or recorded in the software suspense accounts. In such cases, sale of the completed information system to the client or the provision of services generates product sales revenue and system management and operation revenue, in turn enabling NRI to collect our returns on our development investments in the medium to long term.

Based on this system of recovering investments, software for sale including the packaged products is amortized based on the forecasted sales quantity or sales revenue with the bottom limit amount set according to the uniform distribution method, based on the remaining valid period of generally three years.

Amortization of the software used by NRI to provide services as part of shared online services is carried out according to the straight-line method for the usable period, which is a maximum of five years. In addition to the above amortization, in cases where rapid change occurs in a business environment, we may estimate the amount recoverable and record the loss.

<3> *Accounting method for employee retirement benefits*

Retirement benefit obligations and pension assets are calculated based on certain forward-looking estimates including discount rate, long-term expected rate of return on pension assets, among others. The discount rate used in calculating retirement benefit obligations is determined based on the yield of highly stable bonds. The long-term expected rate of return on pension assets is determined factoring in future earnings forecasts and historical operating results.

Discrepancies between estimates and results, and changes in estimates, may impact future retirement benefit obligations and retirement benefit expenses.

<4> *Deferred income tax assets*

NRI records deferred income tax assets with a reasonable estimate of future taxable income and careful judgment of its collectability. Since future taxable income is estimated from the results of past business performance, there is a possibility of fluctuation in the amount of deferred income tax assets if the estimate of taxable income differs from actual results due to changes in the tax system and the business environment.

<5> *Transactions of Delivering NRI's Own Stock to Employees, etc. through Trusts*

NRI introduced a "Trust-type Employee Stock Ownership Incentive Plan" in March 2011. The plan was set up to enable all employees who are members of the NRI Group Employee Stock Ownership Group to benefit from gains in NRI's share price. The Employee Stock Ownership Trust (hereafter the "ESOP Trust"), which was set up for this incentive plan, acquired the number of NRI'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 NRI's shares. When the share price appreciates and earnings have accumulated in the ESOP Trust, a cash distribution of the funds will be made to beneficiaries upon its termination. Since NRI guarantees the loans of the ESOP Trust taken out to purchase NRI's shares, NRI 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.

NRI includes the assets and liabilities of the ESOP Trust at the end of the fiscal year in the accompanying consolidated balance sheet. NRI recognizes the transfer of treasury stock when NRI sells treasury stock to the ESOP Trust and records the acquisition costs of NRI's shares that the ESOP Trust owns at the end of the fiscal year in the net assets section as treasury stock. As for the earnings on stock in the ESOP Trust, NRI

records them in the liabilities section as a suspense account to be settled. NRI 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.

Consolidated Financial Statements

Nomura Research Institute, Ltd.

*At 31st March, 2015 and for the year then ended
with Independent Auditor's Report*

Nomura Research Institute, Ltd.
Consolidated Financial Statements

31st March, 2013 (unaudited), 2014 and 2015

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Independent Auditor's Report

The Board of Directors
Nomura Research Institute, Ltd.

We have audited the accompanying consolidated financial statements of Nomura Research Institute, Ltd. and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2015, and the consolidated statements of income and comprehensive income, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Nomura Research Institute, Ltd. and its consolidated subsidiaries as at March 31, 2015, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Convenience Translation

We have reviewed the translation of these consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying consolidated financial statements have been properly translated on the basis described in Note 2.

Ernst & Young ShinNihon LLC

June 18, 2015
Tokyo, Japan

Nomura Research Institute, Ltd.

Consolidated Balance Sheet

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars (Note 2)</i>
	31st March,		31st March,
	2014	2015	2015
Assets			
Current assets:			
Cash and bank deposits (<i>Notes 3 and 13</i>)	¥ 9,886	¥ 26,469	\$ 220,300
Short-term investment securities (<i>Notes 3, 4 and 13</i>)	83,804	119,539	994,915
Accounts receivable and other receivables (<i>Notes 3 and 7</i>)	100,627	98,875	822,930
Operating loans (<i>Note 3</i>)	–	10,770	89,638
Margin transaction assets (<i>Note 3</i>)	–	16,764	139,526
Inventories	1,264	779	6,484
Deferred income taxes (<i>Note 11</i>)	8,136	9,145	76,113
Short-term guarantee deposits (<i>Note 3</i>)	–	7,755	64,544
Other current assets	4,503	8,660	72,075
Allowance for doubtful accounts	(99)	(191)	(1,590)
Total current assets	<u>208,121</u>	<u>298,565</u>	<u>2,484,935</u>
Property and equipment (<i>Note 8</i>):			
Land	12,154	7,448	61,989
Buildings, net	38,074	33,192	276,254
Machinery and equipment, net	12,521	12,293	102,314
Leased assets, net (<i>Note 15</i>)	19	12	100
Construction in progress	–	971	8,082
Property and equipment, net	<u>62,768</u>	<u>53,916</u>	<u>448,739</u>
Software and other intangibles			
Investment securities (<i>Notes 3 and 4</i>)	42,713	55,583	462,613
Investments in affiliates (<i>Notes 3 and 4</i>)	94,767	116,481	969,463
Deferred income taxes (<i>Note 11</i>)	11,791	2,159	17,969
Long-term loans receivable (<i>Note 3</i>)	3,135	1,219	10,146
Lease investment assets	8,056	8,176	68,048
Net defined benefit asset (<i>Note 10</i>)	663	505	4,203
Other assets (<i>Note 9</i>)	20,304	34,688	288,706
Allowance for doubtful accounts	16,775	22,101	183,946
	(83)	(180)	(1,498)
Total assets	<u>¥469,010</u>	<u>¥593,213</u>	<u>\$4,937,270</u>

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars (Note 2)</i>
	31st March,		31st March,
	2014	2015	2015
Liabilities and Net Assets			
Current liabilities:			
Accounts payable (Note 3)	¥ 26,104	¥ 24,197	\$ 201,390
Short-term loans payable (Note 3)	–	10,645	88,598
Current portion of long-term loans payable (Note 3)	2,280	2,148	17,878
Margin transaction liabilities (Note 3)	–	12,314	102,489
Lease obligations, current	251	254	2,114
Accrued expenses	20,128	22,947	190,986
Income taxes payable	13,345	2,186	18,194
Advance payments received	7,025	7,618	63,404
Short-term guarantee deposits received (Note 3)	–	8,676	72,210
Provision for loss on orders received	3,083	3,911	32,551
Other current liabilities	7,626	18,313	152,417
Total current liabilities	79,842	113,209	942,231
Bonds (Note 3)	30,000	30,000	249,688
Long-term loans payable (Note 3)	22,055	21,333	177,553
Lease obligations	459	290	2,414
Deferred income taxes (Note 11)	39	18,192	151,411
Net defined benefit liability (Note 10)	4,543	5,298	44,095
Asset retirement obligations	608	747	6,217
Other long-term liabilities	55	128	1,064
Reserve for financial products transaction liabilities	–	548	4,561
Commitments and contingent liabilities (Note 22)			
Net assets (Notes 12 and 14):			
Shareholders' equity:			
Common stock:			
Authorized – 750,000 thousand shares at 31st March, 2014 and 2015			
Issued – 225,000 thousand shares at 31st March, 2014 and 2015	18,600	18,600	154,806
Additional paid-in capital	15,003	15,091	125,601
Retained earnings	325,476	352,221	2,931,512
Treasury stock, at cost:			
– 25,651 thousand shares at 31st March, 2014 and 24,501 thousand shares at 31st March, 2015	(59,870)	(57,457)	(478,211)
Total shareholders' equity	299,209	328,455	2,733,708
Accumulated other comprehensive income:			
Valuation difference on available-for-sale securities (Note 4)	24,037	48,915	407,116
Deferred losses on hedges (Note 5)	(38)	(28)	(233)
Foreign currency translation adjustment	(968)	419	3,487
Remeasurements of defined benefit plans (Note 10)	8,110	11,662	97,062
Total accumulated other comprehensive income	31,141	60,968	507,432
Share subscription rights (Note 23)	973	889	7,400
Minority interests	86	13,156	109,496
Total net assets	331,409	403,468	3,358,036
Total liabilities and net assets	¥469,010	¥593,213	\$4,937,270

See accompanying notes to consolidated financial statements.

Nomura Research Institute, Ltd.

Consolidated Statement of Income and Comprehensive Income

	<i>Millions of yen</i>			<i>Thousands of U.S. dollars (Note 2)</i>
	Year ended 31st March,			Year ended 31st March,
	2013	2014	2015	2015
	(Unaudited)			
Sales	¥363,891	¥385,932	¥405,985	\$3,378,985
Cost of sales (Note 16)	262,316	276,664	289,211	2,407,083
Gross profit	101,575	109,268	116,774	971,902
Selling, general and administrative expenses (Notes 17 and 18)	57,608	59,451	65,287	543,379
Operating profit	43,967	49,817	51,487	428,523
Other income (expenses):				
Interest and dividend income	1,268	1,923	1,399	11,644
Interest expense	(6)	(59)	(133)	(1,107)
Equity in earnings of affiliates	339	533	46	383
Bonds issuance cost	-	(91)	-	-
Commission paid	(1)	(46)	(1)	(8)
Loss on property and equipment (Note 19)	(7,732)	-	(3,231)	(26,891)
Gain (loss) on investment securities (Note 4)	(75)	45	9,266	77,120
Gain on bargain purchase (Note 25)	4,661	-	3,374	28,082
Loss on step acquisitions (Note 25)	-	-	(1,664)	(13,849)
Reversal of share-based compensation (Note 23)	158	304	263	2,189
Office transfer cost	-	-	(3,098)	(25,784)
Provision of reserve for financial products transaction liabilities	-	-	(140)	(1,165)
Gain on abolishment of retirement benefit plan (Note 10)	-	-	1,470	12,235
Retirement benefit expenses (Note 10)	-	-	(106)	(882)
Other, net	291	284	144	1,196
	(1,097)	2,893	7,589	63,163
Income before income taxes and minority interests	42,870	52,710	59,076	491,686
Provision for income taxes (Note 11):				
Current	16,679	18,971	11,423	95,073
Deferred	(2,418)	2,204	7,786	64,802
	14,261	21,175	19,209	159,875
Income before minority interests	28,609	31,535	39,867	331,811
Income (loss) attributable to minority interests	(4)	8	986	8,206
Net income (Note 14)	¥ 28,613	¥ 31,527	¥ 38,881	\$ 323,605
Income (loss) attributable to minority interests	¥ (4)	¥ 8	¥ 986	\$ 8,206
Income before minority interests	28,609	31,535	39,867	331,811
Other comprehensive income (Note 20):				
Valuation difference on available-for-sale securities	9,701	6,092	25,218	209,888
Deferred gains or losses on hedges (Note 5)	-	(38)	10	83
Foreign currency translation adjustment	898	638	1,300	10,820
Remeasurements of defined benefit plans, net of tax (Note 10)	-	10,366	3,499	29,122
Share of other comprehensive income of affiliates	307	61	(188)	(1,565)
Total other comprehensive income	10,906	17,119	29,839	248,348
Comprehensive income	¥ 39,515	¥ 48,654	¥ 69,706	\$ 580,159
Comprehensive income attributable to:				
Comprehensive income attributable to owners of the parent	¥ 39,519	¥ 48,646	¥ 68,708	\$ 571,853
Comprehensive income attributable to minority interests	(4)	8	998	8,306

See accompanying notes to consolidated financial statements.

Nomura Research Institute, Ltd.

Consolidated Statement of Changes in Net Assets

Millions of yen

	Shareholders' equity				Total shareholders' equity
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock, at cost	
Balance at 1st April, 2012 (unaudited)	¥18,600	¥14,800	¥284,495	¥(66,472)	¥251,423
Purchase of treasury stock	-	-	-	(0)	(0)
Disposition of treasury stock	-	-	-	2,806	2,806
Loss on disposition of treasury stock	-	-	(57)	-	(57)
Net income	-	-	28,613	-	28,613
Cash dividends paid	-	-	(10,456)	-	(10,456)
Change of scope of equity method	-	-	704	-	704
Net changes other than in shareholders' equity	-	-	-	-	-
Balance at 1st April, 2013 (unaudited)	¥18,600	¥14,800	¥303,299	¥(63,666)	¥273,033
Cumulative effect of changes in accounting policies	-	-	1,126	-	1,126
Balance as restated	18,600	14,800	304,425	(63,666)	274,159
Purchase of treasury stock	-	-	-	(0)	(0)
Disposition of treasury stock	-	-	-	3,796	3,796
Gain on disposition of treasury stock	-	203	-	-	203
Net income	-	-	31,527	-	31,527
Cash dividends paid	-	-	(10,476)	-	(10,476)
Net changes other than in shareholders' equity	-	-	-	-	-
Balance at 1st April, 2014	¥18,600	¥15,003	¥325,476	¥(59,870)	¥299,209
Cumulative effect of changes in accounting policies	-	-	-	-	-
Balance as restated	18,600	15,003	325,476	(59,870)	299,209
Purchase of treasury stock	-	-	-	(0)	(0)
Disposition of treasury stock	-	-	-	2,413	2,413
Gain on disposition of treasury stock	-	88	-	-	88
Net income	-	-	38,881	-	38,881
Cash dividends paid	-	-	(12,136)	-	(12,136)
Net changes other than in shareholders' equity	-	-	-	-	-
Balance at 31st March, 2015	¥18,600	¥15,091	¥352,221	¥(57,457)	¥328,455

Millions of yen

	Accumulated other comprehensive income							Total net assets
	Valuation difference on available-for-sale securities	Deferred losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Share subscription rights	Minority interests	
Balance at 1st April, 2012 (unaudited)	¥ 7,966	¥ -	¥(2,575)	¥ -	¥ 5,391	¥1,420	¥ -	¥258,234
Purchase of treasury stock	-	-	-	-	-	-	-	(0)
Disposition of treasury stock	-	-	-	-	-	-	-	2,806
Loss on disposition of treasury stock	-	-	-	-	-	-	-	(57)
Net income	-	-	-	-	-	-	-	28,613
Cash dividends paid	-	-	-	-	-	-	-	(10,456)
Change of scope of equity method	-	-	-	-	-	-	-	704
Net changes other than in shareholders' equity	9,971	-	935	-	10,906	(10)	78	10,974
Balance at 1st April, 2013 (unaudited)	¥17,937	¥ -	¥(1,640)	¥ -	¥16,297	¥1,410	¥78	¥290,818
Cumulative effect of changes in accounting policies	-	-	-	(2,274)	(2,274)	-	-	(1,148)
Balance as restated	17,937	-	(1,640)	(2,274)	14,023	1,410	78	289,670
Purchase of treasury stock	-	-	-	-	-	-	-	(0)
Disposition of treasury stock	-	-	-	-	-	-	-	3,796
Gain on disposition of treasury stock	-	-	-	-	-	-	-	203
Net income	-	-	-	-	-	-	-	31,527
Cash dividends paid	-	-	-	-	-	-	-	(10,476)
Net changes other than in shareholders' equity	6,100	(38)	672	10,384	17,118	(437)	8	16,689
Balance at 1st April, 2014	¥24,037	¥(38)	¥ (968)	¥ 8,110	¥31,141	¥ 973	¥86	¥331,409
Cumulative effect of changes in accounting policies	-	-	-	-	-	-	-	-
Balance as restated	24,037	(38)	(968)	8,110	31,141	973	86	331,409
Purchase of treasury stock	-	-	-	-	-	-	-	(0)
Disposition of treasury stock	-	-	-	-	-	-	-	2,413
Gain on disposition of treasury stock	-	-	-	-	-	-	-	88
Net income	-	-	-	-	-	-	-	38,881
Cash dividends paid	-	-	-	-	-	-	-	(12,136)
Net changes other than in shareholders' equity	24,878	10	1,387	3,552	29,827	(84)	13,070	42,813
Balance at 31st March, 2015	¥48,915	¥(28)	¥ 419	¥11,662	¥60,968	¥ 889	¥13,156	¥403,468

Nomura Research Institute, Ltd.

