

# **NOMURA ASSET MANAGEMENT**

**Nomura Asset Management Co., Ltd.**  
**Financial Summary (Unconsolidated)**  
**For The Six Months Ended September 30, 2015**  
**(Unaudited)**

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

**Unconsolidated Balance Sheet Information (Unaudited)**

(Millions of Yen)

	September 30, 2015	March 31, 2015	Increase (Decrease)	September 30, 2014
Assets				
Current assets	85,609	97,486	(11,876)	78,408
Cash and cash equivalents	282	411	(128)	363
Money held in trust	55,445	56,824	(1,378)	49,988
Securities	4,900	17,100	(12,200)	7,300
Accrued investment trust management fees	15,728	12,679	3,048	11,088
Accrued revenue	6,953	7,436	(483)	7,909
Deferred tax assets	1,750	2,594	(844)	1,224
Other current assets	560	449	111	543
Allowance for doubtful accounts	(11)	(9)	(1)	(9)
Fixed assets	33,604	33,417	187	30,031
Tangible fixed assets	1,203	1,322	(118)	1,554
Intangible fixed assets	6,862	7,254	(392)	7,237
Investments and other	25,539	24,840	699	21,240
Investment securities	12,316	11,593	722	10,219
Investment in subsidiaries and affiliates	10,149	10,149	-	10,458
Prepaid pension cost	2,786	2,776	9	262
Other investments	287	320	(33)	299
Allowance for doubtful accounts	-	(0)	0	-
Total assets	119,214	130,903	(11,688)	108,440

(Millions of Yen)

	September 30, 2015	March 31, 2015	Increase (Decrease)	September 30, 2014
<b>Liabilities</b>				
<b>Current liabilities</b>	<u>23,026</u>	<u>30,182</u>	<u>(7,155)</u>	<u>19,538</u>
Investment trust distribution of income payable	1	1	(0)	1
Investment trust redemptions payable	32	32	(0)	32
Accrued commission payable	5,797	4,883	914	4,484
Other accounts payable	3,270	6,684	(3,414)	2,354
Accrued expenses	8,217	10,221	(2,003)	8,902
Accrued income taxes	1,452	1,961	(508)	1,266
Accrued bonuses	2,436	4,558	(2,121)	2,372
Allowance for foreign tax payments	1,704	1,721	(17)	-
Other current liabilities	114	118	(3)	122
<b>Long-term liabilities</b>	<u>4,023</u>	<u>3,735</u>	<u>287</u>	<u>3,194</u>
Reserve for retirement benefits	2,580	2,467	113	-
Reserve for loss on distribution of income and redemption after expiration	515	521	(5)	521
Deferred tax liabilities	927	747	180	2,673
<b>Total liabilities</b>	<b>27,050</b>	<b>33,918</b>	<b>(6,867)</b>	<b>22,732</b>
<b>Shareholder's equity</b>	<u>84,911</u>	<u>90,092</u>	<u>(5,180)</u>	<u>80,007</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
<b>Earned surplus</b>	<b>56,001</b>	<b>61,182</b>	<b>(5,180)</b>	<b>51,097</b>
Earned surplus reserve	685	685	-	685
Other Earned surplus	55,316	60,497	(5,180)	50,412
General reserve	24,606	24,606	-	24,606
Earned surplus brought forward	30,709	35,890	(5,180)	25,805
Valuation and translation adjustments	7,252	6,893	359	5,699
Net unrealized gain on investments	7,252	6,893	359	5,699
<b>Total net assets</b>	<b>92,164</b>	<b>96,985</b>	<b>(4,821)</b>	<b>85,707</b>
<b>Total liabilities and net assets</b>	<b>119,214</b>	<b>130,903</b>	<b>(11,688)</b>	<b>108,440</b>

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

**Unconsolidated Income Statement Information (Unaudited)**

(Millions of Yen)

	Six Months Ended September 30, 2015 (A)	Six Months Ended September 30, 2014 (B)	Comparison (A)/(B) (%)	Year Ended March 31, 2015
Operating revenue	68,958	60,881	113.3	127,847
Investment trust management fees	53,884	45,964	117.2	96,159
Investment advisory fees	14,970	14,813	101.1	31,466
Other operating revenue	103	103	100.2	221
Operating expenses	41,187	38,390	107.3	80,648
Commissions	24,815	22,789	108.9	47,060
Research	13,494	13,225	102.0	28,326
Other operating expenses	2,877	2,376	121.1	5,260
General and administrative expenses	12,544	12,272	102.2	24,643
Operating income	15,225	10,218	149.0	22,555
Non-operating income	5,927	2,879	205.9	4,756
Non-operating expenses	1,299	25	5,021.5	166
Ordinary income	19,853	13,071	151.9	27,146
Special profits	46	912	5.0	936
Special losses	53	279	19.2	2,169
Income before income taxes	19,846	13,704	144.8	25,913
Income taxes - current	4,530	2,975	152.3	8,433
Income taxes - deferred	855	845	101.1	(2,488)
Net income	14,460	9,883	146.3	19,967

