

# **NOMURA ASSET MANAGEMENT**

**Nomura Asset Management Co., Ltd.**  
**Financial Summary (Unconsolidated)**  
**For The Year Ended March 31, 2013**  
**(Unaudited)**

**Nomura Asset Management Co., Ltd.**

**Unconsolidated Balance Sheet Information (Unaudited)**

(Millions of Yen)

|   | March 31, 2013 | March 31, 2012 | Increase (Decrease) |
|---|----------------|----------------|---------------------|
| Assets                                    |                |                |                     |
| Current assets                            | 70,582         | 66,535         | 4,047               |
| Cash and cash equivalents                 | 333            | 240            | 93                  |
| Money held in trust                       | 51,061         | 50,326         | 735                 |
| Securities                                | 4,500          | 1,800          | 2,700               |
| Short-term loan receivable from a parent  | -              | 153            | (153)               |
| Accrued investment trust management fees  | 8,651          | 8,149          | 502                 |
| Accrued revenue                           | 4,224          | 4,200          | 23                  |
| Deferred tax assets                       | 1,504          | 1,402          | 102                 |
| Other current assets                      | 313            | 268            | 44                  |
| Allowance for doubtful accounts           | (6)            | (6)            | (0)                 |
| Fixed assets                              | 31,373         | 32,937         | (1,564)             |
| Tangible fixed assets                     | 1,470          | 1,677          | (206)               |
| Intangible fixed assets                   | 8,458          | 9,754          | (1,295)             |
| Investments and other                     | 21,443         | 21,505         | (61)                |
| Investment securities                     | 9,061          | 6,691          | 2,370               |
| Investment in subsidiaries and affiliates | 12,092         | 14,429         | (2,336)             |
| Long-term guarantee deposits              | 55             | 57             | (2)                 |
| Other investments                         | 234            | 327            | (93)                |
| Allowance for doubtful accounts           | (0)            | (0)            | -                   |
| Total assets                              | 101,956        | 99,472         | 2,483               |

(Millions of Yen)

|  | March 31, 2013 | March 31, 2012 | Increase (Decrease) |
|--|----------------|----------------|---------------------|
| Liabilities  |                |                |                     |
| Current liabilities  | 22,436         | 25,310         | (2,873)             |
| Short-term borrowings  | 5,000          | 8,500          | (3,500)             |
| Investment trust distribution of income payable                            | 3              | 4              | (1)                 |
| Investment trust redemptions payable                                       | 42             | 50             | (8)                 |
| Accrued commission payable   | 3,764          | 3,610          | 154                 |
| Other accounts payable   | 2,671          | 2,610          | 60                  |
| Accrued expenses   | 6,979          | 6,760          | 219                 |
| Accrued income taxes   | 763            | 856            | (93)                |
| Accrued bonuses  | 3,109          | 2,816          | 293                 |
| Other current liabilities  | 102            | 100            | 2                   |
| Long-term liabilities  | 2,948          | 2,934          | 14                  |
| Reserve for retirement benefits  | 813            | 2,437          | (1,624)             |
| Reserve for loss on distribution of income and redemption after expiration | 495            | 489            | 6                   |
| Deferred tax liabilities   | 1,640          | 7              | 1,632               |
| Total liabilities  | 25,385         | 28,244         | (2,859)             |
| Shareholder's equity   | 71,942         | 68,521         | 3,420               |
| Common stock   | 17,180         | 17,180         | -                   |
| Capital reserve  | 11,729         | 11,729         | -                   |
| Additional paid-in capital   | 11,729         | 11,729         | -                   |
| Earned surplus   | 43,032         | 39,611         | 3,420               |
| Earned surplus reserve   | 685            | 685            | -                   |
| Other Earned surplus   | 42,347         | 38,926         | 3,420               |
| General reserve  | 24,606         | 24,606         | -                   |
| Earned surplus brought forward   | 17,740         | 14,320         | 3,420               |
| Valuation and translation adjustments                                      | 4,628          | 2,705          | 1,922               |
| Net unrealized gain on investments   | 4,659          | 2,693          | 1,965               |
| Deferred gains or loss on hedges   | (30)           | 12             | (43)                |
| Total net assets   | 76,570         | 71,227         | 5,342               |
| Total liabilities and net assets   | 101,956        | 99,472         | 2,483               |