Consolidated Statement of Changes in Net Assets (continued)

Thousands of U.S. dollars (Note 2)

	Shareholders' equity				Total shareholders' equity
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock, at cost	
Balance at 1st April, 2014	\$154,806	\$124,869	\$2,708,914	\$(498,294)	\$2,490,295
Cumulative effect of changes in accounting policies	-	-	-	-	-
Balance as restated	154,806	124,869	2,708,914	(498,294)	2,490,295
Purchase of treasury stock	-	-	-	(2)	(2)
Disposition of treasury stock	-	-	-	20,085	20,085
Gain on disposition of treasury stock	-	732	-	-	732
Net income	-	-	323,605	-	323,605
Cash dividends paid	-	-	(101,007)	-	(101,007)
Net changes other than in shareholders' equity	-	-	-	-	-
Balance at 31st March, 2015	\$154,806	\$125,601	\$2,931,512	\$(478,211)	\$2,733,708

Thousands of U.S. dollars (Note 2)

	Accumulated other comprehensive income						Total net assets	
	Valuation difference on available-for-sale securities	Deferred losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Share subscription rights		Minority interests
Balance at 1st April, 2014	\$200,058	\$ (316)	\$(8,057)	\$ 67,499	\$259,184	\$8,099	\$716	\$2,758,294
Cumulative effect of changes in accounting policies	-	-	-	-	-	-	-	-
Balance as restated	200,058	(316)	(8,057)	67,499	259,184	8,099	716	2,758,294
Purchase of treasury stock	-	-	-	-	-	-	-	(2)
Disposition of treasury stock	-	-	-	-	-	-	-	20,085
Gain on disposition of treasury stock	-	-	-	-	-	-	-	732
Net income	-	-	-	-	-	-	-	323,605
Cash dividends paid	-	-	-	-	-	-	-	(101,007)
Net changes other than in shareholders' equity	207,058	83	11,544	29,563	248,248	(699)	108,780	356,329
Balance at 31st March, 2015	\$407,116	\$(233)	\$ 3,487	\$ 97,062	\$507,432	\$ 7,400	\$109,496	\$3,358,036

See accompanying notes to consolidated financial statements.

Nomura Research Institute, Ltd.

Consolidated Statement of Cash Flows

	<i>Millions of yen</i>			<i>Thousands of U.S. dollars (Note 2)</i>
	Year ended 31st March,			Year ended 31st March,
	2013	2014	2015	2015
	(Unaudited)			
Cash flows from operating activities				
Income before income taxes and minority interests	¥ 42,870	¥ 52,710	¥ 59,076	\$ 491,686
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:				
Depreciation and amortization	42,475	34,118	25,801	214,740
Interest and dividend income	(1,268)	(1,923)	(1,399)	(11,644)
Interest expense	6	59	133	1,107
Loss on property and equipment	7,732	–	3,231	26,891
Loss (gain) on investment securities	75	(45)	(9,266)	(77,120)
Gain on bargain purchase	(4,661)	–	(3,374)	(28,082)
Loss on step acquisitions	–	–	1,664	13,849
Office transfer cost	–	–	3,098	25,784
Changes in operating assets and liabilities:				
Accounts receivable and other receivables, net of advance payments received	1,834	(22,038)	4,867	40,508
Allowance for doubtful accounts	(7)	59	(116)	(965)
Accounts payable	(4,217)	5,716	(2,376)	(19,775)
Inventories	(18)	(1,041)	510	4,245
Provision for retirement benefits	(1,728)	(17,568)	–	–
Net defined benefit asset	–	(5,414)	(9,728)	(80,965)
Net defined benefit liability	–	3,666	752	6,259
Provision for loss on orders received	169	2,504	828	6,891
Operating loans	–	–	1,532	12,751
Margin transaction assets	–	–	(4,963)	(41,307)
Short-term guarantee deposits	–	–	(742)	(6,176)
Margin transaction liabilities	–	–	7,469	62,164
Short-term guarantee deposits received	–	–	755	6,284
Reserve for financial products transaction liabilities	–	–	140	1,165
Other	(570)	(2,234)	2,501	20,815
Subtotal	82,692	48,569	80,393	669,105
Interest and dividends received	1,528	2,347	1,428	11,885
Interest paid	(56)	(86)	(150)	(1,248)
Income taxes paid	(15,564)	(16,990)	(22,961)	(191,103)
Net cash provided by operating activities	68,600	33,840	58,710	488,639
Cash flows from investing activities				
Payments for time deposits	(1,111)	(922)	(863)	(7,183)
Proceeds from time deposits	1,051	951	1,415	11,777
Purchase of short-term investment securities	–	–	(6,000)	(49,938)
Proceeds from sales and redemption of short-term investment securities	11,800	–	1,000	8,323
Acquisition of property and equipment	(15,668)	(11,734)	(9,673)	(80,508)
Proceeds from sales of property and equipment	1,158	1	4,296	35,755
Purchase of software and other intangibles	(16,162)	(22,620)	(22,671)	(188,689)
Proceeds from sales of software and other intangibles	0	–	4	33
Payments for asset retirement obligations	(40)	(0)	(106)	(882)
Purchase of investment securities	(21,415)	(7,474)	(10,578)	(88,040)
Proceeds from sales and redemption of investment securities	6,614	10,450	36,439	303,279
Purchase of investments in affiliates	(2,264)	(903)	(804)	(6,692)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation (Note 13)	–	–	6,436	53,566
Other	17	17	12	102
Net cash used in investing activities	¥(36,020)	¥(32,234)	¥ (1,093)	\$ (9,097)

Nomura Research Institute, Ltd.

Consolidated Statement of Cash Flows (continued)

	<i>Millions of yen</i>			<i>Thousands of U.S. dollars (Note 2)</i>
	Year ended 31st March,			Year ended 31st March,
	2013	2014	2015	2015
	(Unaudited)			
Cash flows from financing activities				
Net increase in short-term loans payable	¥ –	¥ –	¥ 426	\$ 3,546
Proceeds from long-term loans payable	–	20,000	1,000	8,323
Repayment of long-term loans payable	(2,506)	(2,368)	(2,853)	(23,745)
Proceeds from issuance of bonds	–	29,909	–	–
Redemption of convertible bonds	–	(49,994)	–	–
Repayment of obligation under finance leases	(107)	(128)	(37)	(308)
Proceeds from sales of treasury stock	2,344	4,285	3,173	26,409
Purchase of treasury stock	(0)	(0)	(0)	(0)
Cash dividends paid	(10,454)	(10,477)	(12,138)	(101,025)
Cash dividends paid to minority shareholders	–	–	(206)	(1,715)
Proceeds from share issuance to minority shareholders	–	–	98	816
Net cash used in financing activities	<u>(10,723)</u>	<u>(8,773)</u>	<u>(10,537)</u>	<u>(87,699)</u>
Effect of exchange rate changes on cash and cash equivalents	722	336	695	5,784
Net increase (decrease) in cash and cash equivalents	<u>22,579</u>	<u>(6,831)</u>	<u>47,775</u>	<u>397,627</u>
Cash and cash equivalents at beginning of year	77,044	99,623	92,792	772,301
Cash and cash equivalents at end of year <i>(Note 13)</i>	<u>¥ 99,623</u>	<u>¥ 92,792</u>	<u>¥ 140,567</u>	<u>\$ 1,169,928</u>

See accompanying notes to consolidated financial statements.

Nomura Research Institute, Ltd.

Notes to the Consolidated Financial Statements

31st March, 2013 (unaudited), 2014 and 2015

1. Significant Accounting Policies

Description of Business

The NRI Group (Nomura Research Institute, Ltd. (the “Company”) and its 29 consolidated subsidiaries) and its affiliates (3 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 24.

Basis of Presentation

The accompanying 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 consolidated financial statements include information which is not required under accounting principles generally accepted in Japan but is presented herein as additional information.

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

Basis of Consolidation and Application of Equity Method

The accompanying consolidated financial statements for the years ended 31st March, 2013, 2014 and 2015 include the accounts of the Company and all companies which are controlled directly or indirectly by the Company. All subsidiaries (21, 21 and 29 for the years ended 31st March, 2013, 2014 and 2015, respectively) have been consolidated. The major consolidated subsidiaries are NRI Netcom, Ltd., NRI SecureTechnologies, Ltd., and DSB Co., Ltd. (formerly known as Daiko Clearing Services Corporation) as of 31st March, 2015.

During the year ended 31st March, 2015, the NRI Group acquired additional shares of DSB Co., Ltd. As a result, DSB Co., Ltd. and its consolidated subsidiaries (Nippon Clearing Services Co., Ltd. (dissolved following a merger with DSB Co., Ltd.), Japan Business Service Co., Ltd. and KCS Co., Ltd. (renamed DSB Information System Co., Ltd.)) are newly included in the scope of consolidation. Nomura Research Institute Holdings America, Inc., Nomura Research Institute IT Solutions America, Inc., Nomura Research Institute Dallas, Inc. and Nomura Research Institute Singapore Pte. Ltd., established during the year ended 31st March, 2015, are also newly included in the scope of consolidation. NRI Financial Graphics, Inc., established through a joint venture during the year ended 31st March, 2015, is also newly included in the scope of consolidation.

1. Significant Accounting Policies (continued)

Basis of Consolidation and Application of Equity Method (continued)

The NRI Group's investments in affiliated companies over which it has the ability to exercise significant influence are accounted for by the equity method, and, accordingly, the NRI Group's share of such affiliates' income or loss is included in consolidated income. All affiliated companies (3, 4 and 3 for the years ended 31st March, 2013, 2014 and 2015, respectively) have been accounted for by the equity method. The affiliated companies are Marubeni IT Solutions Inc., iVision Shanghai Co., Ltd. and Market Xcel Data Matrix Private Limited as of 31st March, 2015.

DSB Co., Ltd. and Nippon Clearing Services Co., Ltd., which had been affiliates accounted for by the equity method, were excluded from the scope of application of the equity method because they were classified as consolidated subsidiaries of the Company from the year ended 31st March, 2015. The NRI Group acquired shares of Marubeni IT Solutions Inc. during the year ended 31st March, 2015. As a result, Marubeni IT Solutions Inc. is newly accounted for by the equity method. MC NRI GLOBAL SOLUTIONS, INC., which had been an affiliate accounted for by the equity method, was excluded from the scope of application of the equity method following the completion of liquidation proceedings during the year ended 31st March, 2015. Upon the distribution of its residual assets, the NRI Group acquired shares of its subsidiary, iVision Shanghai Co., Ltd., during the year ended 31st March, 2015. As a result, iVision Shanghai Co., Ltd. is newly accounted for by the equity method.

Cash Equivalents

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

Investment Securities

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

The NRI Group determines the appropriate classification of investment securities as either trading, held-to-maturity or available-for-sale securities based on its holding objectives. Available-for-sale securities include marketable securities and non-marketable securities.

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

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

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

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

1. Significant Accounting Policies (continued)

Inventories

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

Depreciation of Property and Equipment (other than leased assets)

Property and equipment is stated at cost. Depreciation is calculated principally by the declining-balance method over the estimated useful lives of the related assets. Buildings (excluding structures attached to the buildings) acquired on or after 1st April, 1998 by the Company and its domestic consolidated subsidiaries are depreciated by the straight-line method over their respective estimated useful lives.

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

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

Other intangible assets are amortized by the straight-line method over their respective estimated useful lives.

Depreciation and Amortization of Leased Assets

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

Allowance for Doubtful Accounts

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

Provision for Loss on Orders Received

To prepare for future losses in following years on orders received, a provision has been provided for loss on orders received outstanding, when a loss is probable and the amount can be reasonably estimated as of the end of the year.

Reserve for Financial Products Transaction Liabilities

To prepare for losses arising from securities-related transactions, a provision has been provided pursuant to Article 175 of the Cabinet Ordinance on Financial Instruments Business, Etc. in accordance with Article 46-5 of the Financial Instruments and Exchange Law.

1. Significant Accounting Policies (continued)

Retirement and Severance Benefits for Employees

In calculating retirement benefit obligations, the NRI Group has adopted the benefit formula basis as the method for attributing the expected retirement benefits to accounting periods. Actuarial gain and loss is amortized by the straight-line method over a defined period, not exceeding the average remaining service period of the employees (5 to 15 years) from the next fiscal year after the incurrence. Prior service cost is amortized by the straight-line method over a defined period, not exceeding the average remaining service period of the employees (15 years).

Revenue Recognition

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

Derivatives and Hedging Activities

The NRI Group uses derivative financial instruments such as forward foreign exchange contracts and interest rate swap contracts as means of hedging exposure to currency and interest rate risks.

Derivatives are stated at fair value with gains or losses recognized in the consolidated statement of income and comprehensive income. For derivatives used for hedging purposes, the gains and losses are deferred until the hedged item is recognized.

Forward foreign exchange contracts are entered into for the purpose of hedging the currency risk associated with foreign currency receivables and payables, including forecasted transactions, and interest rate swap contracts are entered into for the purpose of hedging the interest rate risk associated with the underlying borrowings.

