

NPI Ventures Limited
Directors' report and financial statements

31 March 2005
Registered number 4388436



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Directors' report

for the year ended 31 March 2005

The directors present their annual report and the audited financial statements for the year ended 31 March 2005.

Principal activities

NPI Ventures was formed in order to invest in a diverse portfolio of investments including established businesses and early-stage research and technology derived spin-out companies.

The Company holds an investment comprising loan notes and warrants which represent a 51% interest in MSA Acquisitions Limited, which is the holding company for the RoadChef motorway service area operator.

Future development of the business

NPI Ventures is committed to identifying and investing in any potentially profitable start up companies as identified by Imperial College as well as enhancing the companies purchased by supporting management in the development and implementation of their strategies.

Results and dividend

The loss for the year ended 31 March 2005 was £4,074,362 (2004: loss of £609,281). The directors consider the results to be satisfactory given the nature of the investments made which are not expected to generate a return in the short term. The directors do not recommend the payment of a dividend.

Directors and directors' interests

The directors who held office during the period were as follows:

Brian Berry
Quentin Zentner
Simon Oakland

According to the Register of Directors' Interests maintained under Section 325 of the Companies Act 1985, none of the Directors had, at the end of the financial period, any interest pursuant to Section 324 of the Companies Act 1985 in the Company.

In addition, according to the Register maintained under Section 325 of the Companies Act 1985, none of the directors or any member of their respective immediate family (as defined in paragraph 2(B) (3) of Schedule VII of the Companies Act 1985) was granted or exercised during the financial period any right to subscribe for shares in or debentures of the Company.

Company Secretary

The Secretary who held office during the period was:

John Beck

Directors' report

for the year ended 31 March 2005 (continued)

Auditors

The directors have taken advantage of the Elective Regime, under section 386 of the Companies Act 1985, for the dispensation from the annual appointment of auditors. The auditors, PricewaterhouseCoopers LLP, have signified their willingness to continue in office.

By order of the board



John Beck
Secretary to NPI Ventures Limited
100 Pall Mall
London
SW1Y 5NN
28 June 2005

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period, which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Independent auditors' report to the members of NPI Ventures Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes, which have been prepared under the historical cost convention, and the accounting policies set out on page 9.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

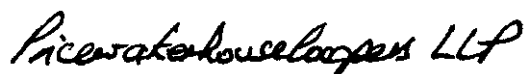
Basis of audit opinion

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs at 31 March 2005 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
28 June 2005

NPI Ventures Limited
Profit and loss account

for the year ended 31 March 2005

| | <i>Note</i> | 2005 £000 | 2004 £000 |
|--|-------------|----------------------------|--------------|
| Turnover | <i>1</i> | (10,151) | (556) |
| Administrative expenses | | (61) | (53) |
| Loss on ordinary activities before interest | | (10,212) | (609) |
| Interest payable and similar charges | <i>5</i> | (653) | - |
| Exceptional item | <i>6</i> | 6,791 | - |
| Loss on ordinary activities before taxation | <i>7</i> | (4,074) | (609) |
| Taxation on loss on ordinary activities | <i>8</i> | - | - |
| Retained loss for the financial year | <i>14</i> | (4,074) | (609) |

The turnover and loss on ordinary activities are derived from ordinary continuing activities.

There is no difference between the loss on ordinary activities before taxation and the retained loss for the financial year stated above and their historical cost equivalents.

The Company has no recognised gains or losses other than the loss above and therefore no separate statement of total recognised gains and losses has been presented.

