

NOMURA ASSET MANAGEMENT

**Nomura Asset Management Co., Ltd.
Financial Summary (Unconsolidated)
For The Year Ended March 31, 2006**

Nomura Asset Management Co., Ltd.

Unconsolidated Balance Sheet Information

(Millions of Yen)

	March 31, 2006	March 31, 2005	Increase/(Decrease)
Assets			
Current assets	81,050	75,337	5,713
Cash and cash equivalents	22,038	12,886	9,152
Short-term loan receivable	45,000	42,000	3,000
Cash deposited for investment trust redemption and distribution of income	1,519	11,024	(9,504)
Accrued investment trust management fees	8,454	5,945	2,508
Accrued revenue	2,737	2,565	171
Deferred tax assets	1,129	586	542
Other current assets	199	353	(153)
Allowance for doubtful accounts	(27)	(25)	(2)
Fixed assets	72,661	61,841	10,820
Tangible fixed assets	1,148	937	210
Intangible fixed assets	6,548	5,075	1,472
Investments and other	64,965	55,828	9,137
Investment securities	48,811	37,079	11,732
Investment in subsidiaries and affiliates	15,156	15,259	(103)
Long-term guarantee deposits	25	2,549	(2,523)
Other investments	969	939	30
Allowance for doubtful accounts	(0)	(0)	0
Total assets	153,712	137,178	16,533

(Millions of Yen)

	March 31, 2006	March 31, 2005	Increase/(Decrease)
Liabilities			
Current liabilities	<u>16,781</u>	<u>21,870</u>	<u>(5,089)</u>
Investment trust distribution of income payable	1,508	2,009	(500)
Investment trust redemptions payable	739	10,014	(9,275)
Accrued commission payable	3,730	2,579	1,151
Other accounts payable	2,894	1,157	1,737
Accrued expenses	4,484	4,710	(225)
Accrued income taxes	2,121	494	1,626
Accrued bonuses	1,230	830	400
Other current liabilities	71	74	(3)
Long-term liabilities	<u>12,648</u>	<u>8,132</u>	<u>4,516</u>
Reserve for retirement benefits	5,548	5,317	231
Deferred tax liabilities	7,029	2,757	4,271
Other long-term liabilities	71	57	13
Total liabilities	29,430	30,002	(572)
Shareholder's equity			
Common stock	17,180	17,180	-
Capital reserve	11,729	11,729	-
Additional paid-in capital	11,729	11,729	-
Earned surplus	77,936	67,018	10,917
Earned surplus reserve	685	685	-
General reserve	63,606	63,606	-
Unappropriated retained earnings	13,644	2,726	10,917
Net income	10,917	2,191	
Net unrealized gain on investments	17,435	11,247	6,188
Total shareholder's equity	124,282	107,175	17,106
Total liabilities and shareholder's equity	153,712	137,178	16,533

Nomura Asset Management Co.,Ltd.

Unconsolidated Income Statement Information

(Millions of Yen)

	Year Ended March 31, 2006 (A)	Year Ended March 31, 2005 (B)	Comparison (A-B)/B (%)
Operating revenue	58,869	43,607	135.0
Investment trust management fees	48,368	35,239	137.3
Investment advisory fees	10,492	8,367	125.4
Other operating revenue	7	1	794.6
Operating expenses	36,919	26,717	138.2
Commissions	21,383	15,473	138.2
Research	10,870	7,831	138.8
Other operating expenses	4,664	3,412	136.7
General and administrative expenses	15,233	13,774	110.6
Compensation and benefits	8,967	7,757	115.6
Occupancy	1,538	1,645	93.5
Depreciation of fixed assets	1,492	1,367	109.2
Other general and administrative expenses	3,234	3,004	107.6
Operating income	6,716	3,115	215.6
Non-operating income	1,936	1,521	127.3
Non-operating expenses	69	156	44.3
Ordinary income	8,584	4,480	191.6
Special profits	6,820	468	1454.9
Special losses	448	1,753	25.6
Income before income taxes	14,956	3,196	468.0
Income taxes - current	4,610	1,390	331.7
Income taxes - deferred	(571)	(385)	148.3
Net income	10,917	2,191	498.3
Unappropriated retained earnings brought forward	2,726	535	509.5
Unappropriated retained earnings	13,644	2,726	500.5

The unconsolidated financial statements of Nomura Asset Management Co., Ltd. (“the Company”) were prepared in accordance with “Regulations Concerning the Terminology, Forms and Preparation Methods of Financial Statements” (Ministry of Finance Ordinance No. 59, 1963) and “Regulations for enforcement of the Law Concerning Investment Trust and Investment Corporations” (Cabinet Office Ordinance, No. 129, 2000), collectively Japanese GAAP.

Significant Accounting Policies

1. Basis and Methods of Valuation for Securities

(1) Stocks of subsidiaries and affiliates Recorded at cost using the moving average method

(2) Other Securities:

(i) with market value

Recorded at market value

The difference between the cost using the moving average method and market value less deferred taxes is recorded as “Net unrealized gain on investments” in “shareholders’ equity” on the balance sheet.