As for the hedging instruments and hedged items, an evaluation of hedge effectiveness is performed for each hedging transaction. However, if the material conditions of the hedging instrument and the hedged item are the same and the hedging relationship is expected to be highly effective, an evaluation of the effectiveness is omitted.

Appropriation of Capital Surplus and Retained Earnings

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

1. Significant Accounting Policies (continued)

Accounting Standards to Be Applied

(Accounting Standards for Business Combinations)

On 13th September, 2013, the ASBJ issued “Accounting Standard for Business Combinations” (ASBJ Statement No. 21), “Guidance on Accounting Standard for Business Combinations and Business Divestitures” (ASBJ Guidance No. 10), “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22) and other revised accounting standards related to business combinations.

Under these revised accounting standards, the accounting treatment for changes in a parent’s ownership interest in a subsidiary when that parent retains control over the subsidiary in the additional acquisition of shares in the subsidiary and acquisition related costs were revised. In addition, the presentation method of net income was amended, the name “minority interests” was changed to “non-controlling interests,” and provisional accounting treatments were revised.

These revised accounting standards are being adopted from the beginning of the year ending 31st March, 2016.

The impact of the application of these accounting standards on the consolidated financial statements has not yet been determined.

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. Significant Accounting Policies (continued)

Additional Information (continued)

The Company includes the assets and liabilities of the ESOP Trust at the end of the fiscal year in the accompanying 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 the fiscal year 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.

The shares of the Company held by the ESOP Trust amounting to ¥5,353 million (corresponding to 2,817 thousand shares) and ¥4,058 million (\$33,774 thousand) (corresponding to 2,135 thousand shares) and the loan payable of the ESOP Trust amounting to ¥4,335 million and ¥1,815 million (\$15,106 thousand) are recorded in the accompanying consolidated balance sheet as of 31st March, 2014 and 2015, respectively.

2. U.S. Dollar Amounts

The Company maintains its books of account in yen. The U.S. dollar amounts included in the accompanying consolidated financial statements and the notes thereto represent the arithmetic results of translating yen into dollars at $¥120.15 = \text{U.S.}\$1.00$, the rate of exchange prevailing on 31st March, 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.

3. Financial Instruments

1) Qualitative information

(a) Policy for financial instruments

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

3. Financial Instruments (continued)

1) Qualitative information (continued)

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

Although accounts receivable and other receivables are exposed to customers' credit risk, the historical loan loss ratio is low and those receivables are usually settled in a short period of time. The NRI Group tries to reduce credit risk by managing due dates and balances of each customer, as well as monitoring and analyzing customers' credit status. Accounts payable as operating payables are usually settled in a short period of time. Although operating receivables and payables denominated in foreign currencies are exposed to exchange rate fluctuation risk, the risk is partially hedged by forward foreign exchange contracts. Investment securities, comprised of shares of companies with which the NRI Group has operational relationships, bonds and bond investment trusts, are exposed to issuers' credit risk, risks of volatility of market prices, and foreign currency exchange and interest rates. To reduce these risks, the NRI Group monitors market value and the issuers' financial status periodically. Long-term loans receivable is a construction assistance fund receivable due January 2017. Bonds and long-term loans payable, which are mainly for fund raising related to capital investments, are exposed to fluctuation risk of interest rates. The interest-rate risk related to bonds is hedged by interest rate swap contracts. As for liquidity risk, the Company reduces the risk by managing the NRI Group's overall funds with the cash flow forecast and ensuring stable sources of funding. In addition, a subsidiary, which operates financial services business, provides loans on margin transactions and operating loans. Loans on margin transactions as margin transaction assets, which are loans to securities companies, are exposed to credit risk. The subsidiary, therefore, sets the credit limit for each securities company, secures the securities purchased by the securities companies as collateral and receives guarantee deposits for loans on margin transactions. Operating loans, which are loans for individual or corporate customers, are exposed to credit risk. The subsidiary, therefore, receives securities as collateral for operating loans. Derivatives transactions are forward foreign exchange transactions to hedge the exchange rate fluctuation risk associated with receivables and payables in foreign currencies, including forecasted transactions and interest rate swap transactions to hedge the interest rate fluctuation risk associated with the borrowings. Hedge accounting has been applied to all derivative transactions. Although these are exposed to the credit risk of financial institutions, the NRI Group reduces the risk by doing business only with highly rated financial institutions. In executing of the transactions, the treasury department acts in accordance with the resolution of the board of directors, defining hedging transactions and related authority. Transaction results are regularly reported to the board of directors. An evaluation of hedge effectiveness is performed for each transaction. However, if the material conditions of the hedging instrument and the hedged item are the same and there is high effectiveness for each hedge transaction, an evaluation of hedge effectiveness is omitted.

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

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

3. Financial Instruments (continued)

2) Fair value of financial instruments

The carrying amount of financial instruments on the consolidated balance sheet as of 31st March, 2014 and 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, 2014			31st March, 2015		
	Carrying amount	Estimated fair value	Difference	Carrying amount	Estimated fair value	Difference
Assets:						
Cash and bank deposits	¥ 9,886	¥ 9,886	¥ –	¥ 26,469	¥ 26,469	¥ –
Accounts receivable and other receivables	100,627	100,627	–	98,875	98,875	–
Short-term investment securities, investment securities, and investments in affiliates	178,994	176,636	(2,358)	233,733	233,733	–
Operating loans	–	–	–	10,770	10,770	–
Allowance for doubtful accounts *1	–	–	–	(14)	(14)	–
Net operating loans	–	–	–	10,756	10,756	–
Margin transaction assets	–	–	–	16,764	16,764	–
Short-term guarantee deposits	–	–	–	7,755	7,755	–
Long-term loans receivable	8,056	8,376	320	8,176	8,395	219
Total	¥297,563	¥295,525	¥(2,038)	¥402,528	¥402,747	¥219
Liabilities:						
Accounts payable	¥ 26,104	¥ 26,104	¥ –	¥ 24,197	¥ 24,197	¥ –
Short-term loans payable	–	–	–	10,645	10,645	–
Margin transaction liabilities	–	–	–	12,314	12,314	–
Short-term guarantee deposits received	–	–	–	8,676	8,676	–
Bonds	30,000	30,057	57	30,000	30,104	104
Long-term loans payable *2	24,335	24,335	–	23,481	23,485	4
Total	¥ 80,439	¥ 80,496	¥ 57	¥109,313	¥109,421	¥108
Derivative transactions *3	¥ (58)	¥ (58)	¥ –	¥ (29)	¥ (29)	¥ –

	<i>Thousands of U.S. dollars</i>		
	31st March, 2015		
	Carrying amount	Estimated fair value	Difference
(Unaudited)			
Assets:			
Cash and bank deposits	\$ 220,300	\$ 220,300	\$ –
Accounts receivable and other receivables	822,930	822,930	–
Short-term investment securities, investment securities, and investments in affiliates	1,945,343	1,945,343	–
Operating loans	89,638	89,638	–
Allowance for doubtful accounts *1	(117)	(117)	–
Net operating loans	89,521	89,521	–
Margin transaction assets	139,526	139,526	–
Short-term guarantee deposits	64,544	64,544	–
Long-term loans receivable	68,048	69,871	1,823
Total	\$3,350,212	\$3,352,035	\$1,823
Liabilities:			
Accounts payable	\$ 201,390	\$ 201,390	\$ –
Short-term loans payable	88,598	88,598	–
Margin transaction liabilities	102,489	102,489	–
Short-term guarantee deposits received	72,210	72,210	–
Bonds	249,688	250,553	865
Long-term loans payable *2	195,430	195,464	34
Total	\$ 909,805	\$ 910,704	\$ 899
Derivative transactions *3	\$ (241)	\$ (241)	\$ –

3. Financial Instruments (continued)

2) Fair value of financial instruments (continued)

- *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 ¥2,280 million and ¥2,148 million (\$17,878 thousand) as of 31st March, 2014 and 2015, respectively.
- *3 Receivables and payables arising from derivative transactions are offset and presented as a net amount with liabilities shown in parentheses.

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.

3. Financial Instruments (continued)

2) 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,		31st March,
	2014	2015	2015
Unlisted companies' shares *1	¥11,110	¥4,165	\$34,665
Investments in partnerships *2	257	281	2,339

*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 ¥1,359 million and ¥1,453 million (\$12,093 thousand) as of 31st March, 2014 and 2015, respectively.

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

3. Financial Instruments (continued)

2) Fair value of financial instruments (continued)

Note 3: Redemption schedule for cash and bank deposits, receivables and marketable securities with maturities at 31st March, 2014 and 2015

	<i>Millions of yen</i>					
	31st March, 2014			31st March, 2015		
	Due within one year	Due after one year through five years	Due after five years	Due within one year	Due after one year through five years	Due after five years
Cash and bank deposits	¥ 9,886	¥ –	¥ –	¥ 26,469	¥ –	¥ –
Accounts receivable	65,989	1,137	–	61,214	1,069	–
Investment securities:						
Available-for-sale securities with maturities:						
Government bonds	35,000	10,001	–	10,000	1	–
Corporate bonds	–	4,500	–	6,500	11,500	–
Others	–	–	–	500	–	–
Operating loans	–	–	–	10,770	–	–
Margin transaction assets	–	–	–	16,763	–	–
Short-term guarantee deposits	–	–	–	7,755	–	–
Long-term loans receivable	–	8,400	–	–	8,400	–
	<u>¥110,875</u>	<u>¥24,038</u>	<u>¥ –</u>	<u>¥139,971</u>	<u>¥20,970</u>	<u>¥ –</u>

* Other receivables are not included in the above table as there is no applicable redemption schedule.

	<i>Thousands of U.S. dollars</i>		
	31st March, 2015		
	Due within one year	Due after one year through five years	Due after five years
Cash and bank deposits	\$ 220,300	\$ –	\$ –
Accounts receivable	509,480	8,897	–
Investment securities:			
Available-for-sale securities with maturities:			
Government bonds	83,229	8	–
Corporate bonds	54,099	95,714	–
Others	4,161	–	–
Operating loans	89,638	–	–
Margin transaction assets	139,518	–	–
Short-term guarantee deposits	64,544	–	–
Long-term loans receivable	–	69,913	–
	<u>\$1,164,969</u>	<u>\$174,532</u>	<u>\$ –</u>

3. Financial Instruments (continued)

2) Fair value of financial instruments (continued)

Note 4: Repayment schedule for bonds and long-term loans payable at 31st March, 2014 and 2015

		<i>Millions of yen</i>					
		31st March, 2014					
		Due within one year	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
Bonds		¥ –	¥ –	¥15,000	¥ –	¥15,000	¥ –
Long-term loans payable *		2,280	2,055	–	–	20,000	–
		<u>¥2,280</u>	<u>¥2,055</u>	<u>¥15,000</u>	<u>¥ –</u>	<u>¥35,000</u>	<u>¥ –</u>

		<i>Millions of yen</i>					
		31st March, 2015					
		Due within one year	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
Bonds		¥ –	¥ 15,000	¥ –	¥15,000	¥ –	¥ –
Long-term loans payable		2,148	333	500	20,500	–	–
		<u>¥2,148</u>	<u>¥15,333</u>	<u>¥500</u>	<u>¥35,500</u>	<u>¥ –</u>	<u>¥ –</u>

		<i>Thousands of U.S. dollars</i>					
		31st March, 2015					
		Due within one year	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
Bonds		\$ –	\$124,844	\$ –	\$124,844	\$ –	\$ –
Long-term loans payable		17,878	2,771	4,161	170,620	–	–
		<u>\$17,878</u>	<u>\$127,615</u>	<u>\$4,161</u>	<u>\$295,464</u>	<u>\$ –</u>	<u>\$ –</u>

* Part of long-term loans payable represent borrowings by the ESOP Trust upon introduction of the “Trust-type Employee Stock Ownership Incentive Plan.” Under the loan contracts, the amount, corresponding to the proceeds from the sale of shares held by the ESOP Trust are used to make loan payments semiannually, but the amount of each installment payment is not specified. Therefore, the repayment schedule was calculated at an estimated amount by reference to the acquisition price of the Company’s shares that the ESOP Group was expected to purchase from the ESOP Trust.

4. Investments

The NRI Group did not hold any held-to-maturity securities with determinable market value at 31st March, 2014 and 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, 2014 and 2015:

Securities Classified as Available-for-Sale Securities

	<i>Millions of yen</i>					
	31st March, 2014			31st March, 2015		
	Acquisition cost	Carrying amount	Unrealized gain (loss)	Acquisition cost	Carrying amount	Unrealized gain (loss)
Equity securities	¥ 20,338	¥ 55,509	¥35,171	¥ 23,107	¥ 93,882	¥70,775
Bonds:						
Government bonds	45,146	45,166	20	10,008	10,010	2
Corporate bonds	4,513	4,496	(17)	18,527	18,507	(20)
	49,659	49,662	3	28,535	28,517	(18)
Other	74,058	74,061	3	114,302	114,327	25
Total	<u>¥144,055</u>	<u>¥179,232</u>	<u>¥35,177</u>	<u>¥165,944</u>	<u>¥236,726</u>	<u>¥70,782</u>

	<i>Thousands of U.S. dollars</i>		
	31st March, 2015		
	Acquisition cost	Carrying amount	Unrealized gain (loss)
Equity securities	\$ 192,318	\$ 781,373	\$589,055
Bonds:			
Government bonds	83,296	83,313	17
Corporate bonds	154,199	154,032	(167)
	237,495	237,345	(150)
Other	951,328	951,536	208
Total	<u>\$1,381,141</u>	<u>\$1,970,254</u>	<u>\$589,113</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 years ended 31st March, 2014 and 2015 amounted to ¥16 million and ¥94 million (\$782 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.

4. Investments (continued)

Securities Classified as Available-for-Sale Securities (continued)

Proceeds from sales of available-for-sale securities during the years ended 31st March, 2013, 2014 and 2015 were as follows:

	<i>Millions of yen</i>			<i>Thousands of</i>
	31st March,			<i>U.S. dollars</i>
	2013	2014	2015	31st March,
Proceeds	¥2	¥67	¥11,077	\$92,193
Gross gain	–	46	9,458	78,718
Gross loss	–	–	(86)	(716)

Non-marketable securities whose fair value is not readily determinable were included in the above table.

5. Derivative Transactions and Hedging Activities

There were no derivative transactions to which hedge accounting was not applied during the years ended 31st March, 2014 and 2015.

For the derivative transactions to which hedge accounting was applied as of 31st March, 2014 and 2015, the contract amounts and estimated fair values of the hedging instruments are as follows.