The notes on pages 9 to 15 form part of these financial statements.
Auditors' report – page 6

NPI Ventures Limited

Balance sheet

at 31 March 2005

| | Note | 2005 £000 | 2004 £000 |
|---|------|--------------|--------------|
| Fixed assets | | | |
| Investments | 9 | 2,866 | 1,641 |
| Current assets | | | |
| Debtors | 10 | 38,314 | 38,314 |
| Investments | 11 | 31,692 | 41,692 |
| Cash at bank and in hand | | 3 | 205 |
| | | <hr/> | <hr/> |
| | | 70,009 | 80,211 |
| Creditors: amounts falling due within one year | 12 | (75,108) | (80,011) |
| | | <hr/> | <hr/> |
| Net current (liabilities) / assets | | (5,099) | 200 |
| | | <hr/> | <hr/> |
| Net (liabilities) / assets | | (2,233) | 1,841 |
| | | <hr/> | <hr/> |
| Capital and reserves – Equity | | | |
| Called up share capital | 13 | 410 | 410 |
| Capital contribution reserve | 14 | 2,340 | 2,340 |
| Profit and loss account | 14 | (4,983) | (909) |
| | | <hr/> | <hr/> |
| Total Shareholder's funds | 15 | (2,233) | 1,841 |
| | | <hr/> | <hr/> |

The financial statements on pages 7 to 15 were approved by the board of directors on 28 June 2005 and signed on its behalf by:


B Berry

Chief Executive Officer

The notes on pages 9 to 14 form part of these financial statements.

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Notes to the financial statements

for the year ended 31 March 2005

1 Accounting policies

These accounts have been prepared under the historical cost convention and in accordance with the Companies Act 1985, and with applicable Accounting Standards issued by the Accounting Standards Board. As the company is an investment company, compliance with Financial Reporting Standard 9, Associates, Joint Ventures and Other Arrangements, requires a departure from the requirements of the Companies Act 1985 relating to the accounting for certain investments as described in the accounting policy below.

The following paragraphs describe the main policies.

Investments

All investments that are acquired with the intention of holding them for the long term or to maturity are treated as fixed asset investments, and are valued at cost less provision for permanent diminution in value. Investments in early stage research and technology derived spin-off companies are included in this classification. Fixed asset investments are treated as a portfolio; provisions for permanent diminution are provided on a portfolio basis reflecting the speculative nature of the initial investments.

All other investments are treated as current asset investments and are valued at the lower of cost or net realisable value.

The intention of holding each asset is regularly reviewed and if appropriate, the investment classification altered accordingly.

In certain cases, the company may hold more than 20% of the issued share capital, or the rights to more than 20% of the issued share capital, or be able to exercise significant influence over the operating and financial activities of the investee company. These investments are accounted for in the same way as the other investments as permitted by the exemption for venture capital companies in Financial Reporting Standard 9. This is a departure from the requirements of the Companies Act 1985 which requires such investments to be treated as associate companies and equity accounted as, in the opinion of the directors, it is necessary for the financial statements to give a true and fair view in accordance with applicable accounting standards. The effect of the departure cannot be reasonably identified and quantified, as the information necessary to apply equity accounting is not readily available to the company.

Cashflow statement

The Company is a wholly owned subsidiary of Nikko Principal Investments Limited and is included in the consolidated financial statements of NPIL Hold Co Limited, which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cashflow statement under the terms of Financial Reporting Standard 1 (Revised 1996).

Turnover

Turnover represents net profits and losses from disposal of investments less provisions made during the period for the diminution of value of investments held.

Deferred Tax

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 by the balance sheet date. Deferred tax assets are recognised to the extent that it is more likely that not there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax is measured at the tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Notes to the financial statements

for the year ended 31 March 2005

2 Segmental reporting

All significant business transactions concluded by the Company are conducted with companies that are resident in the UK and the directors are of the opinion that the Company's activities constitute a single business.

3 Directors' emoluments

The directors received no emoluments in respect of their services to the Company during the year (2004: nil).

4 Employee information

There were no staff employed by the Company during the year (2004: nil).

