

NOMURA PRINCIPAL INVESTMENT PLC

ANNUAL REPORT

31 MARCH 2010

THURSDAY



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30/09/2010
COMPANIES HOUSE

COMPANY REGISTERED NUMBER 2498424

NOMURA PRINCIPAL INVESTMENT PLC

YEAR ENDED 31 MARCH 2010

DIRECTORS' REPORT

The Directors present their report and the group financial statements for the year ended 31 March 2010

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The principal activity of Nomura Principal Investment plc (the "Company") is the financing of medium to long-term investments. During the year under review these included

- Investments in real estate and securities
- Investments in private equity funds
- Other investment banking activities

The principal activities of its subsidiary undertakings (the "Group") are disclosed in note 8 to the financial statements

The Group's key financial and other performance indicators during the year were as follows

	<u>Year ended</u> <u>31 March 2010</u> £'000	<u>Year ended</u> <u>31 March 2009</u> £'000	<u>Movement</u> %
Turnover	(19)	26,251	(100%)
Profit on ordinary activities before taxation	475	80,087	(99%)
Profit on ordinary activities after taxation	196	65,483	(99%)
Shareholders' funds	188,339	188,143	-

Turnover has decreased significantly for the year ended 31 March 2010 as no further partnership distributions from the Group's investment in a private equity fund were received during the period. The fund is in the process of winding up and after finalising the sale of its portfolio of investments a substantial distribution of proceeds was made in the prior year.

The significant decline in the results of the Group before and after taxation for the year is predominantly due to the reduction in Turnover along with a foreign exchange loss of £30,000 compared with a gain of £56,077,000 in the previous year. The Group has exposure, through its share capital, to Japanese Yen which has weakened slightly against Sterling in the period. The Group also recognised an impairment loss of £520,000 against its fixed assets investments during the year (2009 nil).

The Directors continue to review the activities of the Group, however, no further significant change in activities is foreseen.

RESULTS AND DIVIDEND

The results for the year are set out on page 7 of the financial statements.

The Group's retained profit for the year of £196,000 (2009 £65,483,000) has been transferred to reserves.

The Directors do not recommend the payment of a dividend for the year under review (2009 £Nil).

NOMURA PRINCIPAL INVESTMENT PLC

YEAR ENDED 31 MARCH 2010

DIRECTORS' REPORT (CONTINUED)

DIRECTORS

The Directors who served during the year were

Hiromichi Aoki	
Mark Basten	(appointed 1 May 2009)
Kenji Yokoyama	(resigned 1 May 2009)

DIRECTORS' INDEMNITIES

The Company has granted an indemnity to one or more of its Directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Acts 1985 and 2006

During the year Nomura International plc (a fellow subsidiary undertaking) paid a premium for a contract insuring the Directors and officers of Nomura European entities against personal liabilities which may arise in the course of the performance of their duties, as well as protecting the Company itself to the extent that it is obligated to indemnify Directors and officers for such liability

RISK MANAGEMENT

The main risks arising from the Group's activities are credit, interest rate and foreign currency risks. These risks are managed through the appropriate dedicated committees within the Nomura group headed by Nomura Holdings, Inc (the "Nomura Group"). The risk management function was outsourced to Nomura International plc under service level agreements.

The Nomura Group's Investment Evaluation and Credit (IEC) function is responsible for monitoring credit risks to which the Group is exposed in the nature of its business. The IEC function is independent of the business areas and reports directly to Nomura's Global Chief Risk Officer.

The responsibility for managing any interest rate and foreign exchange risks lies with the Nomura Group's Treasury function. The Treasury function reports to the Chief Financial Officer of Nomura Holdings, Inc. and is fully independent of the business activities.

DONATIONS

No political or charitable donations were made during the year (2009: £Nil).

CREDITOR PAYMENT POLICY

The Group outsources the provision of supplies to Nomura International plc and has no liabilities with respect to suppliers outside the Nomura Holdings, Inc. group of companies.

EVENTS SINCE THE BALANCE SHEET DATE

On 7 June 2010, the Group received a distribution of £1,996,975 from its investment in a private equity fund.

