

# **NOMURA ASSET MANAGEMENT**

**Nomura Asset Management Co., Ltd.**  
**Financial Summary (Unconsolidated)**  
**For The Year Ended March 31, 2016**  
**(Unaudited)**

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

**Unconsolidated Balance Sheet Information (Unaudited)**

(Millions of Yen)

	March 31, 2016	March 31, 2015	Increase (Decrease)
Assets			
Current assets	103,715	97,486	6,228
Cash and cash equivalents	208	411	(202)
Money held in trust	55,341	56,824	(1,482)
Securities	24,100	17,100	7,000
Accrued investment trust management fees	14,131	12,679	1,451
Accrued investment advisory fees	7,309	7,436	(126)
Deferred tax assets	2,028	2,594	(566)
Other current assets	605	449	155
Allowance for doubtful accounts	(10)	(9)	(0)
Fixed assets	32,083	33,417	(1,333)
Tangible fixed assets	1,176	1,322	(145)
Intangible fixed assets	7,681	7,254	427
Investments and other	23,225	24,840	(1,614)
Investment securities	9,216	11,593	(2,376)
Investment in subsidiaries and affiliates	10,958	10,149	808
Long-term guarantee deposits	45	49	(4)
Prepaid pension cost	2,777	2,776	1
Other investments	226	270	(44)
Allowance for doubtful accounts	-	(0)	0
Total assets	135,799	130,903	4,895

(Millions of Yen)

	March 31, 2016	March 31, 2015	Increase (Decrease)
<b>Liabilities</b>			
<b>Current liabilities</b>	<u>27,538</u>	<u>30,182</u>	<u>(2,643)</u>
Investment trust distribution of income payable	1	1	(0)
Investment trust redemptions payable	31	32	(0)
Accrued commission payable	4,537	4,883	(345)
Other accounts payable	7,284	6,684	599
Accrued expenses	8,872	10,221	(1,348)
Accrued income taxes	1,838	1,961	(122)
Accrued bonuses	4,809	4,558	251
Allowance for foreign tax payments	-	1,721	(1,721)
Other current liabilities	163	118	45
<b>Long-term liabilities</b>	<u>3,303</u>	<u>3,735</u>	<u>(432)</u>
Reserve for retirement benefits	2,708	2,467	241
Reserve for loss on distribution of income and redemption after expiration	526	521	5
Deferred tax liabilities	68	747	(678)
<b>Total liabilities</b>	<b>30,842</b>	<b>33,918</b>	<b>(3,075)</b>
<b>Shareholder's equity</b>	<u>99,606</u>	<u>90,092</u>	<u>9,514</u>
Common stock	17,180	17,180	-
Capital reserve	13,729	11,729	2,000
Additional paid-in capital	11,729	11,729	-
Other capital surplus	2,000	-	2,000
Earned surplus	68,696	61,182	7,514
Earned surplus reserve	685	685	-
Other earned surplus	68,011	60,497	7,514
General reserve	24,606	24,606	-
Earned surplus brought forward	43,405	35,890	7,514
Valuation and translation adjustments	5,349	6,893	(1,543)
Net unrealized gain on investments	5,349	6,893	(1,543)
<b>Total net assets</b>	<b>104,956</b>	<b>96,985</b>	<b>7,971</b>
<b>Total liabilities and net assets</b>	<b>135,799</b>	<b>130,903</b>	<b>4,895</b>

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

**Unconsolidated Income Statement Information (Unaudited)**

(Millions of Yen)

	Year Ended March 31, 2016 (A)	Year Ended March 31, 2015 (B)	Comparison A/B (%)
Operating revenue	136,016	127,847	106.4
Investment trust management fees	104,445	96,159	108.6
Investment advisory fees	31,351	31,466	99.6
Other operating revenue	219	221	98.9
Operating expenses	80,662	80,648	100.0
Commissions	46,531	47,060	98.9
Research	28,068	28,326	99.1
Other operating expenses	6,062	5,260	115.3
General and administrative expenses	25,827	24,643	104.8
Compensation and benefits	14,613	14,080	103.8
Occupancy	1,230	1,218	100.9
Depreciation of fixed assets	2,589	3,120	83.0
Other general and administrative expenses	7,394	6,224	118.8
Operating income	29,526	22,555	130.9
Non-operating income	7,991	4,756	168.0
Non-operating expenses	1,321	166	792.2
Ordinary income	36,196	27,146	133.3
Special profits	146	936	15.6
Special losses	156	2,169	7.2
Income before income taxes	36,186	25,913	139.6
Income taxes - current	9,806	8,433	116.3
Income taxes - deferred	744	(2,488)	-
Net income	25,635	19,967	128.4