	<i>Millions of yen</i>					
	31st March,					
	2014			2015		
	Contract amount			Contract amount		
	Settled over one year	Estimated fair value *1		Settled over one year	Estimated fair value *1	
Total			Total			
Forward foreign exchange contracts for accounts payable, accounted for by deferral hedge accounting method:						
Buy: CNY	¥ 890	¥ 69	¥ (2)	¥ 991	¥ 72	¥ 12
Interest rate swap contracts for bonds, accounted for by deferral hedge accounting method:						
Fixed rate receipt, fixed rate payment *2	¥30,000	¥30,000	¥(56)	¥30,000	¥30,000	¥(41)

	<i>Thousands of U.S. dollars</i>		
	31st March, 2015		
	Contract amount		
		Settled over one year	Estimated fair value *1
Total			
Forward foreign exchange contracts for accounts payable, accounted for by deferral hedge accounting method:			
Buy: CNY	\$ 8,248	\$ 599	\$ 100
Interest rate swap contracts for bonds, accounted for by deferral hedge accounting method:			
Fixed rate receipt, fixed rate payment *2	\$249,688	\$249,688	\$(341)

*1 The fair values are calculated based on the quoted price 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 bonds' fixed interest payments.

6. Assets Pledged as Collateral

As of 31st March, 2014, there were no assets pledged as collateral. As of 31st March, 2015 investment securities of ¥178 million (\$1,481 thousand) and ¥806 million (\$6,708 thousand) were pledged as long-term guarantee deposits to the stock exchanges and as clearing funds to the Japan Securities Clearing Corporation, respectively.

7. Accounts Receivable and Other Receivables

For projects that have not been completed as of the balance sheet date, the percentage-of-completion method is applied and the estimated revenue to be earned from each project has been included in accounts receivable and other receivables in the amounts of ¥33,501 million and ¥36,592 million (\$304,553 thousand) at 31st March, 2014 and 2015, respectively.

8. Property and Equipment

Property and equipment at 31st March, 2014 and 2015 is summarized as follows:

	<i>Years</i>	<i>Millions of yen</i>		<i>Thousands of</i>
		31st March,		<i>U.S. dollars</i>
	Useful	2014	2015	31st March,
	Life			2015
Land		¥ 12,154	¥ 7,448	\$ 61,989
Buildings	3 – 65	82,567	67,293	560,075
Machinery and equipment	2 – 20	58,826	52,088	433,525
Leased assets		359	117	974
Construction in progress		–	971	8,082
Accumulated depreciation		(91,138)	(74,001)	(615,906)
Property and equipment, net		<u>¥ 62,768</u>	<u>¥ 53,916</u>	<u>\$ 448,739</u>

9. Other Assets

Other assets at 31st March, 2014 and 2015 consisted of the following:

	<i>Millions of yen</i>		<i>Thousands of</i>
	31st March,		<i>U.S. dollars</i>
	2014	2015	31st March,
			2015
Lease deposits	¥11,270	¥13,026	\$108,414
Other	5,505	9,075	75,532
Other assets	<u>¥16,775</u>	<u>¥22,101</u>	<u>\$183,946</u>

“Other” includes golf club memberships.

10. Retirement and Severance Benefits

The Company has a defined benefit pension plan, a lump-sum payment plan and a defined contribution pension plan. In addition to the plans, an extra retirement payment may be provided. The Company also has set up employee retirement benefit trusts for defined benefit pension plans and for defined benefit lump-sum payment plans. Certain consolidated subsidiaries have defined benefit pension plans, defined benefit lump-sum payment plans, and defined contribution pension plans. A description of multi-employer pensions is also included in this note.

The changes in defined benefit obligations for the defined benefit plans for the years ended 31st March, 2014 and 2015 are as follows:

	<i>Millions of yen</i>		<i>Thousands of</i>
	31st March,		<i>U.S. dollars</i>
	2014	2015	31st March,
			2015
Balance at the beginning of the year	¥88,992	¥ 92,735	\$771,827
Service cost	5,560	5,641	46,950
Interest cost	1,278	1,438	11,968
Actuarial gain and loss	(1,688)	6,893	57,370
Benefits paid	(1,560)	(1,890)	(15,730)
Changes due to business combination	–	1,657	13,791
Changes due to dissolution of employees' pension fund trusts	–	(2,971)	(24,727)
Changes due to shift from the simplified method to principle method	–	106	882
Other	153	252	2,097
Balance at the end of the year	¥92,735	¥103,861	\$864,428

Certain consolidated subsidiaries adopt the simplified method for calculating retirement benefit obligations.

The changes in plan assets for the defined benefit plans for the years ended 31st March, 2014 and 2015 are as follows:

	<i>Millions of yen</i>		<i>Thousands of</i>
	31st March,		<i>U.S. dollars</i>
	2014	2015	31st March,
			2015
Balance at the beginning of the year	¥ 69,423	¥108,497	\$ 903,013
Expected return on plan assets	915	1,574	13,100
Actuarial gain and loss	14,326	12,286	102,256
Contributions	10,103	13,102	109,048
Benefits paid	(1,270)	(1,238)	(10,304)
Contributions to set up employee retirement benefit trust	15,000	–	–
Changes due to business combination	–	422	3,512
Changes due to dissolution of employees' pension fund trusts	–	(1,392)	(11,586)
Balance at the end of the year	¥108,497	¥133,251	\$1,109,039

10. Retirement and Severance Benefits (continued)

The reconciliation of defined benefit obligations and plan assets for the defined benefit plans to net defined benefit asset and net defined benefit liability recognized in the consolidated balance sheet as of 31st March, 2014 and 2015 is as follows:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	31st March,		31st March,
	2014	2015	2015
Funded defined benefit obligations	¥ 91,905	¥ 101,548	\$ 845,177
Plan assets	(108,497)	(133,251)	(1,109,039)
Subtotal	(16,592)	(31,703)	(263,862)
Unfunded defined benefit obligations	831	2,313	19,251
Net amount of liabilities and assets recognized in the consolidated balance sheet	<u>(15,761)</u>	<u>(29,390)</u>	<u>(244,611)</u>
Net defined benefit liability	4,543	5,298	44,095
Net defined benefit asset	(20,304)	(34,688)	(288,706)
Net amount of liabilities and assets recognized in the consolidated balance sheet	<u>¥ (15,761)</u>	<u>¥ (29,390)</u>	<u>\$ (244,611)</u>

* Employee retirement benefit trusts have been set up for defined benefit lump-sum payment plans. The defined benefit lump-sum payment plans are included in funded defined benefit obligations above. Employee retirement benefit trusts for defined benefit lump-sum payment plans are also included in plan assets above.

The components of retirement benefit expenses for the year ended 31st March, 2013 for the defined benefit plans and defined contribution plans are outlined as follows:

	<i>Millions of yen</i>
	31st March, 2013
Service cost	¥4,834
Interest cost	1,362
Expected return on plan assets	(676)
Recognized actuarial gain and loss	515
Recognized prior service liability	(195)
Subtotal	<u>5,840</u>
Other	1,809
Total	<u>¥7,649</u>

Retirement benefit expenses for the consolidated subsidiaries that adopt the simplified method are included in “Service cost” in the above table.

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

The amount of employee contributions to the employees’ pension fund is excluded from the above table.

10. Retirement and Severance Benefits (continued)

The components of retirement benefit expenses for the years ended 31st March, 2014 and 2015 for the defined benefit plans are outlined as follows:

	<i>Millions of yen</i>		<i>Thousands of</i>
	31st March,		<i>U.S. dollars</i>
	2014	2015	31st March,
			2015
Service cost	¥5,560	¥ 5,641	\$ 46,950
Interest cost	1,278	1,438	11,968
Expected return on plan assets	(915)	(1,574)	(13,100)
Recognized actuarial gain and loss	196	(788)	(6,558)
Recognized prior service cost	(195)	(195)	(1,623)
Gain on dissolution of employees' pension fund trusts	–	(1,470)	(12,235)
Loss on shift from simplified method to principle method	–	106	882
Other	2	123	1,024
Total	¥5,926	¥ 3,281	\$ 27,308

Retirement benefit expenses for the certain consolidated subsidiaries that adopt the simplified method are included in “Service cost.”

Actuarial gain and loss and prior service cost (before tax) recognized in remeasurements of defined benefit plans, net of tax, in other comprehensive income for the years ended 31st March, 2014 and 2015 are as follows:

	<i>Millions of yen</i>		<i>Thousands of</i>
	31st March,		<i>U.S. dollars</i>
	2014	2015	31st March,
			2015
Actuarial gain and loss	¥16,296	¥4,714	\$39,234
Prior service cost	(195)	(195)	(1,623)
Total	¥16,101	¥4,519	\$37,611

Unrecognized actuarial gain and loss and unrecognized prior service cost (before tax) recognized in remeasurements of defined benefit plans in accumulated other comprehensive income as of 31st March, 2014 and 2015 are as follows:

	<i>Millions of yen</i>		<i>Thousands of</i>
	31st March,		<i>U.S. dollars</i>
	2014	2015	31st March,
			2015
Unrecognized actuarial gain and loss	¥10,852	¥15,566	\$129,555
Unrecognized prior service cost	1,753	1,558	12,967
Total	¥12,605	¥17,124	\$142,522

10. Retirement and Severance Benefits (continued)

The breakdown of plan assets by major category as of 31st March, 2014 and 2015 is as follows:

	31st March,	
	2014	2015
Equity securities	58.2%	19.1%
Debt securities	31.2%	59.5%
Short-term financial assets	2.8%	9.6%
Other	7.8%	11.8%
Total	100.0%	100.0%

With respect to the above total, 23.0% and 19.8% of plan assets were held in employee retirement benefit trusts set up for defined benefit pension plans and defined benefit lump-sum payment plans as of 31st March, 2014 and 2015, respectively.

The long-term expected rate of the return on plan assets for defined plan assets is determined by considering revenue projections by the Company and actual performance.

Actuarial assumptions for defined benefit plans as of 31st March, 2014 and 2015 are as follows:

	31st March,		
	2013	2014	2015
Discount rates at the end of the year	1.4%	1.6%	1.2%
Expected long-term rate of return on plan assets	1.5	1.5	1.5

Weighted-average rates are used in the above table.

The required contribution for defined contribution pension plans of the NRI Group was ¥1,846 million and ¥1,921 million (\$15,988 thousand) as of 31st March, 2014 and 2015.

11. Income Taxes

The significant components of deferred income tax assets and liabilities at 31st March, 2014 and 2015 were as follows:

	<i>Millions of yen</i>		<i>Thousands of</i>
			<i>U.S. dollars</i>
	31st March,		31st March,
	2014	2015	2015
Deferred income tax assets:			
Net defined benefit liability	¥ 9,164	¥ 8,625	\$ 71,785
Depreciation	11,918	6,564	54,632
Accrued bonuses	5,340	5,358	44,594
Loss on valuation of investment securities	2,585	2,377	19,784
Net operating loss carryforwards	98	3,237	26,941
Other	4,206	5,854	48,723
Deferred income tax assets – subtotal:	33,311	32,015	266,459
Valuation allowance	(2,805)	(6,032)	(50,204)
Deferred income tax assets – total:	30,506	25,983	216,255
Deferred income tax liabilities:			
Valuation difference on available-for-sale securities	(11,418)	(21,992)	(183,038)
Special tax-purpose reserve	(342)	(348)	(2,896)
Reserve for special depreciation	(137)	(105)	(874)
Undistributed earnings of foreign subsidiaries	(101)	(117)	(974)
Net defined benefit asset	(7,228)	(11,180)	(93,050)
Other	(48)	(69)	(575)
Deferred income tax liabilities – total:	(19,274)	(33,811)	(281,407)
Deferred income tax assets (liabilities), net	¥ 11,232	¥ (7,828)	\$ (65,152)

Income taxes applicable to the NRI Group consisted of corporation, inhabitants' and enterprise taxes which, in the aggregate, resulted in statutory tax rates of approximately 38.0%, 38.0% and 35.6% for the years ended 31st March, 2013, 2014 and 2015, respectively.

11. Income Taxes (continued)

Reconciliations of the differences between the statutory income tax rates and the effective income tax rates after deferred tax effect in the consolidated statement of income and comprehensive income for the years ended 31st March, 2013, 2014 and 2015 are as follows:

	31st March,		
	2013	2014	2015
Statutory income tax rate	38.0%	38.0%	35.6%
Reconciliation:			
Non-deductible permanent differences, such as entertainment expenses	0.7	0.6	0.6
Non-taxable permanent differences, such as dividend income	(0.4)	(0.6)	(3.4)
Decrease in deferred income tax assets due to tax rate changes	–	2.4	2.9
Special tax credit	–	–	(1.0)
Changes in non-deductible write-downs of investment securities and other items whose schedule of reversal is uncertain	(1.2)	(0.3)	(0.1)
Utilization of net operating loss carryforwards	–	–	(1.2)
Gain on bargain purchase	(4.1)	–	(2.0)
Loss on step acquisitions	–	–	1.0
Others, net	0.3	0.1	0.1
Effective income tax rate after deferred tax effect	<u>33.3%</u>	<u>40.2%</u>	<u>32.5%</u>

On 31st March, 2015, the “Act to Partially Revise the Income Tax Act and Others” (Act No. 9 of 2015) and the “Act to Partially Revise the Local Tax Act and Others” (Act No. 2 of 2015) were promulgated. As a result, the rates of income tax and others will be reduced effective the fiscal year beginning 1st April, 2015. In response to the revision, the applicable statutory tax rate to calculate deferred income tax assets and liabilities expected to reverse in the year beginning on 1st April, 2015 and in the years beginning on 1st April, 2016 have been reduced to 33.0% and 32.2%, respectively.

As a result, net deferred income tax assets, income taxes-deferred, valuation difference on available-for-sale securities and remeasurements of defined benefit plans increased by ¥1,185 million (\$9,863 thousand), ¥1,699 million (\$14,141 thousand), ¥2,310 million (\$19,226 thousand) and ¥575 million (\$4,786 thousand), whereas deferred losses on hedges increased by ¥1 million (\$8 thousand).

12. 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 (\$4,744 thousand) at 31st March, 2014 and 2015, respectively.