(ii) without market value

Recorded at cost using the moving average method

2. Depreciation/Amortization Method of Fixed Assets

(1) Depreciation of tangible fixed assets

Tangible fixed assets are depreciated primarily on the declining balance method, except for buildings acquired after March 31, 1998 which are depreciated on the straight-line method.

(2) Amortization of intangible assets

Intangible assets are amortized primarily over their estimated useful lives on the straight-line method.

3. Allowance for doubtful accounts

To provide mainly for loan losses, the Company made provisions for doubtful accounts based on an estimate of the maximum uncollectible amount calculated using its historical loss ratio or a reasonable estimate based on financial condition of individual borrowers.

4. Accrued bonuses

To provide for employee bonus payments, an accrual is recorded at an estimate of the amounts to be paid as future bonuses to employees.

5. Reserve for retirement benefits

To provide for the payment of lump-sum retirement benefits and funding the qualified retirement pension plan in the future, the estimated future obligations less the fair value of current pension assets is recorded as a reserve for employee retirement benefits.

6. Leasing Transactions

Lease contracts for which the title of the leased property has not transferred are accounted for as operating lease transactions.

7. Hedging Activities

Mark-to-market profits and losses on hedging instruments are deferred as assets or liabilities until the profits or losses on the underlying hedged investment securities are realized.

8. Accounting for Consumption Taxes

National and local consumption taxes are accounted for based on the tax exclusion method.

9. Consolidated Tax Return System

The company applies consolidated tax return system.

Change in Accounting Principle

From September 30, 2005, the Company adopted Statement of Opinion, "Accounting for Impairment of Fixed Assets" issued by the Business Accounting Council in August 2002 and Guidance No.6 "Guidance for Accounting Standard for Impairment of Fixed Assets" issued by the Accounting Standards Board of Japan ("ASB") in October 2003. This adoption had no effect on the income statement for the year ended March 31, 2006.

Notes to Balance Sheet Information

1. Accumulated Depreciation on Tangible Fixed Assets

	(Millions of yen)	
	<u>March 31, 2006</u>	<u>March 31, 2005</u>
	530	407

Notes to Income Statement Information

1. Special Profits consist of the following:

	(Millions of yen)	
	<u>Year Ended March 31, 2006</u>	<u>Year Ended March 31, 2005</u>
Gain on sales of investment securities and other	606	468
Dividend from subsidiaries	6,169	-
Gain on liquidation of a subsidiary	44	-

2. Special Losses consist of the following:

	(Millions of yen)	
	<u>Year Ended March 31, 2006</u>	<u>Year Ended March 31, 2005</u>
Loss on sales of investment securities and other	104	295
Loss on devaluation of investment securities and other	103	937
Loss on sale of a subsidiary	-	479
Loss on devaluation of telephone rights	-	40
Loss on disposal of fixed assets	241	-

Supplementary Information

1. Net Assets of Investment Trusts

(Billions of yen)

	March 31, 2006	March 31, 2005	Increase/(Decrease)
Unit Type	11	77	(65)
Open Type	6,861	4,330	2,531
Stock Investment Trusts - Public	6,873	4,407	2,465
Bond Investment Trusts	1,504	1,895	(391)
Money Management Fund	853	971	(118)
Others	3,266	2,778	488
Bond Investment Trusts - Public	5,623	5,645	(21)
Unit Type	1,455	756	698
Open Type	17	32	(15)
Private Investment Trusts	1,472	789	683
Total	13,969	10,842	3,127

2. Assets under Investment Management and Advisory Contracts

(Billions of yen)

	March 31, 2006	March 31, 2005	Increase/(Decrease)
Domestic - General	281	273	7
Domestic - Pension	3,687	2,882	805
Overseas	3,038	1,981	1,057
Total	7,006	5,136	1,869

Quarterly Statements of Operations

(Millions of yen)

	1st quarter From April 1, 2005 To June 30, 2005	2nd quarter From July 1, 2005 To September 30, 2005	3rd quarter From October 1, 2005 To December 31, 2005	4th quarter From January 1, 2006 To March 31, 2006	For the year From April 1, 2005 To March 31, 2006
Operating revenue	11,719	13,581	15,593	17,974	58,869
Investment trust management fees	9,438	11,073	12,941	14,870	48,368
Investment advisory fees	2,235	2,504	2,650	3,102	10,492
Other operating revenue	1	2	1	1	7
Operating expenses	7,105	8,467	9,925	11,421	36,919
Commissions	4,140	4,852	5,755	6,634	21,383
Other operating expenses	2,964	3,614	4,169	4,786	15,535
General and administrative expenses	3,449	3,531	3,921	4,330	15,233
Operating income	1,164	1,582	1,746	2,223	6,716
Non-operating income	1,110	201	580	42	1,936
Non-operating expenses	28	33	(2)	9	69
Ordinary income	2,246	1,750	2,329	2,256	8,584
Special profits	367	19	159	6,274	6,820
Special losses	0	66	243	138	448
Income before income taxes	2,614	1,703	2,246	8,391	14,956
Income taxes - current	430	860	450	2,870	4,610
Income taxes - deferred	396	(359)	81	(689)	(571)
Net income	1,788	1,201	1,715	6,211	10,917