**Nomura Asset Management Co., Ltd.**  
**Unconsolidated Statements of Shareholder's Equity (Unaudited)**  
**For The Year Ended March 31, 2016**

(Millions of Yen)

	Shareholder's equity								
	Common stock	Capital reserve			Earned surplus				Total Shareholder's equity
		Additional paid-in capital	Other capital surplus	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							25,635	25,635	25,635
Increase from the absorption-type merger			2,000	2,000			144	144	2,144
Increase from the absorption-type split							1,668	1,668	1,668
Other-net									
Change in the term	—	—	2,000	2,000	—	—	7,514	7,514	9,514
Balance at end of year	17,180	11,729	2,000	13,729	685	24,606	43,405	68,696	99,606

(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			25,635
Increase from the absorption-type merger			2,144
Increase from the absorption-type split			1,668
Other-net	(1,543)	(1,543)	(1,543)
Change in the term	(1,543)	(1,543)	7,971
Balance at end of year	5,349	5,349	104,956

## 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 “shareholder’s 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) 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

	(Millions of yen)	
	Year Ended	Year Ended
	March 31, 2016	March 31, 2015
	<u>3,774</u>	<u>3,659</u>

## **Notes to Income Statement Information**

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

	(Millions of yen)	
	Year Ended	Year Ended
	March 31, 2016	March 31, 2015
Gain on sales of investment securities and other	50	794
Receipt of stock option income	96	142

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

	(Millions of yen)	
	Year Ended	Year Ended
	March 31, 2016	March 31, 2015
Loss on sales of investment securities	95	-
Loss on valuation of investment securities and other	-	91
Loss on disposal of fixed assets	60	357
Provision of allowance for foreign tax payments	-	1,721



## **Notes to Business Combinations Information**

Under the reorganization, Nomura Asset Management Co., Ltd. (NAM) took 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. NAM also took over all the operations of Nomura Private Equity Capital Co., Ltd.(NPEC).

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 and NPEC
July 1, 2015	NAM to take over NFR&T institutional client business
October 1, 2015	NAM to take over NFR&T retail client business
December 1, 2015	Liquidation of NPEC and acquisition by NAM

## Supplementary Information

### 1. Net Assets of Investment Trusts

(Billions of yen)

	March 31, 2016	March 31, 2015	Increase (Decrease)
Unit Type	122	135	(13)
Open Type	16,472	15,929	543
Stock Investment Trusts - Public	16,594	16,064	529
Bond Investment Trusts	590	651	(60)
Money Management Fund	508	626	(118)
Others	5,259	5,921	(662)
Bond Investment Trusts - Public	6,358	7,199	(841)
Unit Type	1,748	1,999	(250)
Open Type	1,500	929	571
Private Investment Trusts	3,248	2,928	320
Total	26,201	26,192	8

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

(Billions of yen)

	March 31, 2016	March 31, 2015	Increase (Decrease)
Domestic - General	243	222	21
Domestic - Pension	7,446	4,953	2,493
Overseas	5,287	7,264	(1,976)
Total	12,977	12,439	538

## 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	3rd quarter From October 1, 2015 To December 31, 2015	4th quarter From January 1, 2016 To March 31, 2016	For the year From April 1, 2015 To March 31, 2016
Operating revenue	34,920	34,038	35,374	31,683	136,016
Investment trust management fees	27,013	26,870	26,572	23,989	104,445
Investment advisory fees	7,850	7,119	8,748	7,632	31,351
Other operating revenue	55	48	53	61	219
Operating expenses	21,052	20,135	20,930	18,544	80,662
Commissions	12,666	12,149	11,566	10,148	46,531
Research	6,964	6,530	7,804	6,769	28,068
Other operating expenses	1,421	1,456	1,558	1,626	6,062
General and administrative expenses	6,351	6,193	6,384	6,898	25,827
Operating income	7,516	7,709	8,059	6,240	29,526
Non-operating income	3,648	2,278	1,821	242	7,991
Non-operating expenses	248	1,051	(255)	276	1,321
Ordinary income	10,917	8,936	10,136	6,206	36,196
Special profits	18	27	25	74	146
Special losses	-	53	0	102	156
Income before income taxes	10,935	8,910	10,161	6,178	36,186
Income taxes - current	1,745	2,784	3,121	2,154	9,806
Income taxes - deferred	1,255	(400)	(192)	81	744
Net income	7,934	6,526	7,232	3,941	25,635