

# **NOMURA ASSET MANAGEMENT**

**Nomura Asset Management Co., Ltd.**  
**Financial Summary (Unconsolidated)**  
**For The Year Ended March 31, 2014**  
**(Unaudited)**

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

**Unconsolidated Balance Sheet Information (Unaudited)**

(Millions of Yen)

	March 31, 2014	March 31, 2013	Increase (Decrease)
Assets			
Current assets	83,026	70,582	12,443
Cash and cash equivalents	247	333	(85)
Money held in trust	51,758	51,061	696
Securities	11,800	4,500	7,300
Accrued investment trust management fees	10,741	8,651	2,089
Accrued revenue	5,999	4,224	1,775
Deferred tax assets	2,010	1,504	505
Other current assets	477	313	163
Allowance for doubtful accounts	(8)	(6)	(1)
Fixed assets	31,810	31,373	437
Tangible fixed assets	1,508	1,470	37
Intangible fixed assets	8,249	8,458	(209)
Investments and other	22,052	21,443	608
Investment securities	11,747	9,061	2,686
Investment in subsidiaries and affiliates	9,609	12,092	(2,482)
Long-term guarantee deposits	50	55	(4)
Prepaid pension cost	347	-	347
Other investments	296	234	62
Allowance for doubtful accounts	(0)	(0)	(0)
Total assets	114,837	101,956	12,880

(Millions of Yen)

	March 31, 2014	March 31, 2013	Increase (Decrease)
<b>Liabilities</b>			
<b>Current liabilities</b>	<u>24,191</u>	<u>22,436</u>	<u>1,754</u>
Short-term borrowings	-	5,000	(5,000)
Investment trust distribution of income payable	2	3	(0)
Investment trust redemptions payable	33	42	(9)
Accrued commission payable	4,493	3,764	728
Other accounts payable	5,191	2,671	2,519
Accrued expenses	8,420	6,979	1,440
Accrued income taxes	1,960	763	1,197
Accrued bonuses	3,984	3,109	874
Other current liabilities	106	102	3
<b>Long-term liabilities</b>	<u>3,716</u>	<u>2,948</u>	<u>767</u>
Reserve for retirement benefits	-	813	(813)
Reserve for loss on distribution of income and redemption after expiration	505	495	10
Deferred tax liabilities	3,211	1,640	1,571
<b>Total liabilities</b>	<b>27,907</b>	<b>25,385</b>	<b>2,522</b>
<b>Shareholder's equity</b>	<u>80,249</u>	<u>71,942</u>	<u>8,307</u>
Common stock	17,180	17,180	-
Capital reserve	11,729	11,729	-
Additional paid-in capital	11,729	11,729	-
Earned surplus	51,339	43,032	8,307
Earned surplus reserve	685	685	-
Other Earned surplus	50,654	42,347	8,307
General reserve	24,606	24,606	-
Earned surplus brought forward	26,048	17,740	8,307
Valuation and translation adjustments	6,679	4,628	2,051
Net unrealized gain on investments	6,679	4,659	2,020
Deferred gains or loss on hedges	-	(30)	30
<b>Total net assets</b>	<b>86,929</b>	<b>76,570</b>	<b>10,358</b>
<b>Total liabilities and net assets</b>	<b>114,837</b>	<b>101,956</b>	<b>12,880</b>

## Nomura Asset Management Co., Ltd.

### Unconsolidated Income Statement Information (Unaudited)

(Millions of Yen)

	Year Ended March 31, 2014 (A)	Year Ended March 31, 2013 (B)	Comparison A/B (%)
Operating revenue	112,036	91,747	122.1
Investment trust management fees	87,258	74,067	117.8
Investment advisory fees	24,589	17,516	140.4
Other operating revenue	188	163	115.3
Operating expenses	69,656	58,810	118.4
Commissions	44,194	37,925	116.5
Research	20,794	16,591	125.3
Other operating expenses	4,667	4,293	108.7
General and administrative expenses	24,460	23,589	103.7
Compensation and benefits	13,885	12,859	108.0
Occupancy	1,212	1,242	97.6
Depreciation of fixed assets	3,518	4,106	85.7
Other general and administrative expenses	5,844	5,380	108.6
Operating income	17,919	9,347	191.7
Non-operating income	4,400	4,396	100.1
Non-operating expenses	169	145	116.6
Ordinary income	22,151	13,598	162.9
Special profits	203	230	88.3
Special losses	2,562	3,105	82.5
Income before income taxes	19,792	10,723	184.6
Income taxes - current	7,608	3,765	202.1
Income taxes - deferred	(90)	446	-
Net income	12,273	6,510	188.5

