

NOMURA ASSET MANAGEMENT

Nomura Asset Management Co., Ltd.
Financial Summary (Unconsolidated)
For The Six Months Ended September 30, 2014
(Unaudited)

Nomura Asset Management Co., Ltd.

Unconsolidated Balance Sheet Information (Unaudited)

(Millions of Yen)

	September 30, 2014	March 31, 2014	Increase (Decrease)	September 30, 2013
Assets				
Current assets	78,408	83,026	(4,618)	67,488
Cash and cash equivalents	363	247	116	212
Money held in trust	49,988	51,758	(1,770)	40,345
Securities	7,300	11,800	(4,500)	9,300
Accrued investment trust management fees	11,088	10,741	346	9,996
Accrued revenue	7,909	5,999	1,909	5,897
Deferred tax assets	1,224	2,010	(786)	1,221
Other current assets	543	477	66	523
Allowance for doubtful accounts	(9)	(8)	(1)	(7)
Fixed assets	30,031	31,810	(1,779)	34,520
Tangible fixed assets	1,554	1,508	45	1,503
Intangible fixed assets	7,237	8,249	(1,012)	8,073
Investments and other	21,240	22,052	(812)	24,943
Investment securities	10,219	11,747	(1,528)	12,512
Investment in subsidiaries and affiliates	10,458	9,609	848	12,092
Prepaid pension cost	262	347	(84)	13
Other investments	299	347	(47)	324
Allowance for doubtful accounts	-	(0)	0	-
Total assets	108,440	114,837	(6,397)	102,009

(Millions of Yen)

	September 30, 2014	March 31, 2014	Increase (Decrease)	September 30, 2013
Liabilities				
Current liabilities	<u>19,538</u>	<u>24,191</u>	<u>(4,652)</u>	<u>16,201</u>
Investment trust distribution of income payable	1	2	(0)	2
Investment trust redemptions payable	32	33	(0)	40
Accrued commission payable	4,484	4,493	(8)	4,303
Other accounts payable	2,354	5,191	(2,836)	1,997
Accrued expenses	8,902	8,420	482	6,705
Accrued income taxes	1,266	1,960	(693)	1,055
Accrued bonuses	2,372	3,984	(1,612)	1,989
Other current liabilities	122	106	16	108
Long-term liabilities	<u>3,194</u>	<u>3,716</u>	<u>(521)</u>	<u>3,628</u>
Reserve for loss on distribution of income and redemption after expiration	521	505	16	504
Deferred tax liabilities	2,673	3,211	(537)	3,124
Total liabilities	22,732	27,907	(5,174)	19,830
Shareholder's equity	<u>80,007</u>	<u>80,249</u>	<u>(242)</u>	<u>75,436</u>
Common stock	17,180	17,180	-	17,180
Capital reserve	11,729	11,729	-	11,729
Additional paid-in capital	11,729	11,729	-	11,729
Earned surplus	51,097	51,339	(242)	46,526
Earned surplus reserve	685	685	-	685
Other Earned surplus	50,412	50,654	(242)	45,841
General reserve	24,606	24,606	-	24,606
Earned surplus brought forward	25,805	26,048	(242)	21,235
Valuation and translation adjustments	<u>5,699</u>	<u>6,679</u>	<u>(979)</u>	<u>6,741</u>
Net unrealized gain on investments	5,699	6,679	(979)	6,809
Deferred gains or loss on hedges	-	-	-	(67)
Total net assets	85,707	86,929	(1,222)	82,178
Total liabilities and net assets	108,440	114,837	(6,397)	102,009

Nomura Asset Management Co., Ltd.

Unconsolidated Income Statement Information (Unaudited)

(Millions of Yen)

	Six Months Ended September 30, 2014 (A)	Six Months Ended September 30, 2013 (B)	Comparison (A)/(B) (%)	Year Ended March 31, 2014
Operating revenue	60,881	55,636	109.4	112,036
Investment trust management fees	45,964	43,970	104.5	87,258
Investment advisory fees	14,813	11,575	128.0	24,589
Other operating revenue	103	90	115.0	188
Operating expenses	38,390	34,466	111.4	69,656
Commissions	22,789	22,457	101.5	44,194
Research	13,225	9,742	135.7	20,794
Other operating expenses	2,376	2,266	104.9	4,667
General and administrative expenses	12,272	12,258	100.1	24,460
Operating income	10,218	8,912	114.6	17,919
Non-operating income	2,879	2,738	105.1	4,400
Non-operating expenses	25	839	3.1	169
Ordinary income	13,071	10,811	120.9	22,151
Special profits	912	152	597.5	203
Special losses	279	5	4,690.5	2,562
Income before income taxes	13,704	10,958	125.1	19,792
Income taxes - current	2,975	2,918	101.9	7,608
Income taxes - deferred	845	579	146.1	(90)
Net income	9,883	7,460	132.5	12,273

