

# **NOMURA ASSET MANAGEMENT**

**Nomura Asset Management Co., Ltd.**  
**Financial Summary (Unconsolidated)**  
**For The Six Months Ended September 30, 2018**  
**(Unaudited)**

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

**Unconsolidated Balance Sheet Information (Unaudited)**

(Millions of Yen)

	March 31, 2018	September 30, 2018	Increase (Decrease)	September 30, 2017
Assets				
Current assets	105,048	83,392	(21,656)	83,539
Cash and cash equivalents	919	948	29	1,411
Money held in trust	47,936	43,002	(4,933)	44,380
Securities	22,600	6,700	(15,900)	8,200
Accrued investment trust management fees	24,059	25,448	1,388	20,471
Accrued investment advisory fees	6,764	6,582	(181)	7,338
Deferred tax assets	2,111	-	(2,111)	1,076
Other current assets	672	726	53	675
Allowance for doubtful accounts	(15)	(16)	(0)	(13)
Fixed assets	21,857	26,262	4,404	20,880
Tangible fixed assets	874	793	(81)	919
Intangible fixed assets	7,157	6,661	(496)	6,967
Investments and other	13,825	18,807	4,981	12,994
Investment securities	1,184	2,582	1,397	1,230
Investment in subsidiaries and affiliates	9,033	11,477	2,443	8,124
Prepaid pension cost	2,350	2,191	(158)	2,474
Deferred tax assets	962	2,108	1,145	920
Other investments	295	448	152	244
Allowance for doubtful accounts	(0)	-	0	-
Total assets	126,906	109,654	(17,252)	104,420

(Millions of Yen)

	March 31, 2018	September 30, 2018	Increase (Decrease)	September 30, 2017
Liabilities				
Current liabilities	37,329	28,014	(9,315)	25,297
Investment trust distribution of income payable	1	0	(0)	0
Investment trust redemptions payable	31	25	(5)	31
Accrued commission payable	7,884	8,085	201	6,975
Other accounts payable	9,936	4,704	(5,231)	4,550
Accrued expenses	12,441	11,109	(1,331)	9,702
Accrued income taxes	2,241	1,588	(653)	1,521
Accrued bonuses	4,626	2,349	(2,276)	2,361
Other current liabilities	167	149	(18)	153
Long-term liabilities	3,486	3,644	157	3,501
Reserve for retirement benefits	2,938	3,087	148	2,953
Reserve for loss on distribution of income and redemption after expiration	548	557	9	548
Total liabilities	40,816	31,658	(9,157)	28,798
Shareholder's equity	86,078	77,899	(8,179)	75,573
Common stock	17,180	17,180	-	17,180
Capital reserve	13,729	13,729	-	13,729
Additional paid-in capital	11,729	11,729	-	11,729
Other capital surplus	2,000	2,000	-	2,000
Earned surplus	55,168	46,989	(8,179)	44,663
Earned surplus reserve	685	685	-	685
Other Earned surplus	54,483	46,303	(8,179)	43,978
General reserve	24,606	24,606	-	24,606
Earned surplus brought forward	29,876	21,697	(8,179)	19,372
Valuation and translation adjustments	11	97	85	47
Net unrealized gain on investments	11	97	85	47
Total net assets	86,090	77,996	(8,094)	75,621
Total liabilities and net assets	126,906	109,654	(17,252)	104,420

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

**Unconsolidated Income Statement Information (Unaudited)**

(Millions of Yen)

	Six Months Ended September 30, 2017 (A)	Six Months Ended September 30, 2018 (B)	Comparison (B)/(A) (%)	Year Ended March 31, 2018
Operating revenue	69,169	72,858	105.3	142,447
Investment trust management fees	55,036	60,780	110.4	115,907
Investment advisory fees	13,973	11,904	85.2	26,200
Other operating revenue	159	172	108.4	338
Operating expenses	40,465	42,200	104.3	83,689
Commissions	21,927	22,197	101.2	45,252
Research	14,996	16,153	107.7	30,516
Other operating expenses	3,541	3,849	108.7	7,921
General and administrative expenses	13,411	14,475	107.9	27,609
Operating income	15,292	16,181	105.8	31,148
Non-operating income	4,435	6,812	153.6	4,398
Non-operating expenses	91	183	201.5	405
Ordinary income	19,636	22,810	116.2	35,141
Special profits	32	38	119.3	95
Special losses	9	153	1,563.8	60
Income before income taxes	19,659	22,695	115.4	35,176
Income taxes - current	4,702	5,121	108.9	10,775
Income taxes - deferred	621	927	149.2	(439)
Net income	14,335	16,646	116.1	24,840

**Nomura Asset Management Co., Ltd.**  
**Unconsolidated Statements of Shareholder's Equity (Unaudited)**  
**For Interim ended September 30, 2017**

