

NOMURA ASSET MANAGEMENT

Nomura Asset Management Co., Ltd.
Financial Summary (Unconsolidated)
For The Six Months Ended September 30, 2016
(Unaudited)

Nomura Asset Management Co., Ltd.

Unconsolidated Balance Sheet Information (Unaudited)

(Millions of Yen)

	March 31, 2016	September 30, 2016	Increase (Decrease)	September 30, 2015
Assets				
Current assets	103,715	81,887	(21,827)	85,609
Cash and cash equivalents	208	231	22	282
Money held in trust	55,341	54,692	(649)	55,445
Securities	24,100	4,400	(19,700)	4,900
Accrued investment trust management fees	14,131	13,740	(390)	15,728
Accrued investment advisory fees	7,309	7,312	3	6,953
Deferred tax assets	2,028	907	(1,120)	1,750
Other current assets	605	612	7	560
Allowance for doubtful accounts	(10)	(10)	0	(11)
Fixed assets	32,083	29,848	(2,235)	33,604
Tangible fixed assets	1,176	1,065	(111)	1,203
Intangible fixed assets	7,681	7,506	(174)	6,862
Investments and other	23,225	21,276	(1,948)	25,539
Investment securities	9,216	7,976	(1,240)	12,316
Investment in subsidiaries and affiliates	10,958	10,341	(616)	10,149
Prepaid pension cost	2,777	2,689	(88)	2,786
Other investments	272	269	(2)	287
Total assets	135,799	111,736	(24,062)	119,214

(Millions of Yen)

	March 31, 2016	September 30, 2016	Increase (Decrease)	September 30, 2015
Liabilities				
Current liabilities	<u>27,538</u>	<u>24,428</u>	<u>(3,110)</u>	<u>23,026</u>
Short-term loans payable to subsidiaries and affiliates	-	7,500	7,500	-
Investment trust distribution of income payable	1	1	(0)	1
Investment trust redemptions payable	31	31	-	32
Accrued commission payable	4,537	4,386	(150)	5,797
Other accounts payable	7,284	1,424	(5,859)	3,270
Accrued expenses	8,872	7,900	(972)	8,217
Accrued income taxes	1,838	759	(1,078)	1,452
Accrued bonuses	4,809	2,268	(2,540)	2,436
Allowance for foreign tax payments	-	-	-	1,704
Other current liabilities	163	155	(7)	114
Long-term liabilities	<u>3,303</u>	<u>4,432</u>	<u>1,128</u>	<u>4,023</u>
Reserve for retirement benefits	2,708	2,821	112	2,580
Reserve for loss on distribution of income and redemption after expiration	526	538	12	515
Deferred tax liabilities	68	1,073	1,004	927
Total liabilities	30,842	28,860	(1,981)	27,050
Shareholder's equity	<u>99,606</u>	<u>78,415</u>	<u>(21,191)</u>	<u>84,911</u>
Common stock	17,180	17,180	-	17,180
Capital reserve	13,729	13,729	-	11,729
Additional paid-in capital	11,729	11,729	-	11,729
Other capital surplus	2,000	2,000	-	-
Earned surplus	68,696	47,505	(21,191)	56,001
Earned surplus reserve	685	685	-	685
Other Earned surplus	68,011	46,820	(21,191)	55,316
General reserve	24,606	24,606	-	24,606
Earned surplus brought forward	43,405	22,213	(21,191)	30,709
Valuation and translation adjustments	5,349	4,459	(889)	7,252
Net unrealized gain on investments	5,349	4,459	(889)	7,252
Total net assets	104,956	82,875	(22,081)	92,164
Total liabilities and net assets	135,799	111,736	(24,062)	119,214

Nomura Asset Management Co., Ltd.

Unconsolidated Income Statement Information (Unaudited)

(Millions of Yen)

