

NOMURA ASSET MANAGEMENT

Nomura Asset Management Co., Ltd.
Financial Summary (Unconsolidated)
For The Year Ended March 31, 2008

Nomura Asset Management Co., Ltd.

Unconsolidated Balance Sheet Information (Unaudited)

(Millions of Yen)

	March 31, 2008	March 31, 2007	Increase (Decrease)
Assets			
Current assets	61,020	58,221	2,798
Cash and cash equivalents	2,855	23,242	(20,386)
Money held in trust	32,058	2,105	29,953
Securities	6,300	-	6,300
Short-term loan receivable from a parent	1,526	14,000	(12,474)
Cash deposited for investment trust redemption and distribution of income	-	73	(73)
Accrued investment trust management fees	13,910	14,048	(138)
Accrued revenue	2,030	2,261	(230)
Deferred tax assets	1,137	1,352	(214)
Other current assets	1,208	1,152	56
Allowance for doubtful accounts	(7)	(15)	7
Fixed assets	56,253	69,436	(13,182)
Tangible fixed assets	1,972	1,743	228
Intangible fixed assets	8,857	7,642	1,214
Investments and other	45,424	60,050	(14,625)
Investment securities	27,606	44,125	(16,518)
Investment in subsidiaries and affiliates	15,739	15,405	334
Long-term guarantee deposits	34	30	4
Deferred tax assets	1,567	-	1,567
Other investments	476	489	(13)
Allowance for doubtful accounts	(0)	(0)	0
Total assets	117,274	127,657	(10,383)

(Millions of Yen)

	March 31, 2008	March 31, 2007	Increase (Decrease)
Liabilities			
Current liabilities	<u>24,794</u>	<u>27,279</u>	<u>(2,485)</u>
Investment trust distribution of income payable	5	85	(80)
Investment trust redemptions payable	105	261	(156)
Accrued commission payable	6,115	6,040	74
Other accounts payable	6,622	7,944	(1,321)
Accrued expenses	8,363	8,486	(122)
Accrued income taxes	1,591	2,640	(1,049)
Accrued bonuses	1,730	1,650	80
Other current liabilities	259	170	89
Long-term liabilities	<u>5,890</u>	<u>7,528</u>	<u>(1,637)</u>
Reserve for retirement benefits	5,359	5,034	325
Reserve for loss on distribution of income and redemption after expiration	467	-	467
Deferred tax liabilities	-	2,434	(2,434)
Other long-term liabilities	64	59	4
Total liabilities	30,685	34,808	(4,123)
Shareholder's equity	81,714	82,451	(737)
Common stock	17,180	17,180	-
Capital reserve	11,729	11,729	-
Additional paid-in capital	11,729	11,729	-
Earned surplus	52,804	53,541	(737)
Earned surplus reserve	685	685	-
Other Earned surplus	52,119	52,856	(737)
General reserve	35,606	35,606	-
Earned surplus brought forward	16,512	17,249	(737)
Valuation and translation adjustments	4,874	10,397	(5,522)
Net unrealized gain on investments	5,124	11,008	(5,883)
Deferred gains or loss on hedges	(250)	(610)	360
Total net assets	86,589	92,849	(6,260)
Total liabilities and net assets	117,274	127,657	(10,383)

Nomura Asset Management Co.,Ltd.

Unconsolidated Income Statement Information (Unaudited)

(Millions of Yen)

	Year Ended March 31, 2008 (A)	Year Ended March 31, 2007 (B)	Comparison (A-B)/B (%)
Operating revenue	135,408	94,482	143.3
Investment trust management fees	124,893	82,515	151.4
Investment advisory fees	10,506	11,959	87.8
Other operating revenue	8	7	118.1
Operating expenses	95,938	62,756	152.9
Commissions	57,704	37,426	154.2
Research	32,108	19,783	162.3
Other operating expenses	6,125	5,546	110.4
General and administrative expenses	22,949	18,347	125.1
Compensation and benefits	12,573	10,545	119.2
Occupancy	1,687	1,821	92.7
Depreciation of fixed assets	2,543	1,915	132.8
Other general and administrative expenses	6,145	4,065	151.2
Operating income	16,519	13,378	123.5
Non-operating income	4,384	2,632	166.5
Non-operating expenses	647	267	242.0
Ordinary income	20,256	15,743	128.7
Special profits	1,734	12,884	13.5
Special losses	589	1,830	32.2
Income before income taxes	21,400	26,797	79.9
Income taxes - current	9,211	9,913	92.9
Income taxes - deferred	50	73	67.8
Net income	12,139	16,810	72.2