(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	2,000	13,729	685	24,606	30,635	55,927	86,837
Dividends of surplus							(25,598)	(25,598)	(25,598)
Net income							14,335	14,335	14,335
Other-net									
Change in the term	-	-	-	-	-	-	(11,263)	(11,263)	(11,263)
Balance at end of year	17,180	11,729	2,000	13,729	685	24,606	19,372	44,663	75,573

(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	41	41	86,878
Dividends of surplus			(25,598)
Net income			14,335
Other-net	6	6	6
Change in the term	6	6	(11,257)
Balance at end of year	47	47	75,621

**For Interim ended September 30, 2018**

(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	2,000	13,729	685	24,606	29,876	55,168	86,078
Dividends of surplus							(24,826)	(24,826)	(24,826)
Net income							16,646	16,646	16,646
Other-net									
Change in the term	-	-	-	-	-	-	(8,179)	(8,179)	(8,179)
Balance at end of year	17,180	11,729	2,000	13,729	685	24,606	21,697	46,989	77,899

(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	11	11	86,090
Dividends of surplus			(24,826)
Net income			16,646
Other-net	85	85	85
Change in the term	85	85	(8,094)
Balance at end of year	97	97	77,996

## For The Year Ended March 31, 2018

(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	2,000	13,729	685	24,606	30,635	55,927	86,837
Dividends of surplus							(25,598)	(25,598)	(25,598)
Net income							24,840	24,840	24,840
Other-net									
Change in the term	-	-	-	-	-	-	(758)	(758)	(758)
Balance at end of year	17,180	11,729	2,000	13,729	685	24,606	29,876	55,168	86,078

(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	41	41	86,878
Dividends of surplus			(25,598)
Net income			24,840
Other-net	(29)	(29)	(29)
Change in the term	(29)	(29)	(788)
Balance at end of year	11	11	86,090

## **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 held in trust  
Recorded at fair value
3. Depreciation/Amortization Method of Fixed Assets
  - (1) Depreciation of tangible fixed assets  
Tangible fixed assets are depreciated by the declining-balance method, except for buildings (excluding facilities attached to buildings) acquired on or after April 1, 1998 and both facilities attached to buildings and structures acquired on or after April 1, 2016, which are depreciated by 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. 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

	March 31, 2018	September 30, 2018	September 30, 2017
	4,200	3,847	4,102

(Millions of yen)

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

1. Special Profits consist of the following:

	Six Months Ended September 30, 2017	Six Months Ended September 30, 2018	Year Ended March 31, 2018
Gain on sales of investment securities and other	-	0	20
Receipt of stock option income	32	37	75

(Millions of yen)

2. Special Losses consist of the following:

	Six Months Ended September 30, 2017	Six Months Ended September 30, 2018	Year Ended March 31, 2018
Loss on valuation of investment securities and other	1	-	2
Loss on disposal of fixed assets	8	153	58

(Millions of yen)

## Supplementary Information

### 1. Net Assets of Investment Trusts

(Billions of yen)

	September 30, 2017	September 30, 2018	Increase (Decrease)
Unit Type	85	112	27
Open Type	22,111	26,192	4,081
Stock Investment Trusts - Public	22,196	26,305	4,109
Bond Investment Trusts	450	411	(39)
Money Reserve Fund	5,116	5,074	(41)
Others	0	0	0
Bond Investment Trusts - Public	5,567	5,486	(80)
Stock Investment Trusts	2,207	2,564	356
Bond Investment Trusts	1,977	1,760	(216)
Private Investment Trusts	4,184	4,324	139
Total	31,948	36,116	4,167

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

(Billions of yen)

	September 30, 2017	September 30, 2018	Increase (Decrease)
Domestic - General	232	248	15
Domestic - Pension	8,767	9,365	597
Overseas	4,317	3,517	(799)
Total	13,317	13,131	(185)

## Quarterly Income Statement Information

(Millions of Yen)

	1st quarter From April 1, 2018 To June 30, 2018	2nd quarter From July 1, 2018 To September 30, 2018	Six Months Ended From April 1, 2018 To September 30, 2018
Operating revenue	36,499	36,358	72,858
Investment trust management fees	30,504	30,275	60,780
Investment advisory fees	5,915	5,989	11,904
Other operating revenue	79	92	172
Operating expenses	21,159	21,041	42,200
Commissions	11,220	10,977	22,197
Research	7,997	8,156	16,153
Other operating expenses	1,941	1,907	3,849
General and administrative expenses	7,254	7,221	14,475
Operating income (loss)	8,085	8,095	16,181
Non-operating income	1,864	4,948	6,812
Non-operating expenses	195	(11)	183
Ordinary income	9,754	13,056	22,810
Special profits	13	25	38
Special losses	-	153	153
Income (loss) before income taxes	9,767	12,927	22,695
Income taxes - current	1,895	3,225	5,121
Income taxes - deferred	1,377	(449)	927
Net income (loss)	6,494	10,152	16,646