

NOMURA ASSET MANAGEMENT

Nomura Asset Management Co., Ltd.
Financial Summary (Unconsolidated)
For The Six Months Ended September 30, 2017
(Unaudited)

Nomura Asset Management Co., Ltd.

Unconsolidated Balance Sheet Information (Unaudited)

(Millions of Yen)

	March 31, 2017	September 30, 2017	Increase (Decrease)	September 30, 2016
Assets				
Current assets	94,066	83,539	(10,526)	81,887
Cash and cash equivalents	127	1,411	1,284	231
Money held in trust	52,247	44,380	(7,867)	54,692
Securities	15,700	8,200	(7,500)	4,400
Accrued investment trust management fees	16,287	20,471	4,184	13,740
Accrued investment advisory fees	7,481	7,338	(143)	7,312
Deferred tax assets	1,661	1,076	(584)	907
Other current assets	573	675	102	612
Allowance for doubtful accounts	(11)	(13)	(2)	(10)
Fixed assets	21,353	20,880	(472)	29,848
Tangible fixed assets	1,001	919	(82)	1,065
Intangible fixed assets	7,185	6,967	(218)	7,506
Investments and other	13,165	12,994	(171)	21,276
Investment securities	1,233	1,230	(2)	7,976
Investment in subsidiaries and affiliates	8,124	8,124	-	10,341
Prepaid pension cost	2,594	2,474	(119)	2,689
Deferred tax assets	960	920	(39)	-
Other investments	253	244	(9)	269
Total assets	115,419	104,420	(10,999)	111,736

(Millions of Yen)

	March 31, 2017	September 30, 2017	Increase (Decrease)	September 30, 2016
Liabilities				
Current liabilities	25,055	25,297	242	24,428
Short-term loans payable to subsidiaries and affiliates	-	-	-	7,500
Investment trust distribution of income payable	1	0	(0)	1
Investment trust redemptions payable	31	31	-	31
Accrued commission payable	5,242	6,975	1,732	4,386
Other accounts payable	5,126	4,550	(576)	1,424
Accrued expenses	9,461	9,702	240	7,900
Accrued income taxes	714	1,521	806	759
Accrued bonuses	4,339	2,361	(1,977)	2,268
Other current liabilities	137	153	15	155
Long-term liabilities	3,485	3,501	16	4,432
Reserve for retirement benefits	2,947	2,953	6	2,821
Reserve for loss on distribution of income and redemption after expiration	538	548	10	538
Deferred tax liabilities	-	-	-	1,073
Total liabilities	28,540	28,798	258	28,860
Shareholder's equity	86,837	75,573	(11,263)	78,415
Common stock	17,180	17,180	-	17,180
Capital reserve	13,729	13,729	-	13,729
Additional paid-in capital	11,729	11,729	-	11,729
Other capital surplus	2,000	2,000	-	2,000
Earned surplus	55,927	44,663	(11,263)	47,505
Earned surplus reserve	685	685	-	685
Other Earned surplus	55,242	43,978	(11,263)	46,820
General reserve	24,606	24,606	-	24,606
Earned surplus brought forward	30,635	19,372	(11,263)	22,213
Valuation and translation adjustments	41	47	6	4,459
Net unrealized gain on investments	41	47	6	4,459
Total net assets	86,878	75,621	(11,257)	82,875
Total liabilities and net assets	115,419	104,420	(10,999)	111,736

Nomura Asset Management Co., Ltd.

Unconsolidated Income Statement Information (Unaudited)

(Millions of Yen)

	Six Months Ended September 30, 2016 (A)	Six Months Ended September 30, 2017 (B)	Comparison (B)/(A) (%)	Year Ended March 31, 2017
Operating revenue	60,735	69,169	113.9	125,327
Investment trust management fees	46,569	55,036	118.2	96,594
Investment advisory fees	14,052	13,973	99.4	28,466
Other operating revenue	112	159	141.1	266
Operating expenses	35,695	40,465	113.4	73,254
Commissions	19,457	21,927	112.7	39,785
Research	13,191	14,996	113.7	26,758
Other operating expenses	3,046	3,541	116.3	6,711
General and administrative expenses	12,666	13,411	105.9	26,059
Operating income	12,373	15,292	123.6	26,012
Non-operating income	6,027	4,435	73.6	8,461
Non-operating expenses	26	91	338.2	77
Ordinary income	18,374	19,636	106.9	34,397
Special profits	76	32	42.2	126
Special losses	-	9	-	15
Income before income taxes	18,451	19,659	106.5	34,507
Income taxes - current	2,145	4,702	219.2	7,147
Income taxes - deferred	2,524	621	24.6	1,722
Net income	13,781	14,335	104.0	25,637