NOMURA PRINCIPAL INVESTMENT PLC

YEAR ENDED 31 MARCH 2010

DIRECTORS' REPORT (CONTINUED)

DISCLOSURE OF INFORMATION TO AUDITORS

The Directors who were members of the Board at the time of approving the Directors' Report are listed on page 2

Having made enquiries of fellow Directors and of the Group's auditors, each of these Directors confirms that

- to the best of each Director's knowledge and belief, there is no information relevant to the preparation of their report of which the Company's auditors are unaware, and
- each Director has taken all the steps a Director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of the information

GOING CONCERN

The Group's business activities, together with the factors likely to affect future development, performance and positions, are set out in this Report

The Directors are not aware of any material uncertainties related to events or conditions that cast doubt about the ability of the Company and Group to continue as a going concern. They have therefore prepared the financial statements on a going concern basis

AUDITORS

The Auditors, Ernst & Young LLP, have expressed their willingness to continue in office and a resolution re-appointing them as Auditors and authorising the Directors to determine their remuneration will be proposed at the Annual General Meeting

BY ORDER OF THE BOARD



Denise Dillon
Company Secretary
22 September 2010

Company registered number 2498424

NOMURA PRINCIPAL INVESTMENT PLC

YEAR ENDED 31 MARCH 2010

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

NOMURA PRINCIPAL INVESTMENT PLC

YEAR ENDED 31 MARCH 2010

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NOMURA PRINCIPAL INVESTMENT PLC

We have audited the financial statements of Nomura Principal Investment plc for the year ended 31 March 2010 which comprise the Group Profit and Loss Account, the Group Statement of Total Recognised Gains and Losses, the Group Reconciliation of Movement in Shareholders' Funds, the Group and Parent Company Balance Sheets and the related notes 1 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Group's and the Parent Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the financial statements.

OPINION ON THE FINANCIAL STATEMENTS

In our opinion the financial statements

- give a true and fair view of the state of the Group's and the Parent Company's affairs as at 31 March 2010 and of its Group's profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

NOMURA PRINCIPAL INVESTMENT PLC

YEAR ENDED 31 MARCH 2010

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NOMURA PRINCIPAL INVESTMENT PLC (CONTINUED)

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us, or
- the Parent Company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of Directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Ernst & Young LLP

Andy Bates (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

27 September 2010

NOMURA PRINCIPAL INVESTMENT PLC

GROUP PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2010

	Notes	2010 £'000	2009 £'000
TURNOVER		(19)	26,251
Interest receivable and similar income	4	1,200	1,406
Interest payable and similar charges	4	(8)	(934)
General and administrative expenses		(148)	(2,713)
Foreign exchange (loss)/gain		(30)	56,077
OPERATING PROFIT		<u>995</u>	<u>80,087</u>
Impairment loss on fixed asset investments		(520)	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	<u>475</u>	<u>80,087</u>
Tax charge on profit on ordinary activities	7	(279)	(14,604)
RETAINED PROFIT FOR THE FINANCIAL YEAR		<u>196</u>	<u>65,483</u>

All profits noted above are derived from continuing activities

The notes on pages 11 to 19 form part of these financial statements

NOMURA PRINCIPAL INVESTMENT PLC

GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 MARCH 2010

	2010	2009
	£'000	£'000
Profits attributed to members of the parent company	196	65,483
Foreign exchange (loss)/gain on retranslation of fixed asset investments	(284)	996
Foreign exchange gain/(loss) on related hedging instruments and borrowings from fellow subsidiaries	284	(996)
	<hr/>	<hr/>
Total recognised gains and losses relating to the year	<u>196</u>	<u>65,483</u>

RECONCILIATION OF MOVEMENTS IN GROUP SHAREHOLDERS' FUNDS FOR THE YEAR ENDED 31 MARCH 2010

	2010	2009
	£'000	£'000
Total recognised gains and losses relating to the year	196	65,483
Opening shareholders' funds	188,143	122,660
	<hr/>	<hr/>
Closing shareholders' funds	<u>188,339</u>	<u>188,143</u>

The notes on pages 11 to 19 form part of these financial statements

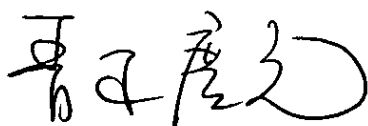
NOMURA PRINCIPAL INVESTMENT PLC

GROUP BALANCE SHEET AS AT 31 MARCH 2010

	Notes	2010 £'000	2010 £'000	2009 £'000	2009 £'000
FIXED ASSETS					
Investments	8		1,588		3,725
CURRENT ASSETS					
Debtors	9	202,252		201,152	
Cash at bank and in hand		1		1	
		<u>202,253</u>		<u>201,153</u>	
CREDITORS (amounts falling due within one year)	11	<u>(15,452)</u>		<u>(16,685)</u>	
NET CURRENT ASSETS			186,801		184,468
			<u>188,389</u>		<u>188,193</u>
Minority Interest	8		(50)		(50)
NET ASSETS			<u>188,339</u>		<u>188,143</u>
CAPITAL AND RESERVES					
Share capital	12		1,195,446		1,195,446
Profit and loss account	13		(1,007,107)		(1,007,303)
TOTAL SHAREHOLDERS' FUNDS			<u>188,339</u>		<u>188,143</u>