Shares Issued and Treasury Stock

The total number and periodic changes in the number of shares issued and treasury stock for the years ended 31st March, 2014 and 2015 are summarized as follows:

	<i>Thousands of shares</i>	
	Shares issued	Treasury stock *1 and 2
Number of shares at 31st March, 2013	225,000	27,385
Increase in number of shares	–	0
Decrease in number of shares	–	1,734
Number of shares at 31st March, 2014	225,000	25,651
Increase in number of shares	–	0
Decrease in number of shares	–	1,150
Number of shares at 31st March, 2015	<u>225,000</u>	<u>24,501</u>

*1 The number of common shares of treasury stock increased by 0 thousand due to the purchases of odd-lot shares for the years ended 31st March, 2014 and 2015. The number of common shares of treasury stock decreased by 703 thousand and 682 thousand due to the transfer of treasury stock from the ESOP Trust to the ESOP Group and decreased by 1,030 thousand and 469 thousand due to the exercise of stock options for the years ended 31st March, 2014 and 2015, respectively.

*2 Treasury stock included 2,817 thousand and 2,136 thousand common shares of the Company owned by the ESOP Trust as of 31st March, 2014 and 2015, respectively.

Share subscription rights recorded in the accompanying consolidated balance sheet at 31st March, 2015 relate to the Company's stock option plans described in Note 23.

12. Net Assets (continued)

Dividends

1) Dividends paid

31st March, 2014					
Resolution	Type of shares	Total dividends (Millions of yen)	Dividends per share (Yen)	Cut-off date	Effective date
Meeting of the Board of Directors on 15th May, 2013 *1	Common Stock	¥5,229	¥26.00	31st March, 2013	3rd June, 2013
Meeting of the Board of Directors on 25th October, 2013 *2	Common Stock	¥5,247	¥26.00	30th September, 2013	29th November, 2013

*1 Dividends of ¥92 million paid to the ESOP Trust are included in the total dividends amount.

*2 Dividends of ¥81 million paid to the ESOP Trust are included in the total dividends amount.

31st March, 2015							
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
Meeting of the Board of Directors on 14th May, 2014 *1	Common Stock	¥6,065	\$50,479	¥30.00	\$0.25	31st March, 2014	2nd June, 2014
Meeting of the Board of Directors on 24th October, 2014 *2	Common Stock	¥6,072	\$50,537	¥30.00	\$0.25	30th September, 2014	28th November, 2014

*1 Dividends of ¥85 million (\$707 thousand) paid to the ESOP Trust are included in the total dividends amount.

*2 Dividends of ¥74 million (\$616 thousand) paid to the ESOP Trust are included in the total dividends amount.

12. Net Assets (continued)

Dividends (continued)

- 2) Dividends whose cut-off date is in the current fiscal year and whose effective date is in the following fiscal year

31st March, 2014						
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 *	Common Stock	¥6,065	¥30.00	31st March, 2014	2nd June, 2014	Retained earnings

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

31st March, 2015								
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 *	Common Stock	¥8,105	\$67,457	¥40.00	\$0.33	31st March, 2015	1st June, 2015	Retained earnings

- * Dividends of ¥85 million (\$707 thousand) paid to the ESOP Trust are included in the total dividends amount.

13. Supplementary Cash Flow Information

Cash and Cash Equivalents

A reconciliation between cash and bank deposits in the accompanying consolidated balance sheet and cash and cash equivalents in the accompanying consolidated statement of cash flows at 31st March, 2014 and 2015 is as follows:

	Millions of yen		Thousands of U.S. dollars
	31st March, 2014	2015	31st March, 2015
Cash and bank deposits	¥ 9,886	¥ 26,469	\$ 220,300
Short-term investment securities	83,804	119,539	994,915
Time deposits with maturities of more than three months when deposited	(898)	(440)	(3,662)
Bond and other investments maturing in more than three months from the acquisition date	—	(5,001)	(41,625)
Cash and cash equivalents	¥92,792	¥140,567	\$1,169,928

13. Supplementary Cash Flow Information (continued)

Significant components of assets and liabilities of newly consolidated subsidiaries through the acquisition of shares

The following is the summary of assets acquired and liabilities assumed on the date of acquisition of DSB Co., Ltd. following the acquisition of additional shares, related acquisition cost and net proceeds during the year ended March 31, 2015:

	<i>Millions of yen</i>	<i>Thousands of U.S. dollars</i>
	31st March, 2015	31st March, 2015
Current assets	¥ 41,655	\$ 346,692
Fixed assets	12,386	103,088
Current liabilities	(26,234)	(218,344)
Fixed liabilities	(2,874)	(23,920)
Minority interests	(12,171)	(101,298)
Gain on bargain purchase	(3,374)	(28,082)
Loss on step acquisitions	1,664	13,849
Other	581	4,836
Consolidated book value before the acquisition of additional shares	(9,770)	(81,315)
Acquisition cost of additional shares	1,863	15,506
Cash and cash equivalents	(8,299)	(69,072)
Net: Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	¥ 6,436	\$ 53,566

14. Per Share Data

Earnings per share for the years ended 31st March, 2013, 2014, and 2015 and net assets per share at 31st March, 2014 and 2015 are summarized as follows:

	<i>Yen</i>			<i>U.S. dollars</i>
	31st March,			31st March,
	2013	2014	2015	2015
Earnings per share	¥145.29	¥158.75	¥194.47	\$1.62
Diluted earnings per share	136.98	149.46	193.99	1.61
		<i>Yen</i>		<i>U.S. dollars</i>
		31st March,		31st March,
		2014	2015	2015
Net assets per share		¥1,657.15	¥1,942.27	\$16.17

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

14. Per Share Data (continued)

The computation of earnings per share and diluted earnings per share for the years ended 31st March, 2013, 2014 and 2015 is as follows:

	<i>Millions of yen</i>			<i>Thousands of U.S. dollars</i>
	31st March,			31st March,
	2013	2014	2015	2015
Numerator:				
Earnings	¥28,613	¥31,527	¥38,881	\$323,605
Earnings not attributable to common shareholders	(-)	(-)	(-)	(-)
Earnings attributable to common shareholders	¥28,613	¥31,527	¥38,881	\$323,605
	<i>Thousands of shares</i>			
Denominator:				
Weighted-average number of shares of common stock outstanding – basic *	196,937	198,594	199,933	
Potentially dilutive shares of common stock:				
Convertible bonds	11,839	11,742	-	
Stock options	100	597	493	
Total	11,939	12,339	493	
Weighted-average number of shares of common stock outstanding – diluted	208,876	210,933	200,426	

* 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 3,139 thousand and 2,455 thousand during the years ended 31st March, 2014 and 2015, respectively.

The following potentially issuable shares of common stock would have an antidilutive effect and thus have not been included in the diluted earnings per share calculation for the years ended 31st March, 2013, 2014 and 2015:

	<i>Shares</i>		
	31st March,		
	2013	2014	2015
a) 6th share subscription rights	280,000	0 ^{*1}	-
b) 8th share subscription rights	315,000	255,000	0 ^{*2}
c) 10th share subscription rights	335,000	-	-
d) 12th share subscription rights	428,000	-	-
e) 14th share subscription rights	445,000	-	-
f) 16th share subscription rights	392,500	-	-
g) 18th share subscription rights	385,000	-	-
h) 20th share subscription rights	-	385,000	385,000
i) 22nd share subscription rights	-	-	405,000

*1 The exercise period expired on 30th June, 2013.

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

14. Per Share Data (continued)

The computation of net assets per share at 31st March, 2014 and 2015 is summarized as follows:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	31st March,		31st March,
	2014	2015	2015
Numerator:			
Net assets	¥331,409	¥403,468	\$3,358,036
Share subscription rights	(973)	(889)	(7,400)
Minority interests	(86)	(13,156)	(109,496)
Net assets attributable to common stock	<u>¥330,350</u>	<u>¥389,423</u>	<u>\$3,241,140</u>
	<i>Thousands of shares</i>		
Denominator:			
Number of shares of common stock outstanding *	199,349	200,499	

* The Company's shares owned by the ESOP Trust are included in treasury stock.

The ESOP Trust owned 2,817 thousand and 2,136 thousand shares of the Company as of 31st March, 2014 and 2015, respectively.

15. Leases

1) As lessee

Future minimum lease payments for noncancelable operating leases at 31st March, 2014 and 2015 are summarized as follows:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	31st March,		31st March,
	2014	2015	2015
Future minimum lease payments:			
Due within one year	¥ 3,832	¥ 4,732	\$ 39,384
Thereafter	9,355	11,176	93,017
Total	<u>¥13,187</u>	<u>¥15,908</u>	<u>\$132,401</u>

15. Leases (continued)

2) As lessor

Future minimum lease payments to be received from operating leases as lessor at 31st March, 2014 and 2015 are summarized as follows:

	<i>Millions of yen</i>		<i>Thousands of</i>
	31st March,		<i>U.S. dollars</i>
	2014	2015	31st March,
			2015
Future minimum lease payments to be received:			
Due within one year	¥21	¥ 964	\$ 8,023
Thereafter	4	1,828	15,215
Total	¥25	¥2,792	\$23,238

16. Provision for Loss on Orders Received Included in Cost of Sales

Provision for loss on orders received included in cost of sales amounted to ¥165 million, ¥2,504 million and ¥828 million (\$6,891 thousand) for the years ended 31st March, 2013, 2014 and 2015, respectively.

17. Selling, General and Administrative Expenses

The details of selling, general and administrative expenses for the years ended 31st March, 2013, 2014 and 2015 are summarized as follows:

	<i>Millions of yen</i>			<i>Thousands of</i>
	31st March,			<i>U.S. dollars</i>
	2013	2014	2015	31st March,
			2015	
Personnel expenses	¥31,676	¥32,034	¥35,372	\$294,399
Rent	4,701	4,685	4,875	40,574
Subcontractor costs	8,823	9,640	11,170	92,967
Other	12,408	13,092	13,870	115,439
Total	¥57,608	¥59,451	¥65,287	\$543,379

18. Research and Development Expenses

Research and development expenses included in selling, general and administrative expenses amounted to ¥3,643 million, ¥3,903 million and ¥4,223 million (\$35,148 thousand) for the years ended 31st March, 2013, 2014 and 2015, respectively.

19. Loss on Property and Equipment

Loss on property and equipment for the year ended 31st March, 2015 mainly corresponds to the sale of the land and the building of the Hiyoshi Data Center.

20. Consolidated Statements of Income and Comprehensive Income

Reclassification adjustments relating to other comprehensive income for the years ended 31st March, 2013, 2014 and 2015 are summarized as follows.

	<i>Millions of yen</i>			<i>Thousands of U.S. dollars</i>
	31st March,			31st March,
	2013	2014	2015	2015
Valuation difference on available-for-sale securities				
Amount arising during the year	¥13,941	¥ 9,415	¥ 35,626	\$296,513
Reclassification adjustments	–	(11)	(21)	(175)
Valuation difference on available-for-sale securities	13,941	9,404	35,605	296,338
Deferred losses on hedges				
Amount arising during the year	–	(58)	88	732
Reclassification adjustments	–	–	(72)	(599)
Deferred losses on hedges	–	(58)	16	133
Foreign currency translation adjustment				
Amount arising during the year	898	638	1,300	10,820
Foreign currency translation adjustment	898	638	1,300	10,820
Remeasurements of defined benefit plans				
Amount arising during the year	–	16,013	5,441	45,285
Reclassification adjustments	–	87	(921)	(7,665)
Remeasurements of defined benefit plans	–	16,100	4,520	37,620
Share of other comprehensive income of affiliates accounted for using the equity method				
Amount arising during the year	307	14	86	715
Reclassification adjustments	–	47	(274)	(2,280)
Share of other comprehensive income of affiliates accounted for using the equity method	307	61	(188)	(1,565)
Total other comprehensive income before tax effect adjustment	15,146	26,145	41,253	343,346
Tax effect	(4,240)	(9,026)	(11,414)	(94,998)
Total other comprehensive income	¥10,906	¥17,119	¥ 29,839	\$248,348

20. Consolidated Statements of Income and Comprehensive Income (continued)

Tax effects relating to components of other comprehensive income for the years ended 31st March, 2013, 2014 and 2015 are summarized as follows:

	<i>Millions of yen</i>			<i>Thousands of U.S. dollars</i>
	31st March,			31st March,
	2013	2014	2015	2015
Valuation difference on available-for-sale securities				
Before-tax amount	¥13,941	¥ 9,404	¥ 35,605	\$296,338
Tax benefit (expense)	(4,240)	(3,312)	(10,387)	(86,450)
Net-of-tax amount	9,701	6,092	25,218	209,888
Deferred losses on hedges				
Before-tax amount	–	(58)	16	133
Tax benefit (expense)	–	20	(6)	(50)
Net-of-tax amount	–	(38)	10	83
Foreign currency translation adjustment				
Before-tax amount	898	638	1,300	10,820
Tax benefit (expense)	–	–	–	–
Net-of-tax amount	898	638	1,300	10,820
Remeasurements of defined benefit plans				
Before-tax amount	–	16,100	4,520	37,620
Tax benefit (expense)	–	(5,734)	(1,021)	(8,498)
Net-of-tax amount	–	10,366	3,499	29,122
Share of other comprehensive income of affiliates accounted for using the equity method				
Before-tax amount	307	61	(188)	(1,565)
Tax benefit (expense)	–	–	–	–
Net-of-tax amount	307	61	(188)	(1,565)
Total other comprehensive income				
Before-tax amount	15,146	26,145	41,253	343,346
Tax benefit (expense)	(4,240)	(9,026)	(11,414)	(94,998)
Net-of-tax amount	¥10,906	¥17,119	¥ 29,839	\$248,348

21. Related Party Transactions

Related party transactions for the years ended 31st March, 2013, 2014 and 2015 and the respective balances at 31st March, 2014 and 2015 were as follows:

1) Transactions

Related party	Nature of transaction	Millions of yen			Thousands of
		31st March,			U.S. dollars
		2013	2014	2015	31st March,
a) Major shareholder: Nomura Holdings, Inc.	Sales *1	¥66,427	¥58,051	¥ 56,912	\$ 473,675
b) Major shareholder's subsidiaries:					
Nomura Securities Co., Ltd.	Loan for margin transactions *2	–	–	49,066	408,373
	Cash receipt for lending securities on margin transactions *2	–	–	400,956	3,337,129
The Nomura Trust & Banking Co., Ltd.	Repayment of borrowings *3	1,973	–	–	–
	Payments of interest *3	39	–	–	–
Nomura Real Estate Development Co., Ltd. *4	Rent *5	1,637	–	–	–

2) Balances

Related party	Nature of transaction	Millions of yen		Thousands of
		31st March,		U.S. dollars
		2014	2015	2015
a) Major shareholder: Nomura Holdings, Inc.	Accounts receivable and other receivables *1	¥10,001	¥7,606	\$63,304
b) Major shareholder's subsidiaries:				
Nomura Securities Co., Ltd.	Margin transaction assets *2	–	1,904	15,847
	Margin transaction liabilities *2	–	9,449	78,643

*1 The terms and conditions of the agreements were determined in the same way as ordinary transactions with non-related parties through discussions with consideration of costs associated with system development, application sales and system management and operation.