Nomura Asset Management Co., Ltd.
Unconsolidated Statements of Shareholder's Equity (Unaudited)
For Interim ended September 30, 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	26,048	51,339	80,249
Cumulative effects of changes in accounting policies						(81)	(81)	(81)
Restated balance	17,180	11,729	11,729	685	24,606	25,966	51,258	80,168
Cash dividends						(10,043)	(10,043)	(10,043)
Net profit						9,883	9,883	9,883
Other-net								
Change in the term	—	—	—	—	—	(160)	(160)	(160)
Balance at end of period	17,180	11,729	11,729	685	24,606	25,805	51,097	80,007

(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	6,679	6,679	86,929
Cumulative effects of changes in accounting policies			(81)
Restated balance	6,679	6,679	86,847
Cash dividends			(10,043)
Net profit			9,883
Other-net	(979)	(979)	(979)
Change in the term	(979)	(979)	(1,140)
Balance at end of period	5,699	5,699	85,707

For Interim ended September 30, 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	17,740	43,032	71,942
Cash dividends						(3,966)	(3,966)	(3,966)
Net profit						7,460	7,460	7,460
Other-net								
Change in the term	—	—	—	—	—	3,494	3,494	3,494
Balance at end of period	17,180	11,729	11,729	685	24,606	21,235	46,526	75,436

(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				7,460
Other-net	2,150	(36)	2,113	2,113
Change in the term	2,150	(36)	2,113	5,607
Balance at end of period	6,809	(67)	6,741	82,178

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

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 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 or prepaid pension cost.
 - (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

	September 30, 2014	March 31, 2014	(Millions of yen) September 30, 2013
	3,584	3,414	3,217

Notes to Income Statement Information

1. Special Profits consist of the following:

	Six Months Ended September 30, 2014	Six Months Ended September 30, 2013	(Millions of yen) Year Ended March 31, 2014
Gain on sales of investment securities and other	794	-	-
Receipt of stock option income	117	152	203

2. Special Losses consist of the following:

	Six Months Ended September 30, 2014	Six Months Ended September 30, 2013	(Millions of yen) Year Ended March 31, 2014
Loss on redemption of investment securities	-	-	51
Loss on devaluation of investment securities and other	90	2	2
Loss on devaluation of investments in subsidiaries and affiliates	-	-	2,491
Loss on disposal of fixed assets	189	3	17

Supplementary Information

1. Net Assets of Investment Trusts

(Billions of yen)

	September 30, 2014	March 31, 2014	Increase (Decrease)
Unit Type	157	167	(9)
Open Type	13,431	12,029	1,401
Stock Investment Trusts - Public	13,589	12,197	1,391
Bond Investment Trusts	672	693	(20)
Money Management Fund	628	640	(12)
Others	5,254	4,805	449
Bond Investment Trusts - Public	6,555	6,139	416
Stock Investment Trusts	1,796	1,601	195
Bond Investment Trusts	656	315	341
Private Investment Trusts	2,452	1,916	536
Total	22,597	20,253	2,343

2. Assets under Investment Management and Advisory Contracts

(Billions of yen)

	September 30, 2014	March 31, 2014	Increase (Decrease)
Domestic - General	208	176	31
Domestic - Pension	4,789	4,639	149
Overseas	7,087	6,420	666
Total	12,086	11,237	848

Quarterly Income Statement Information

(Millions of Yen)

	1st quarter From April 1, 2014 To June 30, 2014	2nd quarter From July 1, 2014 To September 30, 2014	Six Months Ended From April 1, 2014 To September 30, 2014
Operating revenue	29,269	31,611	60,881
Investment trust management fees	22,356	23,608	45,964
Investment advisory fees	6,864	7,948	14,813
Other operating revenue	48	54	103
Operating expenses	18,301	20,089	38,390
Commissions	11,077	11,711	22,789
Research	6,027	7,197	13,225
Other operating expenses	1,197	1,179	2,376
General and administrative expenses	6,139	6,132	12,272
Operating income (loss)	4,828	5,389	10,218
Non-operating income	2,387	491	2,879
Non-operating expenses	6	18	25
Ordinary income	7,208	5,862	13,071
Special profits	107	804	912
Special losses	189	90	279
Income (loss) before income taxes	7,127	6,577	13,704
Income taxes - current	870	2,105	2,975
Income taxes - deferred	1,410	(565)	845
Net income (loss)	4,846	5,037	9,883