## Nomura Asset Management Co., Ltd.

### Unconsolidated Income Statement Information (Unaudited)

(Millions of Yen)

|   | Year Ended<br>March 31, 2013<br>(A) | Year Ended<br>March 31, 2012<br>(B) | Comparison<br>A/B (%) |
|---|-------------------------------------|-------------------------------------|-----------------------|
| Operating revenue                         | 91,747                              | 96,325                              | 95.2                  |
| Investment trust management fees          | 74,067                              | 78,412                              | 94.5                  |
| Investment advisory fees                  | 17,516                              | 17,784                              | 98.5                  |
| Other operating revenue                   | 163                                 | 129                                 | 126.5                 |
| Operating expenses                        | 58,810                              | 64,393                              | 91.3                  |
| Commissions                               | 37,925                              | 40,671                              | 93.2                  |
| Research                                  | 16,591                              | 19,308                              | 85.9                  |
| Other operating expenses                  | 4,293                               | 4,413                               | 97.3                  |
| General and administrative expenses       | 23,589                              | 23,381                              | 100.9                 |
| Compensation and benefits                 | 12,859                              | 12,348                              | 104.1                 |
| Occupancy                                 | 1,242                               | 1,309                               | 94.9                  |
| Depreciation of fixed assets              | 4,106                               | 4,354                               | 94.3                  |
| Other general and administrative expenses | 5,380                               | 5,368                               | 100.2                 |
| Operating income                          | 9,347                               | 8,550                               | 109.3                 |
| Non-operating income                      | 4,396                               | 4,924                               | 89.3                  |
| Non-operating expenses                    | 145                                 | 104                                 | 139.3                 |
| Ordinary income                           | 13,598                              | 13,370                              | 101.7                 |
| Special profits                           | 230                                 | 214                                 | 107.6                 |
| Special losses                            | 3,105                               | 221                                 | 1,404.9               |
| Income before income taxes                | 10,723                              | 13,363                              | 80.2                  |
| Income taxes - current                    | 3,765                               | 3,625                               | 103.9                 |
| Income taxes - deferred                   | 446                                 | 1,228                               | 36.4                  |
| Net income                                | 6,510                               | 8,509                               | 76.5                  |

**Nomura Asset Management Co., Ltd.**  
**Unconsolidated Statements of Shareholder's Equity (Unaudited)**  
**For The Year Ended March 31, 2013**

(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               | 14,320                         | 39,611                     | 68,521               |
| Cash dividends               |                      |                            |                       |                        |                      | (3,090)                        | (3,090)                    | (3,090)              |
| Net profit                   |                      |                            |                       |                        |                      | 6,510                          | 6,510                      | 6,510                |
| Other-net                    |                      |                            |                       |                        |                      |                                |                            |                      |
| Change in the term           | -                    | -                          | -                     | -                      | -                    | 3,420                          | 3,420                      | 3,420                |
| Balance at end of year       | 17,180               | 11,729                     | 11,729                | 685                    | 24,606               | 17,740                         | 43,032                     | 71,942               |

(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 beginning of year | 2,693                                 | 12                               | 2,705                                       | 71,227           |
| Cash dividends               |                                       |                                  |   | (3,090)          |
| Net profit                   |                                       |                                  |   | 6,510            |
| Other-net                    | 1,965                                 | (43)                             | 1,922                                       | 1,922            |
| Change in the term           | 1,965                                 | (43)                             | 1,922                                       | 5,342            |
| Balance at end of year       | 4,659                                 | (30)                             | 4,628                                       | 76,570           |

## For The Year Ended March 31, 2012

(Millions of Yen)

|                              | Shareholder's equity |                            |                       |                        |                 |                                |                      |                            |
|------------------------------|----------------------|----------------------------|-----------------------|------------------------|-----------------|--------------------------------|----------------------|----------------------------|
|                              | Common stock         | Capital reserve            |                       | Earned surplus reserve | Earned surplus  |                                |                      | Total Shareholder's equity |
|                              |                      | Additional paid-in capital | Total capital reserve |                        | General reserve | Earned surplus brought forward | Total Earned surplus |                            |
| Balance at beginning of year | 17,180               | 11,729                     | 11,729                | 685                    | 24,606          | 14,077                         | 39,369               | 68,279                     |
| Dividend from surplus        |                      |                            |                       |                        |                 | (8,267)                        | (8,267)              | (8,267)                    |
| Net profit                   |                      |                            |                       |                        |                 | 8,509                          | 8,509                | 8,509                      |
| Other-net                    |                      |                            |                       |                        |                 |                                |                      |                            |
| Change in the term           | -                    | -                          | -                     | -                      | -               | 242                            | 242                  | 242                        |
| Balance at end of year       | 17,180               | 11,729                     | 11,729                | 685                    | 24,606          | 14,320                         | 39,611               | 68,521                     |

(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 beginning of year | 2,694                                 | (69)                             | 2,624                                       | 70,903           |
| Dividend from surplus        |                                       |                                  |   | (8,267)          |
| Net profit                   |                                       |                                  |   | 8,509            |
| Other-net                    | (0)                                   | 82                               | 81  | 81               |
| Change in the term           | (0)                                   | 82                               | 81  | 324              |
| Balance at end of year       | 2,693                                 | 12                               | 2,705                                       | 71,227           |

## **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 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 defined benefits 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  
Financing leases under which the ownership of properties is not transferred to the lessee and their lease has already started before the 1st of April in 2008 are accounted for as operating leases.
7. Hedging Activities  
Mark-to-market gain or loss on hedging instruments is deferred as an asset or a liability until the corresponding loss or gain on the underlying hedged items is 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.