*2 The terms and conditions of margin transactions were determined in the same way as ordinary transactions with non-related parties though the individual negotiation.

*3 The borrowing represents loans by the ESOP Trust upon introduction of the "Trust-type Employee Stock Ownership Incentive Plan." The term of the borrowing is five years (final repayment is in April 2016), with variable interest rates. The borrowing is being repaid semiannually in installments, and the borrowing rate has been determined based on the Company's credit risk.

*4 Nomura Real Estate Development Co., Ltd., which was a subsidiary of the Company's major shareholder "Nomura Holdings, Inc.," ceased to be a Nomura Holdings Inc.'s subsidiary and related party of the Company as of 21st March, 2013. In the above table, however, transactions with Nomura Real Estate Development Co., Ltd. cover transactions to the end of the year ended 31st March, 2013.

*5 With regard to an office lease, the Company pays rent which was determined by considering market prices of similar properties.

22. Contingent Liabilities

There were no material contingent liabilities at 31st March, 2014 and 2015.

23. Stock Option Plans

The Company and its subsidiary (DSB Co., Ltd.) issued the following share subscription rights for the purchase of new shares of common stock in accordance with the former Commercial Code of Japan or the Corporation Law of Japan.

1) The Company

Expenses recorded in connection with stock options during the years ended 31st March, 2013, 2014 and 2015 are as follows:

	<i>Millions of yen</i>			<i>Thousands of</i>
	31st March,			<i>U.S. dollars</i>
	2013	2014	2015	31st March,
				2015
Cost of sales	¥158	¥240	¥273	\$2,272
Selling, general and administrative expenses	158	225	264	2,197
Total	¥316	¥465	¥537	\$4,469

For the years ended 31st March, 2013, 2014 and 2015, the Company recognized reversal of share-based compensation as follows:

	<i>Millions of yen</i>			<i>Thousands of</i>
	31st March,			<i>U.S. dollars</i>
	2013	2014	2015	31st March,
				2015
Reversal of share-based compensation	¥158	¥304	¥263	\$2,189

23. Stock Option Plans (continued)

1) The Company (continued)

A description of each stock option plan as of 31st March, 2015 is summarized as follows:

	<u>8th stock option plan</u>	<u>10th stock option plan</u>	<u>12th stock option plan</u>
Grantee categories and numbers of grantees	37 directors, managing officers or employees of the Company, and 6 directors of its subsidiaries	36 directors or managing officers of the Company, and 6 directors of its subsidiaries	39 directors or managing officers of the Company, and 7 directors of its subsidiaries
Number of shares reserved	422,500	417,500	440,000
Grant date	10th July, 2007	8th July, 2008	15th July, 2009
Vesting conditions	Holders must be in continuous employment from the grant date to the vesting date of 30th June, 2010	Holders must be in continuous employment from the grant date to the vesting date of 30th June, 2011	Holders must be in continuous employment from the grant date to the vesting date of 30th June, 2012
Service period	From 1st July, 2007 to 30th June, 2010	From 1st July, 2008 to 30th June, 2011	From 1st July, 2009 to 30th June, 2012
Exercisable period	1st July, 2010 to 30th June, 2014	1st July, 2011 to 30th June, 2015	1st July, 2012 to 30th June, 2016
	<u>14th stock option plan</u>	<u>16th stock option plan</u>	<u>18th stock option plan</u>
Grantee categories and numbers of grantees	39 directors or managing officers of the Company, and 8 directors of its subsidiaries	37 directors or managing officers of the Company, and 5 directors of its subsidiaries	35 directors or managing officers of the Company, and 6 directors of its subsidiaries
Number of shares reserved	445,000	392,500	385,000
Grant date	18th August, 2010	11th July, 2011	13th July, 2012
Vesting conditions	Holders must be in continuous employment from the grant date to the vesting date of 30th June, 2013	Holders must be in continuous employment from the grant date to the vesting date of 30th June, 2014	Holders must be in continuous employment from the grant date to the vesting date of 30th June, 2015
Service period	From 1st July, 2010 to 30th June, 2013	From 1st July, 2011 to 30th June, 2014	From 1st July, 2012 to 30th June, 2015
Exercisable period	1st July, 2013 to 30th June, 2017	1st July, 2014 to 30th June, 2018	1st July, 2015 to 30th June, 2019

23. Stock Option Plans (continued)

1) The Company (continued)

	<u>19th stock option plan</u>	<u>20th stock option plan</u>	<u>21st stock option plan</u>
Grantee categories and numbers of grantees	36 directors, managing officers or employees of the Company, and 6 directors of its subsidiaries	35 directors or managing officers of the Company, and 5 directors of its subsidiaries	36 directors, managing officers or employees of the Company, and 5 directors of its subsidiaries
Number of shares reserved	88,500	385,000	88,500
Grant date	13th July, 2012	12th July, 2013	12th July, 2013
Vesting conditions	Holders must be in continuous employment from the grant date to the vesting date of 30th June, 2013	Holders must be in continuous employment from the grant date to the vesting date of 30th June, 2016	Holders must be in continuous employment from the grant date to the vesting date of 30th June, 2014
Service period	From 1st July, 2012 to 30th June, 2013	From 1st July, 2013 to 30th June, 2016	From 1st July, 2013 to 30th June, 2014
Exercisable period	1st July, 2013 to 30th June, 2014	1st July, 2016 to 30th June, 2020	1st July, 2014 to 30th June, 2015
	<u>22nd stock option plan</u>	<u>23rd stock option plan</u>	
Grantee categories and numbers of grantees	38 directors or managing officers of the Company, and 6 directors of its subsidiaries	39 directors, managing officers or employees of the Company, and 6 directors of its subsidiaries	
Number of shares reserved	405,000	92,500	
Grant date	11th August, 2014	11th August, 2014	
Vesting conditions	Holders must be in continuous employment from the grant date to the vesting date of 30th June, 2017	Holders must be in continuous employment from the grant date to the vesting date of 30th June, 2015	
Service period	From 1st July, 2014 to 30th June, 2017	From 1st July, 2014 to 30th June, 2015	
Exercisable period	1st July, 2017 to 30th June, 2021	1st July, 2015 to 30th June, 2016	

23. Stock Option Plans (continued)

1) The Company (continued)

The following table summarizes option activity under the stock option plans referred to above during the year ended 31st March, 2015:

	<i>Number of shares</i>										
	8th stock option plan	10th stock option plan	12th stock option plan	14th stock option plan	16th stock option plan	18th stock option plan	19th stock option plan	20th stock option plan	21st stock option plan	22nd stock option plan	23rd stock option plan
Non-vested:											
Beginning of the year	–	–	–	–	392,500	385,000	–	385,000	88,500	–	–
Granted	–	–	–	–	–	–	–	–	–	405,000	92,500
Forfeited	–	–	–	–	–	–	–	–	–	–	–
Vested	–	–	–	–	(392,500)	–	–	–	(88,500)	–	–
End of the year	–	–	–	–	–	385,000	–	385,000	–	405,000	92,500
Vested:											
Beginning of the year	255,000	107,500	50,000	112,500	–	–	15,500	–	–	–	–
Vested	–	–	–	–	392,500	–	–	–	88,500	–	–
Exercised	–	(62,500)	(22,500)	(52,500)	(255,000)	–	(15,500)	–	(60,500)	–	–
Forfeited	(255,000)	–	–	–	–	–	–	–	–	–	–
End of the year	–	45,000	27,500	60,000	137,500	–	–	–	28,000	–	–

* For the stock options which become unexercisable, the Company has applied the same accounting treatment as to forfeited stock options. The numbers of stock options presented above reflect such accounting treatment.

Price information per option for each stock option plan as of 31st March, 2015 is summarized as follows:

	<i>Yen</i>										
	8th stock option plan	10th stock option plan	12th stock option plan	14th stock option plan	16th stock option plan	18th stock option plan	19th stock option plan	20th stock option plan	21st stock option plan	22nd stock option plan	23rd stock option plan
Exercise price	¥3,680	¥2,650	¥2,090	¥2,010	¥1,869	¥1,766	¥ 1	¥3,420	¥ 1	¥3,335	¥ 1
Average price on exercise	–	3,514	3,457	3,345	3,647	–	3,225	–	3,396	–	–
Fair value on grant date	1,030	631	539	284	460	412	1,690	859	3,343	586	3,251

	<i>U.S. dollars</i>										
	8th stock option plan	10th stock option plan	12th stock option plan	14th stock option plan	16th stock option plan	18th stock option plan	19th stock option plan	20th stock option plan	21st stock option plan	22nd stock option plan	23rd stock option plan
Exercise price	\$30.63	\$22.06	\$17.39	\$16.73	\$15.56	\$14.70	\$ 0.01	\$28.46	\$ 0.01	\$27.76	\$ 0.01
Average price on exercise	–	29.25	28.77	27.84	30.35	–	26.84	–	28.26	–	–
Fair value on grant date	8.57	5.25	4.49	2.36	3.83	3.43	14.07	7.15	27.82	4.88	27.06

23. Stock Option Plans (continued)

1) The Company (continued)

Fair value as of the grant date for stock options which were issued during the year ended 31st March, 2015 was estimated using the Black-Scholes option pricing model with the following assumptions:

	<u>22nd stock option plan</u>	<u>23rd stock option plan</u>
Expected volatility *1	25.6%	28.5%
Expected remaining period *2	4.89 years	1.39 years
Expected dividend yield *3	¥60 per share	¥60 per share
Risk-free interest rate *4	0.146%	0.060%

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

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

*3 Expected dividend yield is the expected annual dividend amount for the year ended 31st March, 2015 as of the date of the grant.

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

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

2) A consolidated subsidiary (DSB Co., Ltd.)

Expenses recorded in connection with stock options during the years ended 31st March, 2013, 2014 and 2015 are as follows:

	<i>Millions of yen</i>			<i>Thousands of U.S. dollars</i>
	<u>31st March,</u>			<u>31st March,</u>
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2015</u>
Selling, general and administrative expenses	¥-	¥-	¥26	\$216
Total	¥-	¥-	¥26	\$216

There was no share-based compensation cost recognized for the years ended 31st March, 2013 and 2014 because DSB Co., Ltd. did not become a subsidiary until the year ended 31st March, 2015.

For the years ended 31st March, 2014 and 2015, there was no reversal of share-based compensation recognized.

23. Stock Option Plans (continued)

2) A consolidated subsidiary (DSB Co., Ltd.) (continued)

A description of each stock option plan for as of 31st March, 2015 is summarized as follows:

	<u>7th stock option plan</u>	<u>8th stock option plan</u>	<u>9th stock option plan</u>
Grantee categories and numbers of grantees	8 directors of DSB Co., Ltd.	5 directors of DSB Co., Ltd.	5 directors of DSB Co., Ltd.
Number of shares of reserved	18,400	18,000	25,300
Grant date	1st August, 2008	1st August, 2009	1st August, 2010
Vesting conditions	No vesting conditions are set.	No vesting conditions are set.	No vesting conditions are set.
Service period	There are no provisions for a required service period.	There are no provisions for a required service period.	There are no provisions for a required service period.
Exercisable period	1st August, 2008 to 31st July, 2038	1st August, 2009 to 31st July, 2039	1st August, 2010 to 31st July, 2040
	<u>10th stock option plan</u>	<u>11th stock option plan</u>	<u>12th stock option plan</u>
Grantee categories and numbers of grantees	5 directors of DSB Co., Ltd.	4 directors of DSB Co., Ltd.	5 directors of DSB Co., Ltd.
Number of shares reserved	12,600	11,300	18,100
Grant date	1st August, 2011	1st August, 2012	1st August, 2013
Vesting conditions	No vesting conditions are set.	No vesting conditions are set.	No vesting conditions are set.
Service period	There are no provisions for a required service period.	There are no provisions for a required service period.	There are no provisions for a required service period.
Exercisable period	1st August, 2011 to 31st July, 2041	1st August, 2012 to 31st July, 2042	1st August, 2013 to 31st July, 2043
	<u>13th stock option plan</u>	<u>14th stock option plan</u>	
Grantee categories and numbers of grantees	5 directors of DSB Co., Ltd.	5 directors of DSB Co., Ltd.	
Number of shares reserved	25,900	16,700	
Grant date	1st August, 2014	1st August, 2014	
Vesting conditions	No vesting conditions are set.	No vesting conditions are set.	
Service period	There are no provisions for a required service period.	There are no provisions for a required service period.	
Exercisable period	1st August, 2014 to 31st July, 2044	1st August, 2014 to 31st July, 2044	

23. Stock Option Plans (continued)

2) A consolidated subsidiary (DSB Co., Ltd.) (continued)

The following table summarizes option activity under the stock option plans referred to above during the year ended 31st March, 2015:

	<i>Number of shares</i>							
	7th stock option plan	8th stock option plan	9th stock option plan	10th stock option plan	11th stock option plan	12th stock option plan	13th stock option plan	14th stock option plan
Non-vested:								
Beginning of the year	—	—	—	—	—	—	—	—
Granted	—	—	—	—	—	—	25,900	16,700
Forfeited	—	—	—	—	—	—	—	—
Vested	—	—	—	—	—	—	25,900	16,700
End of the year	—	—	—	—	—	—	—	—
Vested:								
Beginning of the year	6,400	14,800	22,500	12,600	11,300	18,100	—	—
Vested	—	—	—	—	—	—	25,900	16,700
Exercised	1,300	3,200	5,200	2,600	—	—	—	—
Forfeited	—	—	—	—	—	—	—	—
End of the year	5,100	11,600	17,300	10,000	11,300	18,100	25,900	16,700

Price information per option for each stock option plan of DSB Co., Ltd. as of 31st March, 2015 is summarized as follows:

	<i>Yen</i>							
	7th stock option plan	8th stock option plan	9th stock option plan	10th stock option plan	11th stock option plan	12th stock option plan	13th stock option plan	14th stock option plan
Exercise price	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1
Average price on exercise	651	651	651	651	—	—	—	—
Fair value on grant date	647	474	259	229	240	573	606	606

	<i>U.S. dollars</i>							
	7th stock option plan	8th stock option plan	9th stock option plan	10th stock option plan	11th stock option plan	12th stock option plan	13th stock option plan	14th stock option plan
Exercise price	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01
Average price on exercise	5.42	5.42	5.42	5.42	—	—	—	—
Fair value on grant date	5.38	3.95	2.16	1.91	2.00	4.77	5.04	5.04

Fair value as of the grant date for stock options which were issued during the year ended 31st March, 2015 was estimated using the Black-Scholes option pricing model with the following assumptions:

	13th stock option plan	14th stock option plan
Expected volatility *1	47.4%	47.4%
Expected remaining period *2	2 years	2 years
Expected dividend yield *3	¥15 per share	¥15 per share
Risk-free interest rate *4	0.07%	0.07%

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

*2 Expected remaining period is determined to be the period from the grant date to the average date when the options are expected to be exercised.