**Nomura Asset Management Co., Ltd.**  
**Unconsolidated Statements of Shareholder's Equity (Unaudited)**  
**For The Year Ended March 31, 2014**

(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	17,740	43,032	71,942
Cash dividends						(3,966)	(3,966)	(3,966)
Net profit						12,273	12,273	12,273
Other-net								
Change in the term	-	-	-	-	-	8,307	8,307	8,307
Balance at end of year	17,180	11,729	11,729	685	24,606	26,048	51,339	80,249

(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	4,659	(30)	4,628	76,570
Cash dividends				(3,966)
Net profit				12,273
Other-net	2,020	30	2,051	2,051
Change in the term	2,020	30	2,051	10,358
Balance at end of year	6,679	-	6,679	86,929

## For The Year Ended March 31, 2013

(Millions of Yen)

	Shareholder's equity							Total Shareholder's equity
	Common stock	Capital reserve		Earned surplus reserve	Other Earned surplus		Total Earned surplus	
		Additional paid-in capital	Total capital reserve		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

## **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 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 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.
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  
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.
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

	(Millions of yen)	
	Year Ended	Year Ended
	March 31, 2014	March 31, 2013
	3,414	3,043

## **Notes to Income Statement Information**

### 1. Special Profits consist of the following:

	(Millions of yen)	
	Year Ended	Year Ended
	March 31, 2014	March 31, 2013
Gain on sales of investment securities and other	-	59
Receipt of stock option income	203	160
Gain on sales of fixed assets	-	10

### 2. Special Losses consist of the following:

	(Millions of yen)	
	Year Ended	Year Ended
	March 31, 2014	March 31, 2013
Loss on sales of investment securities	-	60
Loss on redemption of investment securities	51	-
Loss on valuation of investment securities and other	2	9
Loss on valuation of investments in subsidiaries and affiliates	2,491	2,916
Loss on disposal of fixed assets	17	118



## Supplementary Information

### 1. Net Assets of Investment Trusts

(Billions of yen)

	March 31, 2014	March 31, 2013	Increase (Decrease)
Unit Type	167	353	(185)
Open Type	12,029	10,461	1,568
Stock Investment Trusts - Public	12,197	10,815	1,382
Bond Investment Trusts	693	745	(52)
Money Management Fund	640	668	(27)
Others	4,805	3,937	867
Bond Investment Trusts - Public	6,139	5,351	788
Unit Type	1,601	1,640	(38)
Open Type	315	69	245
Private Investment Trusts	1,916	1,709	206
Total	20,253	17,876	2,377

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

(Billions of yen)

	March 31, 2014	March 31, 2013	Increase (Decrease)
Domestic - General	176	181	(4)
Domestic - Pension	4,639	4,546	93
Overseas	6,420	6,019	401
Total	11,237	10,747	490

## Quarterly Income Statement Information

(Millions of yen)

	1st quarter From April 1, 2013 To June 30, 2013	2nd quarter From July 1, 2013 To September 30, 2013	3rd quarter From October 1, 2013 To December 31, 2013	4th quarter From January 1, 2014 To March 31, 2014	For the year From April 1, 2013 To March 31, 2014
Operating revenue	28,473	27,163	28,263	28,136	112,036
Investment trust management fees	22,543	21,427	21,738	21,549	87,258
Investment advisory fees	5,888	5,687	6,479	6,533	24,589
Other operating revenue	41	48	45	53	188
Operating expenses	17,682	16,783	17,490	17,699	69,656
Commissions	11,568	10,888	11,014	10,722	44,194
Research	4,921	4,820	5,300	5,751	20,794
Other operating expenses	1,191	1,074	1,175	1,225	4,667
General and administrative expenses	6,045	6,212	5,979	6,223	24,460
Operating income	4,745	4,167	4,793	4,213	17,919
Non-operating income	1,323	1,414	1,210	451	4,400
Non-operating expenses	729	110	(399)	(270)	169
Ordinary income	5,339	5,471	6,403	4,936	22,151
Special profits	130	22	30	20	203
Special losses	5	-	-	2,556	2,562
Income before income taxes	5,464	5,494	6,433	2,399	19,792
Income taxes - current	771	2,147	2,270	2,420	7,608
Income taxes - deferred	1,152	(573)	(210)	(459)	(90)
Net income	3,540	3,920	4,374	438	12,273