Shareholders' funds include amounts attributable to non-equity interests of £275,000,000 (2009 £275,000,000)

APPROVED AND AUTHORISED FOR ISSUE BY THE BOARD ON. 22 September 2010



Hiromichi Aoki
Director

The notes on pages 11 to 19 form part of these financial statements

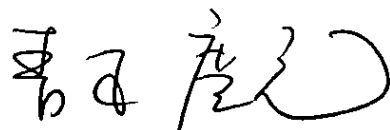
NOMURA PRINCIPAL INVESTMENT PLC

COMPANY BALANCE SHEET AS AT 31 MARCH 2010

	Notes	2010 £'000	2010 £'000	2009 £'000	2009 £'000
FIXED ASSETS					
Investments	8		1,538		3,675
CURRENT ASSETS					
Debtors	9	202,252		201,152	
CREDITORS (amounts falling due within one year)	11	<u>(15,451)</u>		<u>(16,684)</u>	
NET CURRENT ASSETS			186,801		184,468
NET ASSETS			<u>188,339</u>		<u>188,143</u>
CAPITAL AND RESERVES					
Share capital	12		1,195,446		1,195,446
Profit and loss account	13		<u>(1,007,107)</u>		<u>(1,007,303)</u>
TOTAL SHAREHOLDERS' FUNDS			<u>188,339</u>		<u>188,143</u>

Shareholders' funds include amounts attributable to non-equity interests of £275,000,000 (2009 £275,000,000)

APPROVED AND AUTHORISED FOR ISSUE BY THE BOARD ON: 22 September 2010



Hiromichi Aoki
Director

The notes on pages 11 to 19 form part of these financial statements

NOMURA PRINCIPAL INVESTMENT PLC

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2010

1. ACCOUNTING POLICIES

(a) Basis of Preparation

The consolidated financial statements have been prepared on a going concern basis and in accordance with applicable accounting standards and the Companies Act 2006 under the historical cost convention

(b) Basis of Consolidation

The consolidated financial statements incorporate the results of Nomura Principal Investment plc and its subsidiary undertakings using the acquisition method of accounting

(c) Foreign Exchange

All monetary assets and liabilities in foreign currencies are expressed in Sterling at rates of exchange ruling on the balance sheet date. Translation differences arising from the application of closing rates of exchange, together with exchange profits and losses which arise from normal trading activities, are included in the profit and loss account. Exchange differences that arise on currency swaps used to hedge against foreign currency investments are taken directly to reserves, together with the exchange difference on the carrying amount of the related investments

(d) Fixed Asset Investments

(i) **Investments in real estate, securities and investments in private equity funds**

Investments in real estate, securities and investments in private equity funds are shown as fixed assets and valued at their original cost plus amounts in respect of accreted interest, using historical foreign exchange rates where applicable, less amounts written off where there has been an impairment in value. Pursuant to SSAP 20, the closing foreign exchange rate will prevail on hedged instruments

(ii) **Subsidiary undertakings**

Investments in subsidiary undertakings are shown as fixed assets and stated at original cost less amounts written off where there has been an impairment in value

(e) Turnover

Turnover comprises net realised gains or losses in the year on the sale of fixed asset investments. In prior years, turnover was derived from rental received under operating leases entered into by the Group. This business activity ceased on the disposal of a subsidiary undertaking, Nomura Properties plc, to another fellow subsidiary undertaking in January 2006

(f) Interest Receivable and Similar Income/Interest Payable and Similar Charges

Interest receivable includes amounts receivable on bank deposits, securities, investments in real estate and investments in private equity funds

Interest accreted on performing investments in private equity funds is accrued up to the level of the funding cost of the investments. Interest accreted on non-performing investments in private equity funds is fully provided against as a matter of prudence

Interest payable includes amounts payable on borrowings from other undertakings in the Nomura Holdings, Inc group

NOMURA PRINCIPAL INVESTMENT PLC

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2010 (CONTINUED)

1 ACCOUNTING POLICIES (CONTINUED)

(g) Derivatives

Derivative instruments are used for hedging purposes and comprise of foreign exchange swaps with other Nomura group undertakings. Net swap interest is included in interest payable and similar charges or interest receivable and similar income, as appropriate. Gains and losses on derivatives used for hedging purposes are recognised using accrual accounting methods.