*3 Expected dividend yield is the actual annual dividend amount for the year ended 31st March, 2014.

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

The granted number is exactly the vested number since no vesting conditions are set.

24. Segment Information

Segment Information

1) Outline of reportable segments

The NRI Group's reportable segments, for which separate financial information is available, are evaluated periodically by management in deciding the allocation of management resources and in assessing business performances. The NRI Group has classified its segments, comprehensively considering services, customers and markets totally, and four segments have been determined as reportable segments.

Consulting

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

Financial IT Solutions

Customers in the financial sector, who usually belong to the securities, insurance, or banking industries, are provided with services including system consulting, system development and system management and operation and IT solutions, such as multi-user systems.

Industrial IT Solutions

The main customers in this segment include not only the distribution, manufacturing and service sectors, but also governments and other public agencies. The services provided include system consulting, system development and system management and operation.

IT Platform Services

Services including system operation, management and administration of data centers and IT platform and network architecture related services are provided to mainly the Financial IT Solutions segment and Industrial IT Solutions segment. Customers in various sectors are provided with IT Platform solution and information security services.

This segment also conducts research for the development of new business operations and new products related to IT solutions and research related to leading-edge information technologies.

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

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

24. Segment Information (continued)

Segment Information (continued)

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

Millions of yen

Year ended 31st March, 2013									
	Reportable segment				Subtotal	Others *1	Total	Adjustment *2	Consolidated *3
	Consulting	Financial IT Solutions	Industrial IT Solutions	IT Platform Services					
Net sales:									
Sales to external customers	¥22,761	¥219,755	¥83,615	¥ 28,850	¥354,981	¥ 8,908	¥363,889	¥ 2	¥363,891
Intersegment sales or transfers	148	162	48	74,526	74,884	3,812	78,696	(78,696)	–
Total	22,909	219,917	83,663	103,376	429,865	12,720	442,585	(78,694)	363,891
Segment profit	¥ 2,801	¥ 22,280	¥ 6,478	¥ 10,061	¥ 41,620	¥ 1,137	¥ 42,757	¥ 1,210	¥ 43,967
Segment assets	¥11,436	¥ 91,287	¥34,788	¥ 72,704	¥210,215	¥ 8,085	¥218,300	¥213,922	¥432,222
Other items:									
Depreciation and amortization	¥ 71	¥ 27,952	¥ 1,680	¥ 11,138	¥ 40,841	¥ 383	¥ 41,224	¥ 1,251	¥ 42,475
Investment in affiliates	–	9,582	–	–	9,582	282	9,864	–	9,864
Increase in tangible and intangible fixed assets	75	12,469	3,150	14,211	29,905	723	30,628	420	31,048

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

*2 Descriptions of adjustments are as follows:

- (a) Individual items included in adjustment of segment profit were immaterial.
- (b) The segment asset adjustment of ¥213,922 million is comprised of corporate assets not allocated to a reportable segment of ¥215,646 million and the eliminations of intersegment receivables of ¥(1,724) million.
- (c) Individual items included in adjustment of depreciation and amortization were immaterial.
- (d) Individual items included in adjustment of increase in tangible and intangible fixed assets were immaterial.

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

24. Segment Information (continued)

Segment Information (continued)

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

Millions of yen

	Year ended 31st March, 2014								
	Reportable segment					Others *1	Total	Adjustment *2	Consolidated *3
	Consulting	Financial IT Solutions	Industrial IT Solutions	IT Platform Services	Subtotal				
Net sales:									
Sales to external customers	¥25,631	¥225,314	¥87,322	¥ 37,580	¥375,847	¥ 10,085	¥385,932	¥ –	¥385,932
Intersegment sales or transfers	190	32	68	77,044	77,334	5,248	82,582	(82,582)	–
Total	25,821	225,346	87,390	114,624	453,181	15,333	468,514	(82,582)	385,932
Segment profit	¥ 4,708	¥ 27,809	¥ 8,409	¥ 6,471	¥ 47,397	¥ 1,281	¥ 48,678	¥ 1,139	¥ 49,817
Segment assets	¥14,658	¥101,925	¥36,865	¥ 80,138	¥233,586	¥ 9,044	¥242,630	¥226,380	¥469,010
Other items:									
Depreciation and amortization	¥ 75	¥ 18,265	¥ 2,047	¥ 12,096	¥ 32,483	¥ 489	¥ 32,972	¥ 1,146	¥ 34,118
Investment in affiliates	136	10,609	–	–	10,745	384	11,129	–	11,129
Increase in tangible and intangible fixed assets	52	19,591	4,227	8,822	32,692	849	33,541	338	33,879

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

*2 Descriptions of adjustments are as follows:

- (a) Individual items included in adjustment of segment profit were immaterial.
- (b) The segment asset adjustment of ¥226,380 million is comprised of corporate assets not allocated to a reportable segment of ¥228,204 million and the eliminations of intersegment receivables of ¥(1,824) million
- (c) Individual items included in adjustment of depreciation and amortization were immaterial.
- (d) Individual items included in adjustment of increase in tangible and intangible fixed assets were immaterial.

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

24. Segment Information (continued)

Segment Information (continued)

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

Millions of yen

Year ended 31st March, 2015									
	Reportable segment				Subtotal	Others *1	Total	Adjustment *2	Consolidated *3
	Consulting	Financial IT Solutions	Industrial IT Solutions	IT Platform Services					
Net sales:									
Sales to external customers	¥27,353	¥237,111	¥95,573	¥ 34,779	¥394,816	¥11,169	¥405,985	¥ –	¥405,985
Intersegment sales or transfers	396	539	285	78,727	79,947	5,592	85,539	(85,539)	–
Total	27,749	237,650	95,858	113,506	474,763	16,761	491,524	(85,539)	405,985
Segment profit	¥ 5,959	¥ 22,622	¥ 11,791	¥ 8,637	¥ 49,009	¥ 1,596	¥ 50,605	¥ 882	¥ 51,487
Segment assets	¥17,346	¥168,381	¥51,805	¥ 67,417	¥304,949	¥ 8,684	¥313,633	¥279,580	¥593,213
Other items:									
Depreciation and amortization	¥ 72	¥ 11,740	¥ 2,022	¥ 10,513	¥ 24,347	¥ 528	¥ 24,875	¥ 926	¥ 25,801
Investment in affiliates	140	–	751	–	891	562	1,453	–	1,453
Increase in tangible and intangible fixed assets	83	19,555	3,701	6,311	29,650	728	30,378	703	31,081

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

*2 Descriptions of adjustments are as follows:

- (a) Individual items included in adjustment of segment profit were immaterial.
- (b) The segment asset adjustment of ¥279,580 million is comprised of corporate assets not allocated to a reportable segment of ¥282,123 million and the eliminations of intersegment receivables of ¥(2,542) million.
- (c) Individual items included in adjustment of depreciation and amortization were immaterial.
- (d) Individual items included in adjustment of increase in tangible and intangible fixed assets were immaterial.

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

24. Segment Information (continued)

Segment Information (continued)

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

Thousands of U.S. dollars

	Year ended 31st March, 2015								
	Reportable segment					Others	Total	Adjustment *	Consolidated
	Consulting	Financial IT Solutions	Industrial IT Solutions	IT Platform Services	Subtotal				
Net sales:									
Sales to external customers	\$227,657	\$1,973,458	\$795,447	\$289,463	\$3,286,025	\$ 92,960	\$3,378,985	\$ –	\$3,378,985
Intersegment sales or transfers	3,296	4,486	2,372	655,239	665,393	46,542	711,935	(711,935)	–
Total	230,953	1,977,944	797,819	944,702	3,951,418	139,502	4,090,920	(711,935)	3,378,985
Segment profit	\$ 49,596	\$ 188,281	\$ 98,136	\$ 71,885	\$ 407,898	\$ 13,284	\$ 421,182	\$ 7,341	\$ 428,523
Segment assets	\$144,370	\$1,401,423	\$431,169	\$561,107	\$2,538,069	\$ 72,276	\$2,610,345	\$2,326,925	\$4,937,270
Other items:									
Depreciation and amortization	\$ 599	\$ 97,711	\$ 16,829	\$ 87,499	\$ 202,638	\$ 4,395	\$ 207,033	\$ 7,707	\$ 214,740
Investment in affiliates	1,165	–	6,251	–	7,416	4,677	12,093	–	12,093
Increase in tangible and intangible fixed assets	691	162,755	30,803	52,526	246,775	6,059	252,834	5,851	258,685

* The segment asset adjustment of \$2,326,925 thousand is comprised of corporate assets of \$2,348,090 thousand not allocated to a reportable segment and the eliminations of intersegment receivables of \$(21,157) thousand.

24. Segment Information (continued)

Related information

1) Information by products and services

Sales to external customers classified by products and services for the years ended 31st March, 2013, 2014 and 2015 is summarized as follows:

	<i>Millions of yen</i>	<i>YoY Change</i>		
31st March, 2013				
Consulting services	¥ 39,079	8.3%		
System development and application sales	140,478	11.9		
System management and operation services	174,990	6.6		
Product sales	9,344	(4.8)		
Total	<u>¥363,891</u>	<u>8.4%</u>		
	<i>Millions of yen</i>	<i>YoY Change</i>		
31st March, 2014				
Consulting services	¥ 42,233	8.1%		
System development and application sales	143,213	1.9		
System management and operation services	187,361	7.1		
Product sales	13,125	40.5		
Total	<u>¥385,932</u>	<u>6.1%</u>		
	<i>Millions of yen</i>	<i>Thousands of U.S. dollars</i>	<i>YoY Change</i>	
31st March, 2015				
Consulting services	¥ 47,111	\$ 392,102	11.5%	
System development and application sales	136,711	1,137,836	(4.5)	
System management and operation services	206,698	1,720,333	10.3	
Product sales	15,465	128,714	17.8	
Total	<u>¥405,985</u>	<u>\$3,378,985</u>	<u>5.2%</u>	

2) Information by geographical area

Information by geographical area is omitted, because sales and tangible fixed assets in Japan constituted more than 90% of total sales and tangible fixed assets for the years ended 31st March, 2014 and 2015.

24. Segment Information (continued)

Related information (continued)

3) Information by major customer

	<i>Millions of yen</i>	<i>Percentage of total sales</i>	<i>Change</i>	<i>Related segment</i>
31st March, 2013				
Nomura Holdings, Inc.	¥100,984	27.8%	12.9%	Financial IT Solutions
Seven & i Holdings Co., Ltd.	44,984	12.4	12.5	Industrial IT Solutions and Financial IT Solutions

* Sales to subsidiaries of major customers and sales to major customers through leasing companies are included in the above table.

	<i>Millions of yen</i>	<i>Percentage of total sales</i>	<i>Change</i>	<i>Related segment</i>
31st March, 2014				
Nomura Holdings, Inc.	¥90,688	23.5%	(10.2)%	Financial IT Solutions
Seven & i Holdings Co., Ltd.	40,888	10.6	(9.1)	Industrial IT Solutions and Financial IT Solutions

* Sales to subsidiaries of major customers and sales to major customers through leasing companies are included in the above table.

	<i>Millions of yen</i>	<i>Thousands of U.S. dollars</i>	<i>Percentage of total sales</i>	<i>YoY Change</i>	<i>Related segment</i>
31st March, 2015					
Nomura Holdings, Inc.	¥82,470	\$686,392	20.3%	(9.1)%	Financial IT Solutions
Seven & i Holdings Co., Ltd.	40,973	341,015	10.1	0.2	Industrial IT Solutions and Financial IT Solutions

* Sales to subsidiaries of major customers and sales to major customers through leasing companies are included in the above table.

Information about impairment loss on fixed assets for each reportable segment

Years ended 31st March, 2013, 2014 and 2015

Not applicable.

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

Years ended 31st March, 2013, 2014 and 2015

Information is omitted because the amount is immaterial.

24. Segment Information (continued)

Information about gains on bargain purchase for each reportable segment

Year ended 31st March, 2013

In the Financial IT Solutions segment, the NRI Group acquired additional shares of DSB Co., Ltd. during the year ended 31st March, 2013. As a result, DSB Co., Ltd. was newly accounted for by the equity method. A gain on bargain purchase of ¥4,661 million was recorded by the Company as an extraordinary gain for the year ended 31st March, 2013 in relation to this transaction.

Year ended 31st March, 2014

Information is omitted because the amount is immaterial.

Year ended 31st March, 2015

The NRI Group acquired additional shares of DSB Co., Ltd. and newly included it in the scope of consolidation. In relation to this transaction, a gain on bargain purchase of ¥3,374 million (\$28,082 thousand) and a loss on step acquisitions of ¥1,664 million (\$13,849 thousand) were recorded by the NRI Group for the year ended 31st March, 2015. DSB Co., Ltd. is included in the Financial IT Solutions segment, but the amounts mentioned above are not included in the preceding table since they are not classified as an operating profit or loss.

25. Business Combination

Business combination through acquisition

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

(a) Name of acquired company and business

Name of acquired company: DSB Co., Ltd.

Business: Back-office business, IT service business, securities brokerage business and financial business

(b) Main reasons for business combination

The purpose of the business combination is to strengthen the collaborative relationship with DSB Co., Ltd. primarily for the securities back-office business and related businesses. The Company intends to develop a system to provide a wide range of customers with higher value-added services by utilizing IT solution services of the Company and the know-how regarding back-office services of DSB Co., Ltd.

(c) Date of business combination

1st April, 2014

(d) Legal form of business combination

Acquisition of shares by cash

(e) Name of company after business combination

25. Business Combination (continued)

Business combination through acquisition (continued)

The company's name is unchanged.

(f) Percentage of voting rights acquired by the Company

Percentage of voting rights held by the Company immediately prior to this business combination: 41.3%

Percentage of voting rights acquired on the date of the business combination: 9.8%

Percentage of voting rights held after the acquisition: 51.1%

(g) Main reason for determination of the acquiring company

The Company acquired a majority of the voting rights and clearly has control over the decision-making body of the acquiree.