Nomura Asset Management Co., Ltd.
Unconsolidated Statements of Shareholder's Equity (Unaudited)
For Interim ended September 30, 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	2,000	13,729	685	24,606	43,405	68,696	99,606
Dividends of surplus							(34,973)	(34,973)	(34,973)
Net income							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
Dividends of surplus			(34,973)
Net income			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 Interim ended September 30, 2017

(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	30,635	55,927	86,837
Dividends of surplus							(25,598)	(25,598)	(25,598)
Net income							14,335	14,335	14,335
Other-net									
Change in the term	-	-	-	-	-	-	(11,263)	(11,263)	(11,263)
Balance at end of year	17,180	11,729	2,000	13,729	685	24,606	19,372	44,663	75,573

(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	41	41	86,878
Dividends of surplus			(25,598)
Net income			14,335
Other-net	6	6	6
Change in the term	6	6	(11,257)
Balance at end of year	47	47	75,621

For The Year Ended March 31, 2017

(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	2,000	13,729	685	24,606	43,405	68,696	99,606
Dividends of surplus							(38,407)	(38,407)	(38,407)
Net income							25,637	25,637	25,637
Other-net									
Change in the term	-	-	-	-	-	-	(12,769)	(12,769)	(12,769)
Balance at end of year	17,180	11,729	2,000	13,729	685	24,606	30,635	55,927	86,837

(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
Dividends of surplus			(38,407)
Net income			25,637
Other-net	(5,308)	(5,308)	(5,308)
Change in the term	(5,308)	(5,308)	(18,078)
Balance at end of year	41	41	86,878

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 held 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, 2017	September 30, 2017	September 30, 2016
	4,013	4,102	3,889

(Millions of yen)

Notes to Income Statement Information

1. Special Profits consist of the following:

	Six Months Ended September 30, 2016	Six Months Ended September 30, 2017	Year Ended March 31, 2017
Gain on sales of investment securities and other	5	-	26
Gain on liquidation of subsidiaries and associates	41	-	41
Receipt of stock option income	30	32	59

(Millions of yen)

2. Special Losses consist of the following:

	Six Months Ended September 30, 2016	Six Months Ended September 30, 2017	Year Ended March 31, 2017
Loss on valuation of investment securities and other	-	1	6
Loss on disposal of fixed assets	-	8	9

(Millions of yen)

Supplementary Information

1. Net Assets of Investment Trusts

(Billions of yen)

	September 30, 2016	September 30, 2017	Increase (Decrease)
Unit Type	100	85	(15)
Open Type	16,243	22,111	5,867
Stock Investment Trusts - Public	16,344	22,196	5,851
Bond Investment Trusts	521	450	(70)
Money Reserve Fund	4,529	5,116	586
Others	68	0	(68)
Bond Investment Trusts - Public	5,119	5,567	448
Stock Investment Trusts	1,717	2,207	490
Bond Investment Trusts	1,864	1,977	112
Private Investment Trusts	3,581	4,184	603
Total	25,045	31,948	6,903

2. Assets under Investment Management and Advisory Contracts

(Billions of yen)

	September 30, 2016	September 30, 2017	Increase (Decrease)
Domestic - General	242	232	(10)
Domestic - Pension	7,343	8,767	1,424
Overseas	4,660	4,317	(343)
Total	12,246	13,317	1,070

Quarterly Income Statement Information

(Millions of Yen)

	1st quarter From April 1, 2017 To June 30, 2017	2nd quarter From July 1, 2017 To September 30, 2017	Six Months Ended From April 1, 2017 To September 30, 2017
Operating revenue	34,164	35,004	69,169
Investment trust management fees	26,723	28,312	55,036
Investment advisory fees	7,378	6,594	13,973
Other operating revenue	61	97	159
Operating expenses	20,025	20,439	40,465
Commissions	10,691	11,235	21,927
Research	7,561	7,435	14,996
Other operating expenses	1,773	1,767	3,541
General and administrative expenses	6,495	6,916	13,411
Operating income (loss)	7,643	7,649	15,292
Non-operating income	1,458	2,977	4,435
Non-operating expenses	82	8	91
Ordinary income	9,018	10,617	19,636
Special profits	11	21	32
Special losses	3	6	9
Income (loss) before income taxes	9,026	10,632	19,659
Income taxes - current	1,793	2,908	4,702
Income taxes - deferred	1,115	(493)	621
Net income (loss)	6,118	8,217	14,335