

NOMURA ASSET MANAGEMENT

Nomura Asset Management Co., Ltd.
Financial Summary (Unconsolidated)
For The Six Months Ended September 30, 2008
(Unaudited)

Nomura Asset Management Co., Ltd.

Unconsolidated Balance Sheet Information (Unaudited)

(Millions of Yen)

	September 30, 2008	March 31, 2008	Increase (Decrease)	September 30, 2007
Assets				
Current assets	68,135	61,020	7,115	54,189
Cash and cash equivalents	1,540	2,855	(1,315)	14,051
Money held in trust	41,940	32,058	9,881	11,878
Securities	5,600	6,300	(700)	–
Short-term loan receivable from a parent	1,678	1,526	152	3,000
Cash deposited for investment trust redemption and distribution of income	–	–	–	280
Accrued investment trust management fees	12,038	13,910	(1,871)	18,259
Accrued revenue	2,788	2,030	757	2,973
Deferred tax assets	1,042	1,137	(95)	1,254
Other current assets	1,514	1,208	306	2,504
Allowance for doubtful accounts	(7)	(7)	0	(12)
Fixed assets	50,137	56,253	(6,116)	62,984
Tangible fixed assets	2,148	1,972	176	1,694
Intangible fixed assets	10,920	8,857	2,063	7,921
Investments and other	37,068	45,424	(8,355)	53,368
Investment securities	19,041	27,606	(8,565)	37,458
Investment in subsidiaries and affiliates	15,739	15,739	–	15,405
Long-term guarantee deposits	38	34	3	34
Deferred tax assets	1,432	1,567	(134)	–
Other investments	817	476	341	468
Allowance for doubtful accounts	(0)	(0)	(0)	(0)
Total assets	118,272	117,274	998	117,173

(Millions of Yen)

	September 30, 2008	March 31, 2008	Increase (Decrease)	September 30, 2007
Liabilities				
Current liabilities	<u>44,521</u>	<u>24,794</u>	<u>19,727</u>	<u>26,333</u>
Short-term borrowings from affiliates	26,000	–	26,000	–
Investment trust distribution of income payable	5	5	0	286
Investment trust redemptions payable	92	105	(12)	172
Accrued commission payable	5,204	6,115	(911)	7,910
Other accounts payable	2,665	6,622	(3,957)	4,569
Accrued expenses	7,239	8,363	(1,124)	9,635
Lease obligation	99	–	99	–
Accrued income taxes	1,649	1,591	57	1,618
Accrued bonuses	1,410	1,730	(320)	1,970
Other current liabilities	156	259	(103)	170
Long-term liabilities	<u>6,452</u>	<u>5,890</u>	<u>561</u>	<u>6,396</u>
Lease obligation	388	–	388	–
Reserve for retirement benefits	5,574	5,359	215	5,194
Reserve for loss on distribution of income and redemption after expiration	468	467	1	454
Deferred tax liabilities	–	–	–	599
Other long-term liabilities	21	64	(42)	148
Total liabilities	50,974	30,685	20,289	32,729
Shareholder's equity	62,101	81,714	(19,612)	76,567
Common stock	17,180	17,180	–	17,180
Capital reserve	11,729	11,729	–	11,729
Additional paid-in capital	11,729	11,729	–	11,729
Earned surplus	33,191	52,804	(19,612)	47,657
Earned surplus reserve	685	685	–	685
Other Earned surplus	32,506	52,119	(19,612)	46,972
General reserve	24,606	35,606	(11,000)	35,606
Earned surplus brought forward	7,899	16,512	(8,612)	11,365
Valuation and translation adjustments	5,197	4,874	322	7,876
Net unrealized gain on investments	5,358	5,124	233	8,412
Deferred gains or loss on hedges	(161)	(250)	88	(536)
Total net assets	67,298	86,589	(19,290)	84,443
Total liabilities and net assets	118,272	117,274	998	117,173

Nomura Asset Management Co., Ltd.

Unconsolidated Income Statement Information (Unaudited)

(Millions of Yen)

	Six Months Ended September 30, 2008 (A)	Six Months Ended September 30, 2007 (B)	Comparison (A-B)/B (%)	Year Ended March 31, 2008
Operating revenue	57,213	70,812	80.8	135,408
Investment trust management fees	52,507	65,201	80.5	124,893
Investment advisory fees	4,697	5,608	83.8	10,506
Other operating revenue	8	3	244.4	8
Operating expenses	40,124	49,631	80.8	95,938
Commissions	24,565	29,848	82.3	57,704
Research	13,117	16,919	77.5	32,108
Other operating expenses	2,441	2,863	85.3	95,938
General and administrative expenses	11,296	11,194	100.9	22,949
Operating income	5,791	9,986	58.0	16,519
Non-operating income	5,343	2,003	266.7	4,384
Non-operating expenses	979	263	371.4	647
Ordinary income	10,155	11,726	86.6	20,256
Special profits	1,117	404	276.4	1,734
Special losses	664	534	124.4	589
Income before income taxes	10,608	11,596	91.5	21,400
Income taxes - current	3,689	4,588	80.4	9,211
Income taxes - deferred	6	15	42.4	50
Net income	6,913	6,993	98.9	12,139