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

From 1st April, 2014 to 31st March, 2015

3) Details on acquisition cost of the acquired company

		<i>Millions of yen</i>	<i>Thousands of U.S. dollars</i>
Consideration Paid	Fair value of shares of acquired company held immediately prior to the business combination	¥7,832	\$65,185
	Cash used to additionally acquire the shares of acquired company	1,863	15,506
Direct Costs	Advisory costs, etc.	20	166
Acquisition Cost		<u>¥9,715</u>	<u>\$80,857</u>

4) Difference between acquisition cost and total cost of individual investments leading to the acquisition

Loss on step acquisition in the amount of ¥1,664 million (\$13,849 thousand) resulted from the difference between the acquisition cost and the total cost of individual investments leading to the acquisition.

5) Amount of gain on bargain purchase and reason for recognition

A gain on bargain purchase of ¥3,374 million (\$28,082 thousand) was recorded because the market value of the net assets acquired on the date of the business combination exceeded the acquisition cost.

25. Business Combination (continued)

Business combination through acquisition (continued)

- 6) Information on assets acquired and liabilities assumed on the date of the business combination

	<i>Millions of yen</i>	<i>Thousands of U.S. dollars</i>
Current assets	¥41,655	\$346,692
Fixed assets	12,386	103,088
Total assets	54,041	449,780
Current liabilities	26,234	218,344
Fixed liabilities	2,874	23,920
Total liabilities	¥29,108	\$242,264

26. Subsequent Events

Business combination through acquisition

Nomura Research Institute Holdings America, Inc., which is a subsidiary of the Company, agreed on the acquisition of Brierley & Partners, Inc. on 30th March, 2015.

- 1) An outline of this 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 service business
 - (b) Main reason for business combination
The purpose of the business combination is to globally provide higher value-added services related to the digital marketing business, which is a growing market.
 - (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
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.

26. Subsequent Events (continued)

Business combination through acquisition (continued)

2) Details on acquisition cost of acquired company

The acquisition cost was \$67 million (¥7,914 million) *, which was paid by cash.

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

3) Major acquisition-related costs and amounts

Advisory costs and others of ¥395 million (\$3,288 thousand)

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

This information has not yet been determined at present.

5) Information on assets acquired and liabilities assumed on the date of the business combination

This information has not yet been determined at present.

Lawsuit

On 30th April, 2015, a lawsuit was filed with the Tokyo District Court against the Company. The details of the lawsuit are as follows.

1) Plaintiff

(a) Company name:

Japan Post Information Technology Co., Ltd.

(b) Address:

4-3-1, Toranomom, Minato-ku, Tokyo

(c) Representative:

Hidetaka Saito, Representative Director

2) Summary of lawsuit and claim

With an aim to migrate their communication network, connecting post offices across Japan to a new network, Japan Post Information Technology Co., Ltd. placed an order for the procurement and maintenance of network services with SoftBank Mobile Corp. (formerly, SoftBank Telecom Corp.) and an order for transitional management and operational coordination of the network with the Company. However, the migration has been delayed, and Japan Post Information Technology Co., Ltd. filed a lawsuit against SoftBank Mobile Corp. and the Company, claiming compensation for significant damages due to the delay. In the lawsuit, Japan Post Information Technology Co., Ltd. is demanding that SoftBank Mobile Corp. and the Company pay ¥16.15 billion (\$134.42 million) with delinquency charges jointly.

26. Subsequent Events (continued)

Lawsuit (continued)

3) Future prospects

It is difficult to forecast the impact of the lawsuit on the Company's performance at present, however, the Company will disclose any relevant information in the future as soon as it is available.

Disposition of treasury stock

On 26th May, 2015, the Board of Directors approved a resolution on the disposition of treasury stock by a third-party allotment under a capital and business alliance as follows. The payment was completed on 10th June, 2015.

- 1) Number of shares: 5,618,300 shares of the Company's common stock
- 2) Price: ¥4,665 (\$39) per share
- 3) Total amount: ¥26,209,369,500 (\$218,138,739)
- 4) Method: Third-party allotment
- 5) Allottee: Nippon Life Insurance Company
- 6) Date: 10th June, 2015

[Appendix 1]

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

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

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

1. Trust-type Employee Stock Ownership Incentive Plan

The Company introduced a "Trust-type Employee Stock Ownership Incentive Plan" in March 2011. Please see Note 1, "Significant Accounting Policies: *Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts*" for an outline of this plan and corresponding accounting treatment under Japanese GAAP.

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



Nomura Research Institute, Ltd.
<http://www.nri.com>

Marunouchi Center (Headquarters)
 Marunouchi Kitaguchi Building,
 1-6-5 Marunouchi, Chiyoda-ku,
 Tokyo 100-0005, Japan

Kiba Center
 <Tower N>
 Tower N, 1-5-15 Kiba, Koto-ku,
 Tokyo 135-0042, Japan
 <Tower S>
 Tower S, 1-5-25 Kiba, Koto-ku,
 Tokyo 135-0042, Japan

Yokohama Center
 NRI Tower, 134 Godo-cho, Hodogaya-ku,
 Yokohama 240-0005, Japan

Yokohama Minato Center
 Dia Building,
 1-7 Kinkou-cho, Kanagawa-ku,
 Yokohama 221-0056, Japan

Osaka Center
 Aqua Dojima West Tower,
 1-4-16 Dojimahama, Kita-ku,
 Osaka 530-0004, Japan

Moscow Branch

NRI Netcom, Ltd.

Aqua Dojima West Tower,
 1-4-16 Dojimahama, Kita-ku,
 Osaka 530-0004, Japan

Shiodome City Center,
 1-5-2 Higashi Shinbashi, Minato-ku,
 Tokyo 105-7114, Japan
<http://www.nri-net.com>

NRI SecureTechnologies, Ltd.

Tokyo Sankei Building,
 1-7-2 Otemachi, Chiyoda-ku,
 Tokyo 100-0004, Japan
<http://www.nri-secure.com>

North America Branch

NRI Workplace Services, Ltd.

NRI Tower, 134 Godo-cho, Hodogaya-ku,
 Yokohama 240-0005, Japan

NRI Data iTech, Ltd.

Tower S, 1-5-25 Kiba, Koto-ku,
 Tokyo 135-0042, Japan
<http://www.n-itech.com>

NRI Cyber Patent, Ltd.

Nippon Building, 2-6-2 Otemachi,
 Chiyoda-ku, Tokyo 100-0004, Japan
<http://www.patent.ne.jp>

NRI Social Information System Services, Ltd.

Tower S, 1-5-25 Kiba, Koto-ku,
 Tokyo 135-0042, Japan
<http://www.nri-social.co.jp>

NRI Process Innovation, Ltd.

Dia Building,
 1-7 Kinkou-cho, Kanagawa-ku,
 Yokohama 221-0056, Japan
<http://www.nri-pi.com/en>

NRI System Techno, Ltd.

NRI Tower, 134 Godo-cho, Hodogaya-ku,
 Yokohama 240-0005, Japan
<http://www.nri-st.co.jp>

DSB Co., Ltd.

2-9-15 Shiomi, Koto-ku,
 Tokyo 135-0052, Japan
<http://www.daiko-sb.co.jp>

NRI Mirai, Ltd.

NRI Tower, 134 Godo-cho, Hodogaya-ku,
 Yokohama 240-0005, Japan

Nomura Research Institute Holdings America, Inc.

Nomura Research Institute America, Inc.
<http://www.nria.com>

Nomura Research Institute IT Solutions America, Inc.

Pacific Branch

Brierley+Partners, Inc.

<http://www.brierley.com>

Nomura Research Institute Europe Limited

Luxembourg Branch

Nomura Research Institute (Beijing), Ltd.

<http://beijing.nri.com.cn/jp>
 *In Japanese or Chinese only

Shanghai Branch

<http://shanghai.nri.com.cn/jp>
 *In Japanese or Chinese only

Nomura Research Institute Shanghai Limited

<http://consulting.nri.com.cn>
 *In Japanese or Chinese only

Beijing Branch

Nomura Research Institute (Dalian), Ltd.

Nomura Research Institute Asia Pacific Private Limited (NRI APAC)

Manila Branch
 Jakarta Representative Office

Nomura Research Institute Singapore Pte. Ltd.

Nomura Research Institute Hong Kong Limited

<http://www.nrihk.com>
 *In Japanese only

Nomura Research Institute Taiwan Co., Ltd

<http://www.nri.com.tw>
 *In Japanese only

Nomura Research Institute Seoul Co., Ltd.

<http://www.nri-seoul.co.kr>
 *In Japanese or Korean only

Nomura Research Institute India Private Limited

<http://india.nri.com>

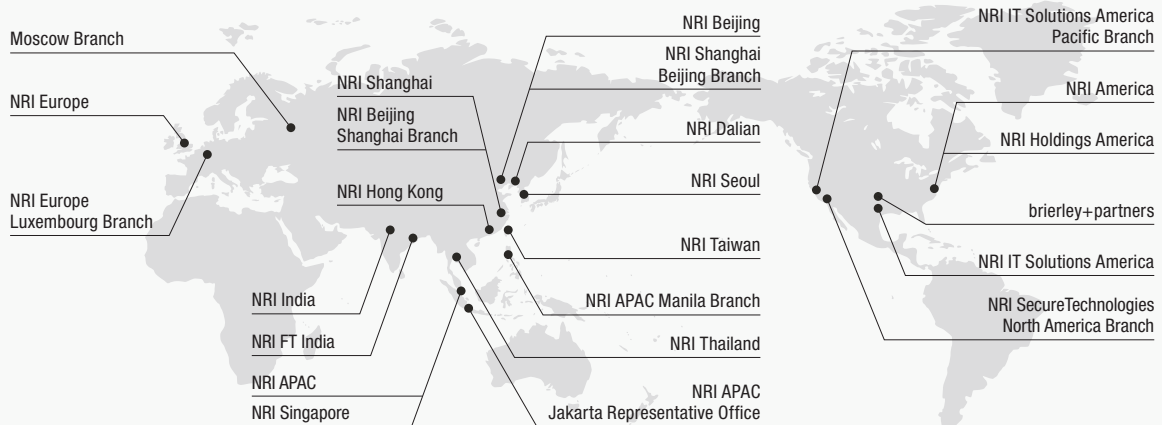
Nomura Research Institute Financial Technologies India Pvt. Ltd. (NRI FT India)

<http://www.nrifintech.com>

Nomura Research Institute Thailand

For more about NRI Group offices around the world:
<http://www.nri.com/global/company/map/index.html>

►NRI Group Worldwide Offices



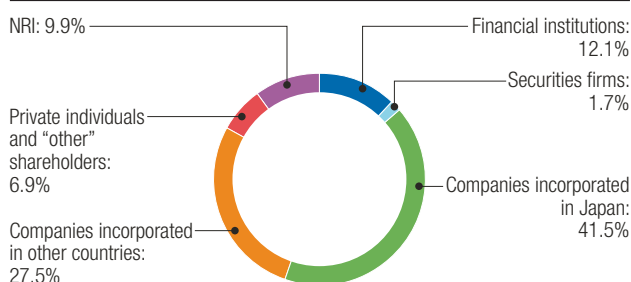
Corporate Data

Corporate Outline

Name	Nomura Research Institute, Ltd.
Headquarters address	Marunouchi Kitaguchi Building, 1-6-5 Marunouchi, Chiyoda-ku, Tokyo 100-0005, Japan
Capital	18,600 million yen
Representative	Chairman and President & CEO Tadashi Shimamoto
Number of employees	5,972 (9,012 in the entire NRI Group) (As of 31st March, 2015)

Breakdown of Shares by Shareholder Category

(As of 31st March, 2015)



Major Shareholders (As of 31st March, 2015)

Shareholders	Number of shares held (thousands)	Percentage of shares held (%)
Nomura Asset Management Co., Ltd.	43,387	19.28
Nomura Facilities, Inc.	18,600	8.27
JAFCO Co., Ltd.	15,005	6.67
State Street Bank and Trust Company 505223 (Standing Agent: Mizuho Bank, Ltd., settlement division)	13,361	5.94
Nomura Holdings, Inc.	13,000	5.78
State Street Bank and Trust Company (Standing Agent: The Hongkong and Shanghai Banking Corporation, Tokyo branch)	7,168	3.19
NRI Group Employee Stock Ownership Group	7,079	3.15
Japan Trustee Services Bank, Ltd. (Trust Account)	4,976	2.21
National Mutual Insurance Federation of Agricultural Cooperatives (Standing Agent: The Master Trust Bank of Japan, Ltd.)	4,238	1.88
The Bank of New York 133522 (Standing Agent: Mizuho Bank, Ltd., settlement division)	3,965	1.76

Note: NRI owns 22,365 thousand shares of treasury stock (9.94% of the total number of issued shares), but the figure excludes the shares mentioned above.

Stock Data (As of 31st March, 2015)

Total number of issuable shares	750,000,000
Total number of issued shares	225,000,000
Number of shareholders	10,324

Shareholder Information

• In line with the electronic share certificate system, changes in the shareholder's address, purchase requests and other procedures should in principle be handled through the account management institution (securities company or other institution) with which the shareholder holds an account. Please contact the securities company or other institution with which you hold an account. Please note that the custodian of the shareholders register (Mitsubishi UFJ Trust and Banking Corporation) cannot handle such procedures.

• Mitsubishi UFJ Trust and Banking is the account management institution for procedures involving shares recorded in special accounts, so please contact the special account management institution (Mitsubishi UFJ Trust and Banking) indicated below. Business can be conducted at any Mitsubishi UFJ Trust and Banking branches in Japan.

• Dividend payments that have not yet been received will be paid at the main branch of Mitsubishi UFJ Trust and Banking.

Fiscal year	1st April to 31st March of the following year
Ordinary general meeting of shareholders	Every June
Unit of share sales	100 shares
Method of public notice	Electronic notification (However, if electronic notification is not possible due to an accident or other unavoidable circumstances, notice will be published in the Nihon Keizai Shimbun newspaper.) NRI's website: http://www.nri.com
Custodian of shareholder register	Mitsubishi UFJ Trust and Banking Corporation 1-4-5 Marunouchi, Chiyoda-ku, Tokyo, Japan
Account management institution of special accounts	Mitsubishi UFJ Trust and Banking Corporation
Transfer agent	Securities Agent Department, Mitsubishi UFJ Trust and Banking Corporation 1-4-5 Marunouchi, Chiyoda-ku, Tokyo, Japan
(address for inquiries and posts)	Securities Agent Department, Mitsubishi UFJ Trust and Banking Corporation 7-10-11 Higashisuna, Koto-ku, Tokyo 137-8081 Tel: 0120-232-711 (toll-free)

Stock Performance



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