Profits or losses on derivative contracts used for hedging may not be recognised in current profits but are deferred within other debtors and recognised when the cash flows that the hedge relates to occur.

(h) Cash Flow Statement

The company has taken advantage of the exemption under FRS 1 (revised) and has not produced a cash flow statement, since it is a wholly owned subsidiary whose ultimate parent undertaking is Nomura Holdings Inc., whose financial statements are publicly available and include a consolidated cash flow statement.

(i) Taxation

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Timing differences are the differences between the Company's taxable profits and its results as stated in the financial statements, which are capable of reversal in one or more subsequent periods.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

(j) Impairment

The Company assesses at the balance sheet date whether there is objective evidence that a fixed asset investment is impaired. A fixed asset investment is considered impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and prior to the balance sheet date and that loss event has had an impact on the estimated future cash flows of the fixed asset investment that can be reliably estimated.

The amount of impairment loss is measured as the difference between the asset's carrying amount and its net realisable value, being the expected proceeds of selling the asset less any direct selling costs. The amount of the loss is included in the profit and loss account. If in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised the previously recognised impairment loss is reversed in the profit and loss account.

NOMURA PRINCIPAL INVESTMENT PLC

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2010 (CONTINUED)

2. RETAINED PROFIT FOR THE YEAR

In accordance with S408 Companies Act 2006, the Company has taken advantage of the dispensation not to produce its own profit and loss account. Of the result attributable to group shareholders, a profit of £196,000 (2009 £65,483,000) is dealt with in the financial statements of the holding company.

3 SEGMENTAL INFORMATION

All of the Group's assets are related to its investment activities and its entire turnover and profit before taxation were derived from this source. All operations are based in Europe.

4 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before tax is stated after charging/(crediting)

	2010	2009
	£'000	£'000
Auditors' remuneration - audit services	28	45
Service charge from group undertakings	144	2,609
Interest receivable from group undertakings	(1,200)	(1,406)
Interest payable to group undertakings on loan and swap contracts	8	905
Interest payable to external parties	-	29

5 EMPLOYEES

The average number of employees of the Company during the year was nil (2009 nil). The Company has outsourced all of its operational functions to Nomura International plc, a fellow subsidiary undertaking.

6 DIRECTORS' EMOLUMENTS

The Directors of Nomura Principal Investment plc received no remuneration in respect of their services to the Company or its subsidiaries during the year ended 31 March 2010 (2009 £Nil) and no pension contributions have been made (2009 £Nil).

NOMURA PRINCIPAL INVESTMENT PLC

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2010 (CONTINUED)

7 TAX ON PROFIT ON ORDINARY ACTIVITIES

	2010 £'000	2009 £'000
TAX CHARGE		
Current tax		
UK corporation tax charge	279	15,074
Prior year adjustment	-	(470)
	279	14,604
Deferred tax		
Origination and reversal of timing differences	-	7,350
Adjustments		
- transfer to unrecognised deferred tax	-	(7,350)
Total tax charge for the year	279	14,604

RECONCILIATION OF CORPORATION TAX CHARGE

Net profit before tax	475	80,087
UK corporation tax charge at 28%	133	22,424
Effects of		
Expenses not deductible for corporation tax purposes	146	-
Timing differences:		
Tax effect of unrealised income taxed under connected party rules	-	(7,350)
Prior year adjustment	-	(470)
	279	14,604

NOMURA PRINCIPAL INVESTMENT PLC

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2010 (CONTINUED)

8. FIXED ASSET INVESTMENTS

<u>Group</u>	<u>Investments in Private Equity Funds £'000</u>	<u>Investments in Real Estate and Securities £'000</u>	<u>Total £'000</u>
At 1 April 2009	50	3,675	3,725
FX movements	-	(284)	(284)
Proceeds on disposals/redemptions/redistributions	-	(1,333)	(1,333)
Impairment provision	-	(520)	(520)
At 31 March 2010	50	1,538	1,588