Nomura Asset Management Co.,Ltd.
Unconsolidated Statements of Shareholder's Equity (Unaudited)
For The Year Ended March 31, 2008

(Millions of Yen)

	Shareholder's equity							
	Common stock	Capital reserve		Earned surplus				Total Shareholder's equity
		Additional paid-in capital	Total capital reserve	Earned surplus reserve	Other Earned surplus		Total Earned surplus	
					General reserve	Earned surplus brought forward		
Balance at March 31,2007	17,180	11,729	11,729	685	35,606	17,249	53,541	82,451
Cash dividends						(12,876)	(12,876)	(12,876)
Net profit						12,139	12,139	12,139
Other-net								
Change in the term	-	-	-	-	-	(737)	(737)	(737)
Balance at March 31,2008	17,180	11,729	11,729	685	35,606	16,512	52,804	81,714

(Millions of Yen)

	Valuation and translation adjustments			Total net assets
	Net unrealized gain on investments	Deferred gains or loss on hedges	Total Valuation and translation adjustments	
Balance at March 31,2007	11,008	(610)	10,397	92,849
Cash dividends				(12,876)
Net profit				12,139
Other-net	(5,883)	360	(5,522)	(5,522)
Change in the term	(5,883)	360	(5,522)	(6,259)
Balance at March 31,2008	5,124	(250)	4,874	86,589

For The Year Ended March 31, 2007

(Millions of Yen)

	Shareholder's equity							
	Common stock	Capital reserve		Earned surplus				Total Shareholder's equity
		Additional paid-in capital	Total capital reserve	Earned surplus reserve	Other Earned surplus		Total Earned surplus	
					General reserve	Earned surplus brought forward		
Balance at March 31,2006	17,180	11,729	11,729	685	63,606	13,644	77,936	106,846
Reversal of general reserve					(28,000)	28,000	-	-
Cash dividends						(41,205)	(41,205)	(41,205)
Net profit						16,810	16,810	16,810
Other-net								
Change in the term	-	-	-	-	(28,000)	3,605	(24,394)	(24,394)
Balance at March 31,2007	17,180	11,729	11,729	685	35,606	17,249	53,541	82,451

(Millions of Yen)

	Valuation and translation adjustments			Total net assets
	Net unrealized gain on investments	Deferred gains or loss on hedges	Total Valuation and translation adjustments	
Balance at March 31,2006	17,435	-	17,435	124,282
Reversal of general reserve				-
Cash dividends				(41,205)
Net profit				16,810
Other-net	(6,427)	(610)	(7,038)	(7,038)
Change in the term	(6,427)	(610)	(7,038)	(31,433)
Balance at March 31,2007	11,008	(610)	10,397	92,849

Notes to Unconsolidated Financial Statements

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 “Cabinet Office Ordinance of Financial Instruments Firms, etc” (Cabinet Office Ordinance No. 52, 2007), collectively Japanese GAAP.

Significant Accounting Policies

1. Basis and Method of Valuation for Securities

Securities held are accounted for as follows:

(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 tax 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. Basis and Method of Valuation for Derivatives

Recorded at fair value

3. Basis and Method of Valuation for Money In Trust

Recorded at fair value

4. 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.

5. Provisions

(1) 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.

(2) Accrued bonuses

To provide for employee bonus payments, accrual is recorded at the estimated amount to be paid as future bonuses to employees.

(3) 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.

(4) Reserve for loss on distribution of income and redemption after expiration

To provide for investment trust distribution of income and investment trust redemption money recognized as revenue by prescription, the estimated amount of payments in the future is recorded, based on actual payments.

6. **Leasing Transactions**
Lease contracts for which the titles of leased properties have 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 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**
Consolidated tax return system is applied.

Change of Depreciation Method

In accordance with the changes of tax code concerning the depreciation of fixed assets introduced in FY 2007 tax reform, these revisions is applied to fixed assets acquired after April 1, 2007 and before March 31, 2007.

The effect of these changes on Operating income, Ordinary income, and Income before income taxes is minor.

