

NOMURA ASSET MANAGEMENT

Nomura Asset Management Co., Ltd.

Financial Summary (Unconsolidated)

For The Six Months Ended September 30, 2006

Nomura Asset Management Co., Ltd.

Unconsolidated Balance Sheet Information (Unaudited)

(Millions of Yen)

	September 30, 2006	March 31, 2006	Increase (Decrease)	September 30, 2005
Assets				
Current assets	48,972	81,050	(32,078)	68,952
Deposits	12,794	22,038	(9,243)	9,658
Short-term loan receivable from a parent	14,000	45,000	(31,000)	45,000
Cash deposited for investment trust redemption and distribution of income	2,620	1,519	1,101	2,993
Accrued investment trust management fees	9,670	8,454	1,216	7,004
Accrued revenue	3,160	2,737	423	3,313
Deferred tax assets	1,088	1,129	(40)	600
Other current assets	5,650	199	5,451	409
Allowance for doubtful accounts	(13)	(27)	14	(27)
Fixed assets	66,531	72,661	(6,130)	67,119
Tangible fixed assets	1,114	1,148	(34)	1,094
Intangible fixed assets	6,506	6,548	(41)	6,075
Investments and other	58,911	64,965	(6,053)	59,948
Investment securities	43,517	48,811	(5,294)	44,021
Investment in subsidiaries and affiliates	14,931	15,156	(225)	15,156
Other investments	462	996	(534)	771
Allowance for doubtful accounts	(0)	(0)	0	(0)
Total assets	115,503	153,712	(38,208)	136,072

(Millions of Yen)

	September 30, 2006	March 31, 2006	Increase (Decrease)	September 30, 2005
Liabilities				
Current liabilities	<u>19,147</u>	<u>16,781</u>	<u>2,366</u>	<u>14,304</u>
Investment trust distribution of income payable	2,636	1,508	1,127	2,997
Investment trust redemptions payable	405	739	(334)	915
Accrued commission payable	4,213	3,730	482	3,124
Other accounts payable	4,125	2,894	1,230	953
Accrued expenses	4,376	4,484	(107)	4,777
Accrued income taxes	1,797	2,121	(323)	653
Accrued bonuses	1,480	1,230	250	800
Other current liabilities	113	71	41	82
Long-term liabilities	<u>9,665</u>	<u>12,648</u>	<u>(2,983)</u>	<u>9,665</u>
Reserve for retirement benefits	5,357	5,548	(191)	5,411
Deferred tax liabilities	4,261	7,029	<u>(2,767)</u>	4,153
Other long-term liabilities	46	71	(25)	100
Total liabilities	28,812	29,430	(617)	23,970
Shareholder's equity				
Common stock	17,180	-	-	-
Capital reserve	11,729	-	-	-
Additional paid-in capital	11,729	-	-	-
Earned surplus	44,502	-	-	-
Earned surplus reserve	685	-	-	-
Other Earned surplus	43,817	-	-	-
General reserve	35,606	-	-	-
Earned surplus brought forward	8,211	-	-	-
Valuation and translation adjustments				
Net unrealized gain on investments	13,659	-	-	-
Deferred gains or loss on hedges	(381)	-	-	-
Total shareholder's equity	86,690	-	-	-
Total liabilities and shareholder's equity	115,503	-	-	-

	September 30, 2006	March 31, 2006	Increase (Decrease)	September 30, 2005
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	-	70,009
Earned surplus reserve	-	685	-	685
General reserve	-	63,606	-	63,606
Unappropriated retained earnings	-	13,644	-	5,717
Net unrealized gain on investments	-	17,435	-	13,182
Total shareholder's equity	-	124,282	-	112,102
Total liabilities and shareholder's equity	-	153,712	-	136,072

Nomura Asset Management Co., Ltd.

Unconsolidated Income Statement Information (Unaudited)

(Millions of Yen)

	Six Months Ended September 30, 2006 (A)	Six Months Ended September 30, 2005 (B)	Comparison (A-B)/B (%)	Year Ended March 31, 2006
Operating revenue	40,375	25,300	159.6	58,869
Investment trust management fees	34,318	20,557	166.9	48,368
Investment advisory fees	6,054	4,739	127.7	10,492
Other operating revenue	3	4	89.8	7
Operating expenses	25,767	15,572	165.5	36,919
Commissions	15,448	8,993	171.8	21,383
Research	7,909	4,627	170.9	10,870
Other operating expenses	2,409	1,950	123.5	4,664
General and administrative expenses	8,732	6,981	125.1	15,233
Operating income	5,876	2,746	213.9	6,716
Non-operating income	1,637	1,312	124.8	1,936
Non-operating expenses	49	62	80.3	69
Ordinary income	7,463	3,997	186.7	8,584
Special profits	5,423	387	1,400.1	6,820
Special losses	263	66	393.7	448
Income before income taxes	12,624	4,317	292.4	14,956
Income taxes - current	4,690	1,290	363.6	4,610
Income taxes - deferred	162	37	434.4	(571)
Net income	7,772	2,990	259.9	10,917

Nomura Asset Management Co., Ltd.
Unconsolidated Statements of Shareholder's Equity (Unaudited)
For Interim ended September 30, 2006