<u>Company</u>	<u>Investments in Private Equity Funds £'000</u>	<u>Investments in Real Estate and Securities £'000</u>	<u>Total £'000</u>
At 1 April 2009	-	3,675	3,675
FX movements	-	(284)	(284)
Proceeds on disposals/redemptions/redistributions	-	(1,333)	(1,333)
Impairment provision	-	(520)	(520)
At 31 March 2010	-	1,538	1,538

All of the investments made by the Group and the Company are unlisted

Group

Investment in Subsidiaries

The following were subsidiary undertakings at the end of the year

<u>Name</u>	<u>Country of incorporation and registration</u>	<u>Holding</u>	<u>Proportion of interest held</u>	<u>Nature of Business</u>
Nomura GP Limited	U K	Ordinary Shares	100%	Investment
Volcano Holding Company Limited*	U K	Warrants	None	Investment
Volcano UK Limited*	U K	Loan Note	None	Investment

*The Company is deemed to control these entities through its warrants holding in Volcano Holding Company Limited, which remain unexercised at the balance sheet date. These companies have not been consolidated into the group financial statements due to their immateriality.

NOMURA PRINCIPAL INVESTMENT PLC

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2010 (CONTINUED)

8 FIXED ASSET INVESTMENTS (CONTINUED)

Investment in Subsidiaries (continued)

Through Nomura GP Limited the Group controls the following entity

<u>Name</u>	<u>Country of incorporation and registration</u>	<u>Holding</u>	<u>Proportion of Interest held</u>	<u>Nature of Business</u>
Nomura Investments (PF) LP	U K	Partnership Capital	2%	Investment

Nomura Investments (PF) LP ("NIPF") is dealt with on a consolidated basis in these financial statements. Therefore, in accordance with the exemption conferred by Regulation 7 of the Partnerships Regulations 2008, its General Partner has elected not to append the financial statements of the partnership to their own upon filing with the registrar.

On the 22 March 2002 a fellow subsidiary undertaking, Nomura International Plc ("NIP") contributed partnership capital to NIPF of £50,414. This amount has been disclosed as minority interest.

Details of the investments in which NIPF holds 20% or more of the nominal value of any class of share capital or interest are as follows:

<u>Name</u>	<u>Country of incorporation and registration</u>	<u>Holding</u>	<u>Proportion of Interest held</u>	<u>Nature of Business</u>
Terra Firma Capital Partners I ("TFCP1")	U K	Partnership Capital	99.99%	Investment

NIPF is an investor in TFCP1 and does not have substantive decision making rights over the entity. Therefore NIPF is not considered the parent undertaking of TFCP1 and the Group is not required to consolidate the fund.

Through Volcano UK Limited the Group controls the following entity

<u>Name</u>	<u>Country of incorporation and registration</u>	<u>Holding</u>	<u>Proportion of Interest held</u>	<u>Nature of Business</u>
West Coast Hawaii Partners	U S	Partnership Capital	40%	Investment

Volcano UK Limited is the General Partner of West Coast Hawaii Partners.

NOMURA PRINCIPAL INVESTMENT PLC

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2010 (CONTINUED)

9 DEBTORS

<u>Group and Company</u>	2010 £'000	2009 £'000
Amounts owed by fellow subsidiary undertakings		
- cash deposits	202,077	201,024
- debtors	95	128
Other debtors	80	-
	<u>202,252</u>	<u>201,152</u>

All amounts fall due within one year

10 DEFERRED TAX ASSET

Deferred Tax Asset Not Recognised

<u>Group and Company</u>	2010 £'000	2009 £'000
At 1 April	121,848	129,198
Unrealised income taxed under connected party rules	-	(7,350)
At 31 March	<u>121,848</u>	<u>121,848</u>

Movements in deferred tax are calculated at 28%, being the UK corporation tax rate at the balance sheet date

The unrecognised deferred tax asset arises entirely on investments taxed under connected party rules. The investments are significantly impaired and therefore the deferred tax positions are considered unlikely to reverse in the future.

An announcement was made by the UK Government in the Emergency Budget on 22 June 2010 that legislation is to be introduced in the Finance Bill 2010 to reduce the main rate of corporation tax from 28% to 27% with effect from 1 April 2011. It is also intended to reduce the rate further by 1% per annum falling to 24% with effect from 1 April 2014.

The Directors estimate that the maximum effect of these changes will be to reduce the Group's unrecognised deferred tax asset by £17,406,839.