Accounting standard for Allowance for loss on investment trust dividend payments

Effective for the accounting period ended March 31, 2008, the Company has adopted the “Audit Treatment for Reserves of Special Taxation Measures Law, and Allowances or Reserves of Special Law (Accounting Standard Board Statement No.42)” issued by The Japanese Institute of Certified Public Accountants on April 13, 2007.

To provide for payments of investment trust distribution income and investment trust redemption money already recognized as revenue by prescription, the estimated amount of payments in the future is recorded as “Allowance for loss on investment trust dividend payments” based on actual payments.

This application resulted in the decrease of ordinary income by 38 million yen and income before income taxes by 467 million yen.

Change of Presentation Method

(Balance Sheet)

In accordance with the newly introduced “The Guidelines for Financial Products Accounting Standard”, effective for the accounting period ended March 31, 2008, presentation of Certificate of Deposit has been changed from “Cash and cash equivalents” to “Securities”

Certificate of Deposit was 19,800 million yen in the previous accounting year, which had been included in “Cash and cash equivalents”.

Notes to Balance Sheet Information

1. Accumulated Depreciation on Tangible Fixed Assets

	Year Ended March 31, 2008	(Millions of yen) Year Ended March 31, 2007
	736	481

Notes to Income Statement Information

1. Special Profits consist of the following:

	Year Ended March 31, 2008	(Millions of yen) Year Ended March 31, 2007
Gain on sales of investment securities and other	1,421	7,863
Gain on sales of an affiliate	-	4,893
Receipt of stock option income	312	127

Notes to Income Statement Information

2. Special Losses consist of the following:

	Year Ended March 31, 2008	Year Ended March 31, 2007
Loss on sales of investment securities and other	80	113
Loss on devaluation of investment securities and other	23	-
Transfer to reserve for loss on distribution of income and redemption after expiration	429	-
Loss on disposal of fixed assets	56	601
Office relocation expense	-	1,115

(Millions of yen)

Supplementary Information

1. Net Assets of Investment Trusts

(Billions of yen)

	March 31, 2008	March 31, 2007	Increase (Decrease)
Unit Type	53	84	(31)
Open Type	9,789	10,731	(942)
Stock Investment Trusts - Public	9,842	10,816	(973)
Bond Investment Trusts	1,116	1,248	(132)
Money Management Fund	967	882	84
Others	3,252	3,657	(404)
Bond Investment Trusts - Public	5,336	5,788	(452)
Unit Type	1,995	2,191	(196)
Open Type	-	-	-
Private Investment Trusts	1,995	2,191	(196)
Total	17,174	18,796	(1,622)

2. Assets under Investment Management and Advisory Contracts

(Billions of yen)

	March 31, 2008	March 31, 2007	Increase (Decrease)
Domestic - General	181	237	(55)
Domestic - Pension	4,467	3,506	960
Overseas	2,429	3,370	(941)
Total	7,078	7,115	(36)

Quarterly Income Statement Information

(Millions of yen)

	1st quarter From April 1, 2007 To June 30, 2007	2nd quarter From July 1, 2007 To September 30, 2007	3rd quarter From October 1, 2007 To December 31, 2007	4th quarter From January 1, 2008 To March 31, 2008	For the year From April 1, 2007 To March 31, 2008
Operating revenue	34,973	35,839	34,888	29,706	135,408
Investment trust management fees	32,093	33,107	32,285	27,406	124,893
Investment advisory fees	2,878	2,729	2,602	2,295	10,506
Other operating revenue	1	1	1	3	8
Operating expenses	24,075	25,556	24,729	21,578	95,938
Commissions	14,675	15,173	14,999	12,855	57,704
Research	8,103	8,816	8,210	6,979	32,108
Other operating expenses	1,296	1,566	1,518	1,743	6,125
General and administrative expenses	5,202	5,991	5,519	6,236	22,949
Operating income	5,695	4,291	4,640	1,891	16,519
Non-operating income	1,519	483	965	1,415	4,384
Non-operating expenses	179	83	41	342	647
Ordinary income	7,035	4,690	5,565	2,964	20,256
Special profits	276	127	1,244	85	1,734
Special losses	23	510	-	54	589
Income before income taxes	7,288	4,307	6,809	2,995	21,400
Income taxes - current	1,862	2,726	1,851	2,772	9,211
Income taxes - deferred	775	(760)	759	(724)	50
Net income	4,651	2,341	4,198	947	12,139