	Six Months Ended September 30, 2015 (A)	Six Months Ended September 30, 2016 (B)	Comparison (B)/(A) (%)	Year Ended March 31, 2016
Operating revenue	68,958	60,735	88.1	136,016
Investment trust management fees	53,884	46,569	86.4	104,445
Investment advisory fees	14,970	14,052	93.9	31,351
Other operating revenue	103	112	108.7	219
Operating expenses	41,187	35,695	86.7	80,662
Commissions	24,815	19,457	78.4	46,531
Research	13,494	13,191	97.8	28,068
Other operating expenses	2,877	3,046	105.8	6,062
General and administrative expenses	12,544	12,666	101.0	25,827
Operating income	15,225	12,373	81.3	29,526
Non-operating income	5,927	6,027	101.7	7,991
Non-operating expenses	1,299	26	2.1	1,321
Ordinary income	19,853	18,374	92.6	36,196
Special profits	46	76	166.9	146
Special losses	53	-	0.0	156
Income before income taxes	19,846	18,451	93.0	36,186
Income taxes - current	4,530	2,145	47.4	9,806
Income taxes - deferred	855	2,524	295.2	744
Net income	14,460	13,781	95.3	25,635

Nomura Asset Management Co., Ltd.
Unconsolidated Statements of Shareholder's Equity (Unaudited)
For Interim ended September 30, 2015

(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 beginning of year	17,180	11,729	11,729	685	24,606	35,890	61,182	90,092
Cash dividends						(19,933)	(19,933)	(19,933)
Net profit						14,460	14,460	14,460
Increase from the absorption-type split						291	291	291
Other-net								
Change in the term	-	-	-	-	-	(5,180)	(5,180)	(5,180)
Balance at end of period	17,180	11,729	11,729	685	24,606	30,709	56,001	84,911

(Millions of Yen)

	Valuation and translation adjustments		Total net assets
	Net unrealized gain on investments	Total Valuation and translation adjustments	
Balance at beginning of year	6,893	6,893	96,985
Cash dividends			(19,933)
Net profit			14,460
Increase from the absorption-type split			291
Other-net	359	359	359
Change in the term	359	359	(4,821)
Balance at end of period	7,252	7,252	92,164

For Interim ended September 30, 2016

(Millions of Yen)

	Shareholder's equity								
	Common stock	Capital reserve			Earned surplus			Total Earned surplus	Total Shareholder's equity
		Additional paid-in capital	Other capital surplus	Total capital reserve	Earned surplus reserve	Other Earned surplus			
						General reserve	Earned surplus brought forward		
Balance at beginning of year	17,180	11,729	2,000	13,729	685	24,606	43,405	68,696	99,606
Cash dividends							(34,973)	(34,973)	(34,973)
Net profit							13,781	13,781	13,781
Other-net									
Change in the term	-	-	-	-	-	-	(21,191)	(21,191)	(21,191)
Balance at end of year	17,180	11,729	2,000	13,729	685	24,606	22,213	47,505	78,415

(Millions of Yen)

	Valuation and translation adjustments		Total net assets
	Net unrealized gain on investments	Total Valuation and translation adjustments	
Balance at beginning of year	5,349	5,349	104,956
Cash dividends			(34,973)
Net profit			13,781
Other-net	(889)	(889)	(889)
Change in the term	(889)	(889)	(22,081)
Balance at end of year	4,459	4,459	82,875

For The Year Ended March 31, 2016

(Millions of Yen)

	Shareholder's equity								
	Common stock	Capital reserve			Earned surplus				Total Shareholder's equity
		Additional paid-in capital	Other capital surplus	Total capital reserve	Earned surplus reserve	Other Earned surplus		Total Earned surplus	
						General reserve	Earned surplus brought forward		
Balance at beginning of year	17,180	11,729	-	11,729	685	24,606	35,890	61,182	90,092
Cash dividends							(19,933)	(19,933)	(19,933)
Net profit							25,635	25,635	25,635
Increase from the absorption-type merger			2,000	2,000			144	144	2,144
Increase from the absorption-type split							1,668	1,668	1,668
Other-net									
Change in the term	-	-	2,000	2,000	-	-	7,514	7,514	9,514
Balance at end of year	17,180	11,729	2,000	13,729	685	24,606	43,405	68,696	99,606

(Millions of Yen)

	Valuation and translation adjustments		Total net assets
	Net unrealized gain on investments	Total Valuation and translation adjustments	
Balance at beginning of year	6,893	6,893	96,985
Cash dividends			(19,933)
Net profit			25,635
Increase from the absorption-type merger			2,144
Increase from the absorption-type split			1,668
Other-net	(1,543)	(1,543)	(1,543)
Change in the term	(1,543)	(1,543)	7,971
Balance at end of year	5,349	5,349	104,956

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 “net assets” on the balance sheet.