5 Interest payable and similar charges

| | 2005 | 2004 |
|--|-------------|------|
| | £000 | £000 |
| Interest payable to other group undertakings | 653 | - |

6 Exceptional item

On 10 February 2005, the Company was sold by Nikko Securities Global Holdings Limited ("NSGH") to Nikko Principal Investments Limited ("NPIL"), another group company. NPIL made a loan to the Company to settle its loan and interest obligations to NSGH. Prior to the sale, NSGH agreed to irrevocably release the Company from repaying £6,790,763 of this loan, which has been credited to the profit and loss account.

7 Loss on ordinary activities before taxation

| | 2005 | 2004 |
|--|-------------|------|
| | £000 | £000 |
| The loss before taxation is stated after charging: | | |
| Auditors remuneration | 12 | 6 |

Notes to the financial statements
 for the year ended 31 March 2005

8 Tax on loss on ordinary activities

Analysis of charge during the year:

| | 2005 £000 | 2004 £000 |
|------------------------------------|--------------|--------------|
| United Kingdom | | |
| Corporation tax at 30% | - | - |
| Deferred Tax | - | - |
| Tax on loss on ordinary activities | - | - |

| | 2005 £000 | 2004 £000 |
|--|--------------|--------------|
| Loss on ordinary activities before tax | (4,074) | (609) |
| Loss on ordinary activities multiplied by the standard tax rate of corporation tax in the UK | (1,222) | (183) |
| Effects of : | | |
| Expenses not deductible for tax purposes | 56 | 55 |
| Losses not utilised / group relief surrendered without payment | 3,203 | 128 |
| Non Taxable income | (2,037) | - |
| Current tax charge for the year | - | - |

Notes to the financial statements

for the year ended 31 March 2005

9 Fixed asset investments

| | 2005 £'000 | 2004 £'000 |
|---------------------------------|---------------|---------------|
| Cost | | |
| At 1 April | 2,485 | 1,150 |
| Additions | 1,375 | 1,335 |
| | <hr/> | <hr/> |
| At 31 March | 3,860 | 2,485 |
| | <hr/> | <hr/> |
| Provision for diminution | | |
| At 1 April | 844 | 288 |
| Charge for the year | 150 | 556 |
| | <hr/> | <hr/> |
| At 31 March | 994 | 844 |
| | <hr/> | <hr/> |
| Net book value | <u>2,866</u> | <u>1,641</u> |

Fixed asset investments comprise listed and unlisted investments. The listed investments, with a cost of £1,010,131 (2004: Nil) are listed on the Alternative Investment Market and had a market value of £1,903,826 at 31 March 2005. The unlisted investments, with a cost of £2,849,991 (2004: £2,485,130) are valued by the directors at £2,231,563 (2004: £1,641,381) at 31 March 2005.

10 Debtors: amounts falling due within one year

| | 2005 £000 | 2004 £000 |
|-----------------------------------|---------------|---------------|
| Amount owed by group undertakings | 38,308 | 38,308 |
| Other debtors | 6 | 6 |
| | <hr/> | <hr/> |
| | <u>38,314</u> | <u>38,314</u> |

The amount owed by group undertakings includes the value of the deferred interest on the MSA Acquisitions Limited loan notes. See Note 11 for further details.

Notes to the financial statements
for the year ended 31 March 2005 (continued)

11 Current asset investments

| | 2005 £'000 | 2004 £'000 |
|-----------------------|---------------|---------------|
| Cost: | | |
| At 1 April | 41,692 | - |
| Additions | - | 41,692 |
| | <hr/> | <hr/> |
| At 31 March | 41,692 | 41,692 |
| | <hr/> | <hr/> |
| Provision: | | |
| At 1 April | - | - |
| Charge for the year | 10,000 | - |
| | <hr/> | <hr/> |
| At 31 March | 10,000 | - |
| | <hr/> | <hr/> |
| Net book value | 31,692 | 41,692 |
| | <hr/> <hr/> | <hr/> <hr/> |

The Company holds an investment comprising loan notes, deferred interest on those notes and warrants which represent a 51% interest in MSA Acquisitions Limited. The loan notes and warrants are included in the table above. The deferred interest acquired is included in Debtors: amounts falling due within one year.