**Notes to Balance Sheet Information**

1. Accumulated Depreciation on Tangible Fixed Assets

|  | (Millions of yen)     |                       |
|--|-----------------------|-----------------------|
|  | Year Ended            | Year Ended            |
|  | <u>March 31, 2013</u> | <u>March 31, 2012</u> |
|  | 3,043                 | 2,780                 |

**Notes to Income Statement Information**

1. Special Profits consist of the following:

|  | (Millions of yen)     |                       |
|--|-----------------------|-----------------------|
|  | Year Ended            | Year Ended            |
|  | <u>March 31, 2013</u> | <u>March 31, 2012</u> |
| Gain on sales of investment securities and other | 59                    | 36                    |
| Receipt of stock option income                   | 160                   | 177                   |
| Gain on sales of fixed assets                    | 10                    | -                     |

2. Special Losses consist of the following:

|   | (Millions of yen)     |                       |
|---|-----------------------|-----------------------|
|   | Year Ended            | Year Ended            |
|   | <u>March 31, 2013</u> | <u>March 31, 2012</u> |
| Loss on sales of investment securities                          | 60                    | 136                   |
| Loss on valuation of investment securities and other            | 9                     | 1                     |
| Loss on valuation of investments in subsidiaries and affiliates | 2,916                 | -                     |
| Loss on disposal of fixed assets                                | 118                   | 82                    |



## Supplementary Information

### 1. Net Assets of Investment Trusts

(Billions of yen)

|                                  | March 31, 2013 | March 31, 2012 | Increase (Decrease) |
|----------------------------------|----------------|----------------|---------------------|
| Unit Type                        | 353            | 185            | 167                 |
| Open Type                        | 10,461         | 8,778          | 1,683               |
| Stock Investment Trusts - Public | 10,815         | 8,963          | 1,851               |
| Bond Investment Trusts           | 745            | 799            | (53)                |
| Money Management Fund            | 668            | 732            | (64)                |
| Others                           | 3,937          | 3,250          | 686                 |
| Bond Investment Trusts - Public  | 5,351          | 4,783          | 568                 |
| Unit Type                        | 1,640          | 1,521          | 118                 |
| Open Type                        | 69             | -              | 69                  |
| Private Investment Trusts        | 1,709          | 1,521          | 187                 |
| Total                            | 17,876         | 15,268         | 2,607               |

### 2. Assets under Investment Management and Advisory Contracts

(Billions of yen)

|                    | March 31, 2013 | March 31, 2012 | Increase (Decrease) |
|--------------------|----------------|----------------|---------------------|
| Domestic - General | 181            | 153            | 27                  |
| Domestic - Pension | 4,546          | 4,787          | (240)               |
| Overseas           | 6,019          | 5,061          | 957                 |
| Total              | 10,747         | 10,002         | 744                 |

## Quarterly Income Statement Information

(Millions of yen)

|                                     | 1st quarter<br>From April 1, 2012<br>To June 30, 2012 | 2nd quarter<br>From July 1, 2012<br>To September 30, 2012 | 3rd quarter<br>From October 1, 2012<br>To December 31, 2012 | 4th quarter<br>From January 1, 2013<br>To March 31, 2013 | For the year<br>From April 1, 2012<br>To March 31, 2013 |
|-------------------------------------|---|---|---|--|---|
| Operating revenue                   | 21,777  | 21,659  | 22,805  | 25,505   | 91,747  |
| Investment trust management fees    | 17,721  | 17,578  | 18,230  | 20,536   | 74,067  |
| Investment advisory fees            | 4,014   | 4,041   | 4,537   | 4,923  | 17,516  |
| Other operating revenue             | 41  | 40  | 36  | 45   | 163   |
| Operating expenses                  | 14,114  | 13,925  | 14,458  | 16,311   | 58,810  |
| Commissions                         | 9,107   | 9,027   | 9,322   | 10,467   | 37,925  |
| Research                            | 3,994   | 3,942   | 4,028   | 4,625  | 16,591  |
| Other operating expenses            | 1,012   | 955   | 1,107   | 1,218  | 4,293   |
| General and administrative expenses | 5,761   | 5,781   | 5,835   | 6,210  | 23,589  |
| Operating income                    | 1,900   | 1,951   | 2,510   | 2,983  | 9,347   |
| Non-operating income                | 1,341   | 985   | 2,003   | 65   | 4,396   |
| Non-operating expenses              | 172   | (119)   | 16  | 75   | 145   |
| Ordinary income                     | 3,070   | 3,057   | 4,497   | 2,973  | 13,598  |
| Special profits                     | 44  | 108   | 38  | 39   | 230   |
| Special losses                      | 63  | 24  | 28  | 2,990  | 3,105   |
| Income before income taxes          | 3,051   | 3,141   | 4,508   | 22   | 10,723  |
| Income taxes - current              | (106)   | 1,069   | 1,328   | 1,474  | 3,765   |
| Income taxes - deferred             | 1,136   | (310)   | 5   | (384)  | 446   |
| Net income                          | 2,021   | 2,382   | 3,174   | (1,066)  | 6,510   |