11. CREDITORS (amounts falling due within one year)

<u>Group</u>	2010 £'000	2009 £'000
Amounts owed to fellow subsidiary undertakings	71	1,628
Corporation tax	15,353	15,005
Accruals and deferred income	<u>28</u>	<u>52</u>
	<u>15,452</u>	<u>16,685</u>

NOMURA PRINCIPAL INVESTMENT PLC

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2010 (CONTINUED)

11. CREDITORS (amounts falling due within one year) (CONTINUED)

<u>Company</u>	2010 £'000	2009 £'000
Amounts owed to fellow subsidiary undertakings	70	1,627
Corporation tax	15,353	15,005
Accruals and deferred income	28	52
	<u>15,451</u>	<u>16,684</u>

12 SHARE CAPITAL

Authorised	2010 No.	2009 No	2010 £'000	2009 £'000
Ordinary shares				
Yen shares of Yen 100,000 each	1,500,000	1,500,000	Yen 150,000M	Yen 150,000M
Sterling shares of £1 each	500,050,000	500,050,000	£500,050,000	£500,050,000
Convertible Redeemable Preference Shares (Non-Equity)				
Sterling shares of £1 each	275,000,000	275,000,000	£275,000,000	£275,000,000
Allotted, called up and fully paid	2010 No.	2009 No	2010 £'000	2009 £'000
Yen shares of Yen 100,000 each	1,160,871	1,160,871	570,396	570,396
Sterling shares of £1 each	350,050,000	350,050,000	<u>350,050</u>	<u>350,050</u>
			920,446	920,446
Convertible Redeemable Preference Shares (Non-Equity)				
Sterling shares of £1 each	275,000,000	275,000,000	<u>275,000</u>	<u>275,000</u>
			<u>1,195,446</u>	<u>1,195,446</u>

The convertible redeemable preference shares are redeemable at the option of the shareholder or the Company for an amount equal to the subscription price. The shares are convertible into ordinary Sterling shares at the option of the shareholder or the Company. The conversion will be at the rate of one Sterling ordinary share for every convertible redeemable preference share so converted and re-designated.

Any profits which the Directors resolve to distribute in respect of the convertible redeemable preference shares, shall be paid to the holders of those shares, pro rata to the number of convertible redeemable preference shares held by each of the holders and in priority to any distributions to other shareholders. No profits which the Directors resolve to distribute shall be paid to the holders of ordinary shares as long as there are any convertible redeemable preference shares in issue.

The holders of convertible redeemable preference shares shall have no entitlement to receive notice of, nor to attend or vote at general meetings of the Company.

On a return of assets or on liquidation, reduction of capital or otherwise, the holders of convertible redeemable preference shares have rights to receive, in preference to payments to ordinary shareholders, an amount equal to the subscription price for each convertible redeemable preference share held.

NOMURA PRINCIPAL INVESTMENT PLC

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2010 (CONTINUED)

13. RESERVES

<u>Group</u>	2010 £'000	2009 £'000
At 1 April	(1,007,303)	(1,072,786)
Retained profit for the financial year	196	65,483
Foreign exchange (loss)/gain on retranslation of fixed asset investments	(284)	996
Foreign exchange gain/(loss) on related hedging instruments and borrowings from fellow subsidiaries	284	(996)
	<hr/>	<hr/>
At 31 March	<u>(1,007,107)</u>	<u>(1,007,303)</u>
 <u>Company</u>	 2010 £'000	 2009 £'000
At 1 April	(1,007,303)	(1,072,786)
Retained profit for the financial year	196	65,483
Foreign exchange (loss)/gain on retranslation of fixed asset investments	(284)	996
Foreign exchange gain/(loss) on related hedging instruments and borrowings from fellow subsidiaries	284	(996)
	<hr/>	<hr/>
At 31 March	<u>(1,007,107)</u>	<u>(1,007,303)</u>

14. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption in FRS 8 from disclosing related party transactions with other entities which are included in the consolidated financial statements of Nomura Holdings Inc

15. EVENTS SINCE THE BALANCE SHEET DATE

On 7 June 2010, the Group received a distribution of £1,996,975 from its investment in a private equity fund

16. ULTIMATE PARENT UNDERTAKING

The Company's ultimate parent company and controlling party, and the parent that heads the smallest and largest group of undertakings for which consolidated financial statements are prepared, is Nomura Holdings, Inc, incorporated in Japan. Copies of the group financial statements of Nomura Holdings, Inc may be obtained from 9-1, Nihonbashi 1-chome, Chuo-ku, Tokyo 103-8645, Japan