(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						7,772	7,772	7,772
Other-net								
Change in the term	-	-	-	-	(28,000)	(5,433)	(33,433)	(33,433)
Balance at September 30, 2006	17,180	11,729	11,729	685	35,606	8,211	44,502	73,412

(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				7,772
Other-net	(3,776)	(381)	(4,157)	(4,157)
Change in the term	(3,776)	(381)	(4,157)	(37,591)
Balance at September 30, 2006	13,659	(381)	13,278	86,690

Notes to Unconsolidated Financial Statements

The financial information of Nomura Asset Management Co., Ltd. (“the Company”) for the six months ended September 30, 2006 were prepared in accordance with “Regulations Concerning the Terminology, Forms and Preparation Methods of Semi-Annual Financial Statements” (Ministry of Finance Ordinance No. 38, 1974) 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
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 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. 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, an accrual is recorded at an estimate of the amounts 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. Leasing Transactions
Lease contracts for which the title of the leased property has not transferred are accounted for as operating lease transactions.
5. 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.
6. Accounting for Consumption Taxes
National and local consumption taxes are accounted for based on the tax exclusion method.
7. Consolidated Tax Return System
The company applies consolidated tax return system.

Accounting standard for presentation of net assets in the balance sheet

Effective from the interim accounting period ended September 30, 2006, the Company has adopted the “Accounting Standard for Presentation of Net Assets in the Balance Sheet(Accounting Standard Board Statement No.5)”and the “Implementation Guidance for Accounting Standard for Presentation of Net Assets in the Balance Sheet (Financial Accounting Standards Implementation Guidance No.8)” both issued by the Accounting Standards Board of Japan on December 9, 2005.

The adoption of these accounting standards did not have any impact on accompanying Unconsolidated Statements of income.

The amount corresponding to the conventional “Shareholders’ Equity” in the balance sheet is 87,071 million yen.

“Net Assets” in the Balance Sheet for the interim accounting period is presented according to the revision of “Regulations Concerning the Terminology, Forms and Preparation Methods of Interim Financial Statements” dated on April 25, 2006.

Accounting standard for Share-based Payment

Effective from the interim accounting period ended September 30,2006, the Company has adopted the “Accounting standard for Share-based Payment (Accounting Standard Board Statement No.8)” issued by the Accounting Standards Board of Japan on December 27, 2005. and the “Implementation Guidance for Accounting Standard for Share-based Payment (Financial Accounting Standards Implementation Guidance No.11)” issued by the Accounting Standards Board of Japan on May 31,2006.

Notes to Balance Sheet Information

1. Accumulated Depreciation on Tangible Fixed Assets

	September 30, 2006	March 31, 2006	(Millions of yen) September 30, 2005
	616	530	443

Notes to Income Statement Information

1. Special Profits consist of the following:

	Six Months Ended September 30, 2006	Six Months Ended September 30, 2005	(Millions of yen) Year Ended March 31, 2006
Gain on sales of investment securities and other	585	342	606
Gain on sales of an affiliate	4,775	-	-
Dividend from subsidiaries	-	-	6,169

2. Special Losses consist of the following:

	Six Months Ended September 30, 2006	Six Months Ended September 30, 2005	(Millions of yen) Year Ended March 31, 2006
Loss on disposal of fixed assets	161	-	241
Loss on sales of investment securities and other	101	-	104
Loss on devaluation of investment securities and other	-	66	103

Supplementary Information

1. Net Assets of Investment Trusts

(Billions of yen)

	September 30, 2006	March 31, 2006	Increase (Decrease)
Unit Type	61	11	50
Open Type	7,664	6,861	802
Stock Investment Trusts - Public	7,725	6,873	852
Bond Investment Trusts	1,356	1,504	(147)
Money Management Fund	841	853	(12)
Others	3,121	3,266	(145)
Bond Investment Trusts - Public	5,319	5,623	(304)
Unit Type	1,860	1,455	405
Open Type	-	17	(17)
Private Investment Trusts	1,860	1,472	388
Total	14,906	13,969	936

2. Assets under Investment Management and Advisory Contracts

(Billions of yen)

	September 30, 2006	March 31, 2006	Increase (Decrease)
Domestic - General	259	281	(22)
Domestic - Pension	3,666	3,687	(21)
Overseas	3,212	3,038	174
Total	7,137	7,006	131

Quarterly Income Statement Information

(Millions of Yen)

	1st quarter From April 1, 2006 To June 30, 2006	2nd quarter From July 1, 2006 To September 30, 2006	Six Months Ended From April 1, 2006 To September 30, 2006
Operating revenue	19,238	21,137	40,375
Investment trust management fees	16,209	18,108	34,318
Investment advisory fees	3,027	3,026	6,054
Other operating revenue	1	1	3
Operating expenses	11,881	13,885	25,767
Commissions	7,201	8,246	15,448
Research	3,702	4,207	7,909
Other operating expenses	978	1,430	2,409
General and administrative expenses	4,297	4,435	8,732
Operating income (loss)	3,058	2,817	5,876
Non-operating income	1,460	177	1,637
Non-operating expenses	27	22	49
Ordinary income	4,491	2,972	7,463
Special profits	15	5,408	5,423
Special losses	75	187	263
Income (loss) before income taxes	4,430	8,193	12,624
Income taxes - current	800	3,890	4,690
Income taxes - deferred	743	(580)	162
Net income (loss)	2,887	4,884	7,772