All the investments held at 31 March 2005 are unlisted with a directors' valuation of £31,691,673 (2004: £41,691,673).

MSA Acquisitions Limited is registered in England and is the holding company for the RoadChef group of companies, which operate motorway service areas in the UK. The Company has no interest in the issued Ordinary shares of MSA Acquisitions Limited. Although the Company holds warrants which, when exercised, would entitle the Company to 100% of the issued Ordinary B shares and give it an overall 51% interest, a minority shareholder has certain rights reserved to it which means that the Company does not have control.

12 Creditors: amounts falling due within one year

| | 2005 £000 | 2004 £000 |
|----------------------------------|--------------|--------------|
| Amount due to group undertakings | 75,089 | 80,005 |
| Other creditors | 19 | 6 |
| | <hr/> | <hr/> |
| | 75,108 | 80,011 |
| | <hr/> <hr/> | <hr/> <hr/> |

Amounts due to group undertakings are unsecured and repayable on demand and bear interest at 0.75% above Yen LIBOR.

Notes to the financial statements
for the year ended 31 March 2005 (continued)

13 Called up share capital

| | 2005 £000 | 2004 £000 |
|---|--------------|--------------|
| <i>Authorised</i> | | |
| 100,000,000 ordinary shares of £1 each | 100,000 | 100,000 |
| | <hr/> | <hr/> |
| <i>Allotted, called up and fully paid</i> | | |
| 410,002 ordinary shares of £1 each | 410 | 410 |
| | <hr/> | <hr/> |

14 Reserves

| | Capital Contribution Reserve £000 | Profit and loss account £000 |
|--------------------------------------|--|---------------------------------------|
| At 1 April 2004 | 2,340 | (909) |
| Retained loss for the financial year | - | (4,074) |
| | <hr/> | <hr/> |
| At 31 March 2005 | 2,340 | (4,983) |
| | <hr/> | <hr/> |

15 Reconciliation of movements in shareholder's funds

| | 2005 £000 | 2004 £000 |
|---------------------------------|--------------|--------------|
| At 1 April | 1,841 | 850 |
| Capital contribution | - | 1,600 |
| Loss for the financial year | (4,074) | (609) |
| | <hr/> | <hr/> |
| Shareholder's funds at 31 March | (2,233) | 1,841 |
| | <hr/> | <hr/> |

16 Capital and other commitments

The Company had no commitments at 31 March 2005 (2004: nil).

Notes to the financial statements
for the year ended 31 March 2005 (continued)

17 Contingent liabilities

The Company had no contingent liabilities at 31 March 2005 (2004: nil).

18 Operating lease commitments

The Company had no commitments under non-cancellable operating leases (2004: nil).

19 Related party transactions

As 100% of the Company's voting rights are controlled within the group headed by Nikko Cordial Corporation, the Company has taken advantage of the exemption contained in FRS 8 'Related Party Disclosures' and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of Nikko Cordial Corporation within which this Company is included, can be obtained from the address given in note 20.

20 Parent and controlling undertaking

| Name | Country of Registration or incorporation | Address from where group accounts are obtainable |
|--|---|---|
| <i>Immediate Parent Company</i> | | |
| Nikko Principal Investments Limited | United Kingdom | 100 Pall Mall, London, SW1Y 5NN |
| <i>Intermediate Holding Company</i> | | |
| NPIL Hold Co Limited | United Kingdom | 100 Pall Mall, London, SW1Y 5NN |
| <i>Ultimate Parent Company</i> | | |
| Nikko Cordial Corporation | Japan | 3-1, Marunouchi 3-Chome, Chiyoda-ku, Tokyo 100, Japan |

The parent undertaking of the smallest and largest group that presents consolidated financial statements including the results of the Company is NPIL Hold Co Limited, a company registered in England & Wales. Nikko Cordial Corporation, a company incorporated in Japan, has beneficial ownership of the entire issued share capital of NPIL Hold Co Limited.