Nomura Asset Management Co., Ltd.
Unconsolidated Statements of Shareholder's Equity (Unaudited)
For Interim ended September 30, 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 31,2008	17,180	11,729	11,729	685	35,606	16,512	52,804	81,714
Reversal of general reserve					(11,000)	11,000	–	–
Cash dividends						(26,526)	(26,526)	(26,526)
Net profit						6,913	6,913	6,913
Other-net								
Change in the term	–	–	–	–	(11,000)	(8,612)	(19,612)	(19,612)
Balance at September 30,2008	17,180	11,729	11,729	685	24,606	7,899	33,191	62,101

(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 31,2008	5,124	(250)	4,874	86,589
Reversal of general reserve				–
Cash dividends				(26,526)
Net profit				6,913
Other-net	233	88	322	322
Change in the term	233	88	322	(19,290)
Balance at September 30,2008	5,358	(161)	5,197	67,298

For Interim ended September 30, 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 31,2007	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						6,993	6,993	6,993
Other-net								
Change in the term	-	-	-	-	-	(5,883)	(5,883)	(5,883)
Balance at September 30,2007	17,180	11,729	11,729	685	35,606	11,365	47,657	76,567

(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				6,993
Other-net	(2,596)	74	(2,521)	(2,521)
Change in the term	(2,596)	74	(2,521)	(8,405)
Balance at September 30,2007	8,412	(536)	7,876	84,443

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

Notes to Unconsolidated Financial Statements

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(excluding Lease 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(excluding Lease Assets)
Intangible assets are amortized primarily over their estimated useful lives on the straight-line method.
 - (3) Depreciation/Amortization of lease assets
Lease assets under financial lease transactions that do not transfer ownership, contracted after April 1 2008 are depreciated / amortized over the lease term on the straight-line method, based on the assumption that the residual value is equal to zero.
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

Financial lease transactions that do not transfer ownership, contracted before April 1, 2008 are accounted as ordinary rental 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.

Accounting standard for Lease Transactions

Effective for the interim accounting period ended September 30, 2008, the Company has adopted the “Accounting Standard for Lease Transactions (Statement No.13)” and the “Guidance on Accounting Standard for Lease Transactions (Guidance No.16)” released by Accounting Standards Board of Japan.

Financial lease transactions that do not transfer ownership, contracted after April 1 2008 are calculated based on the assumption that the useful life is equal to the lease term and the residual value is equal to zero.

Financial lease transactions that do not transfer ownership, contracted before April 1, 2008 are accounted as ordinary rental transactions.

This application resulted in the increase of tangible fixed assets by 334 million yen, intangible fixed assets by 150 million yen and lease obligation (Current liabilities) by 99 million yen, lease obligation (Long-term liabilities) by 388 million yen. The effect of these changes on Operating income, Ordinary income and Income before income taxes is minor.

Notes to Balance Sheet Information

1. Accumulated Depreciation on Tangible Fixed Assets

	September 30, 2008	March 31, 2008	(Millions of yen) September 30, 2007
	951	736	638

Notes to Income Statement Information

1. Special Profits consist of the following:

	Six Months Ended September 30, 2008	Six Months Ended September 30, 2007	(Millions of yen) Year Ended March 31, 2008
Gain on sales of investment securities and other	964	269	1,421
Receipt of stock option income	152	135	312

2. Special Losses consist of the following:

	Six Months Ended September 30, 2008	Six Months Ended September 30, 2007	(Millions of yen) Year Ended March 31, 2008
Loss on sales of investment securities	664	80	80
Loss on devaluation of investment securities and other	0	23	23
Transfer to reserve for loss on distribution of income and redemption after expiration	–	429	429
Loss on disposal of fixed assets	–	1	56

Supplementary Information

1. Net Assets of Investment Trusts

(Billions of yen)

	September 30, 2008	March 31, 2008	Increase (Decrease)
Unit Type	115	53	61
Open Type	8,590	9,789	(1,198)
Stock Investment Trusts - Public	8,706	9,842	(1,136)
Bond Investment Trusts	1,066	1,116	(49)
Money Management Fund	982	967	14
Others	3,176	3,252	(75)
Bond Investment Trusts - Public	5,225	5,336	(110)
Unit Type	2,006	1,995	11
Open Type	–	–	–
Private Investment Trusts	2,006	1,995	11
Total	15,938	17,174	(1,236)

2. Assets under Investment Management and Advisory Contracts

(Billions of yen)

	September 30, 2008	March 31, 2008	Increase (Decrease)
Domestic - General	208	181	26
Domestic - Pension	4,340	4,467	(126)
Overseas	2,002	2,429	(427)
Total	6,551	7,078	(527)

Quarterly Income Statement Information

(Millions of Yen)

	1st quarter From April 1, 2008 To June 30, 2008	2nd quarter From July 1, 2008 To September 30, 2008	Six Months Ended From April 1, 2008 To September 30, 2008
Operating revenue	29,517	27,695	57,213
Investment trust management fees	27,218	25,288	52,507
Investment advisory fees	2,296	2,401	4,697
Other operating revenue	2	6	8
Operating expenses	20,837	19,287	40,124
Commissions	12,786	11,779	24,565
Research	6,857	6,259	13,117
Other operating expenses	1,193	1,248	2,441
General and administrative expenses	5,328	5,967	11,296
Operating income (loss)	3,351	2,440	5,791
Non-operating income	1,676	3,666	5,343
Non-operating expenses	565	413	979
Ordinary income	4,462	5,693	10,155
Special profits	994	123	1,117
Special losses	270	394	664
Income (loss) before income taxes	5,186	5,422	10,608
Income taxes - current	1,014	2,675	3,689
Income taxes - deferred	680	(673)	6
Net income (loss)	3,491	3,421	6,913