(ii) without market value

Recorded at cost using the moving average method

2. Basis and Method of Valuation for Money In Trust

Recorded at fair value

3. Depreciation/Amortization Method of Fixed Assets

(1) Depreciation of tangible fixed assets

Tangible fixed assets are depreciated by the declining-balance method, except for buildings (excluding facilities attached to buildings) acquired on or after April 1, 1998 and both facilities attached to buildings and structures acquired on or after April 1, 2016, which are depreciated by the straight-line method.

(2) Amortization of intangible assets

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

4. 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 bonus payments, accrual is recorded at the estimated amount to be paid as future bonuses to employees.

(3) Reserve for retirement benefits

Allowance for retirement benefits is provided for future payments of retirement benefits to employees at an estimated amount based on the retirement benefit obligation and the fair value of the pension plan assets.

The benefit formula method is used for attributing the estimated future payments to the amount of allowance for retirement benefits in this fiscal year.

Any actuarial differences arising from the tax-qualified pension plan are amortized from the following fiscal year when the differences arose by the straight-line method over a period within the average remaining years of service of the eligible employees, while those arising from the lump-sum payment plan are fully expensed in the following fiscal year when the differences arose. Prior service costs arising from the lump-sum payment plan and tax-qualified pension plan are amortized by the straight-line method over a period within the average remaining years of service of the eligible employees from the fiscal year when they were incurred.

(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.

5. Accounting for Consumption Taxes
National and local consumption taxes are accounted for based on the tax exclusion method.
6. Consolidated Tax Return System
Consolidated tax return system is applied.

Notes to Balance Sheet Information

1. Accumulated Depreciation on Tangible Fixed Assets

	March 31, 2016	September 30, 2016	September 30, 2015
	<u>3,774</u>	<u>3,889</u>	<u>3,781</u>

(Millions of yen)

Notes to Income Statement Information

1. Special Profits consist of the following:

	Six Months Ended September 30, 2015	Six Months Ended September 30, 2016	Year Ended March 31, 2016
Gain on sales of investment securities and other	-	5	50
Gain on liquidation of subsidiaries and associates	-	41	-
Receipt of stock option income	46	30	96

(Millions of yen)

2. Special Losses consist of the following:

	Six Months Ended September 30, 2015	Six Months Ended September 30, 2016	Year Ended March 31, 2016
Loss on sales of investment securities	-	-	95
Loss on disposal of fixed assets	53	-	60

(Millions of yen)

Supplementary Information

1. Net Assets of Investment Trusts

(Billions of yen)

	September 30, 2015	September 30, 2016	Increase (Decrease)
Unit Type	134	100	(33)
Open Type	16,151	16,243	92
Stock Investment Trusts - Public	16,285	16,344	58
Bond Investment Trusts	626	521	(104)
Money Management Fund	612	68	(544)
Others	5,608	4,529	(1,079)
Bond Investment Trusts - Public	6,848	5,119	(1,728)
Stock Investment Trusts	1,764	1,717	(47)
Bond Investment Trusts	1,149	1,864	714
Private Investment Trusts	2,914	3,581	666
Total	26,048	25,045	(1,003)

2. Assets under Investment Management and Advisory Contracts

(Billions of yen)

	September 30, 2015	September 30, 2016	Increase (Decrease)
Domestic - General	246	242	(3)
Domestic - Pension	7,283	7,343	60
Overseas	5,695	4,660	(1,035)
Total	13,225	12,246	(978)

Quarterly Income Statement Information

(Millions of Yen)

	1st quarter From April 1, 2016 To June 30, 2016	2nd quarter From July 1, 2016 To September 30, 2016	Six Months Ended From April 1, 2016 To September 30, 2016
Operating revenue	30,591	30,143	60,735
Investment trust management fees	23,313	23,256	46,569
Investment advisory fees	7,221	6,830	14,052
Other operating revenue	55	56	112
Operating expenses	17,992	17,702	35,695
Commissions	9,802	9,655	19,457
Research	6,710	6,481	13,191
Other operating expenses	1,479	1,566	3,046
General and administrative expenses	6,124	6,541	12,666
Operating income (loss)	6,474	5,899	12,373
Non-operating income	3,579	2,447	6,027
Non-operating expenses	38	(11)	26
Ordinary income	10,015	8,359	18,374
Special profits	13	63	76
Income (loss) before income taxes	10,028	8,422	18,451
Income taxes - current	1,093	1,051	2,145
Income taxes - deferred	1,482	1,042	2,524
Net income (loss)	7,452	6,329	13,781