**Nomura Asset Management Co., Ltd.**  
**Unconsolidated Statements of Shareholder's Equity (Unaudited)**  
**For Interim ended September 30, 2015**

(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	35,890	61,182	90,092
Cash dividends						(19,933)	(19,933)	(19,933)
Net profit						14,460	14,460	14,460
Increase from the absorption-type split						291	291	291
Other-net								
Change in the term	-	-	-	-	-	(5,180)	(5,180)	(5,180)
Balance at end of period	17,180	11,729	11,729	685	24,606	30,709	56,001	84,911

(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	6,893	6,893	96,985
Cash dividends			(19,933)
Net profit			14,460
Increase from the absorption-type split			291
Other-net	359	359	359
Change in the term	359	359	(4,821)
Balance at end of period	7,252	7,252	92,164

**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 The Year Ended March 31, 2015

(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						19,967	19,967	19,967
Other-net								
Change in the term	-	-	-	-	-	9,923	9,923	9,923
Balance at end of year	17,180	11,729	11,729	685	24,606	35,890	61,182	90,092

(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			19,967
Other-net	213	213	213
Change in the term	213	213	10,137
Balance at end of year	6,893	6,893	96,985

## **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  
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) Allowance for foreign tax payments  
To provide for potential foreign tax payments, the estimated amount to be paid in the future is recorded.



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, 2015	March 31, 2015	(Millions of yen) September 30, 2014
	3,781	3,659	3,584

### **Notes to Income Statement Information**

1. Special Profits consist of the following:

	Six Months Ended September 30, 2015	Six Months Ended September 30, 2014	(Millions of yen) Year Ended March 31, 2015
Gain on sales of investment securities and other	-	794	794
Receipt of stock option income	46	117	142

2. Special Losses consist of the following:

	Six Months Ended September 30, 2015	Six Months Ended September 30, 2014	(Millions of yen) Year Ended March 31, 2015
Loss on devaluation of investment securities and other	-	90	91
Loss on disposal of fixed assets	53	189	357
Provision of allowance for foreign tax payments	-	-	1,721

## **Notes to Business Combinations Information**

Under the reorganization, Nomura Asset Management Co., Ltd. (NAM) will take over Nomura Funds Research and Technologies Co., Ltd. (NFR&T)'s operations related to the management of investment trusts and its institutional investor advisory business.

By consolidating its marketing, investment and management operations under NAM and improving the efficiency and stability of its investment management operations, Nomura aims to deliver a higher level of service to its clients.

Nomura also aims to produce higher added-value analysis and evaluation by consolidating the Asset Management division's analysis and evaluation of funds and asset management companies into NFR&T.

Following the reorganization, Nomura will focus on providing high quality investment products to accommodate the needs of investors by fully leveraging the specialized expertise in NAM and NFR&T.

### Schedule of reorganization

February 18, 2015	Execution of reorganization agreements by NAM and NFR&T
July 1, 2015	NAM to take over NFR&T institutional client business
October 1, 2015	NAM to take over NFR&T retail client business

## Supplementary Information

### 1. Net Assets of Investment Trusts

(Billions of yen)

	September 30, 2015	March 31, 2015	Increase (Decrease)
Unit Type	134	135	(1)
Open Type	16,151	15,929	222
Stock Investment Trusts - Public	16,285	16,064	220
Bond Investment Trusts	626	651	(24)
Money Management Fund	612	626	(14)
Others	5,608	5,921	(312)
Bond Investment Trusts - Public	6,848	7,199	(351)
Stock Investment Trusts	1,764	1,999	(234)
Bond Investment Trusts	1,149	929	220
Private Investment Trusts	2,914	2,928	(13)
Total	26,048	26,192	(144)

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

(Billions of yen)

	September 30, 2015	March 31, 2015	Increase (Decrease)
Domestic - General	246	222	24
Domestic - Pension	7,283	4,953	2,329
Overseas	5,695	7,264	(1,568)
Total	13,225	12,439	785

## Quarterly Income Statement Information

(Millions of Yen)

	1st quarter From April 1, 2015 To June 30, 2015	2nd quarter From July 1, 2015 To September 30, 2015	Six Months Ended From April 1, 2015 To September 30, 2015
Operating revenue	34,920	34,038	68,958
Investment trust management fees	27,013	26,870	53,884
Investment advisory fees	7,850	7,119	14,970
Other operating revenue	55	48	103
Operating expenses	21,052	20,135	41,187
Commissions	12,666	12,149	24,815
Research	6,964	6,530	13,494
Other operating expenses	1,421	1,456	2,877
General and administrative expenses	6,351	6,193	12,544
Operating income (loss)	7,516	7,709	15,225
Non-operating income	3,648	2,278	5,927
Non-operating expenses	248	1,051	1,299
Ordinary income	10,917	8,936	19,853
Special profits	18	27	46
Special losses	-	53	53
Income (loss) before income taxes	10,935	8,910	19,846
Income taxes - current	1,745	2,784	4,530
Income taxes - deferred	1,255	(400)	855
Net income (loss)	7,934	6,526	14,460