RIT Capital Partners plc

REPORT & ACCOUNTS

31 March 2001

Contents

Company Registration Number 2129188

RIT Capital Partners: A Profile

INVESTMENT STRATEGY

- RIT Capital Partners ("RITCP") aims to deliver long-term capital growth for its investors, allocating its resources internationally over a range of asset classes.

- RITCP maintains a significant part of its portfolio in quoted securities; it does not follow any rigid geographical or industrial asset allocation.

- RITCP's status as a self-managed company allows it to allocate elements of the portfolio to managers who specialise in particular asset classes or geographical areas, in both the quoted and unquoted sectors.

RITCP INVESTS IN:

- Quoted Investments

  RITCP aims to identify companies or sectors in the major world economies which offer prospects for growth or which offer particular value.

- Unquoted Investments

  RITCP makes unquoted investments where they offer the potential for particularly good returns; the bias is towards significant investments in relatively mature businesses.

- Hedge Funds and Private Equity Partnerships

  RITCP invests in hedge funds and private equity partnerships managed by third parties where these offer specialist investment expertise and a strong performance record, sometimes in a particular geographical or industry sector.

Portfolio Analysis and Currency Exposure

PORTFOLIO ANALYSIS BY ASSET CATEGORY

	% of Portfolio at 31 March 2001	**Valuation at 31 March 2001 £ million**	% of Portfolio at 31 March 2000	Valuation at 31 March 2000 £ million
Quoted Investments	**33.1**	**246.7**	58.0	462.0
Unquoted Investments	**18.8**	**139.9**	17.1	136.7
Hedge Funds	**17.4**	**130.2**	7.2	57.2
Private Equity Partnerships	**6.9**	**51.2**	3.4	26.9
Government Securities (liquidity)	**20.2**	**150.6**	10.9	86.9
Property	**3.6**	**26.9**	3.4	27.0
Total	**100.0**	**745.5**	100.0	796.7

PORTFOLIO ANALYSIS BY COUNTRY

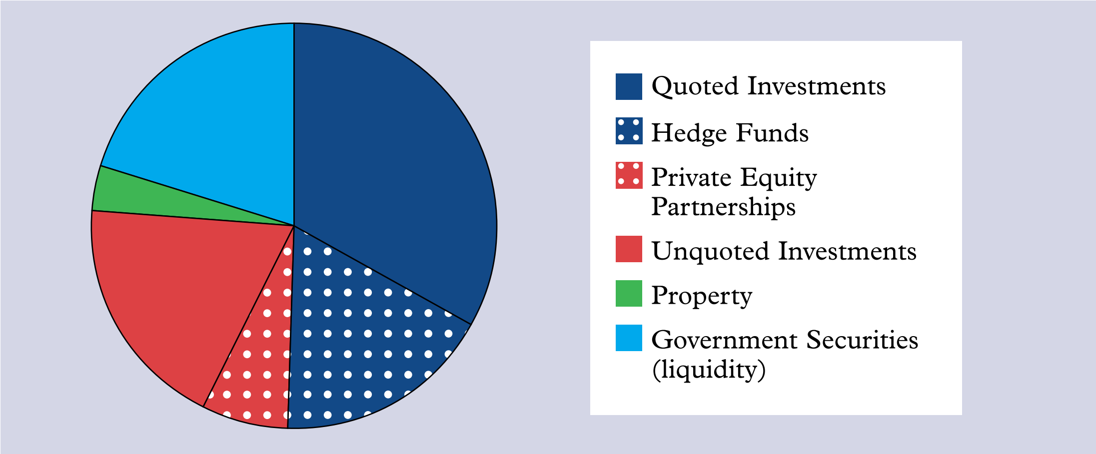
	% of Portfolio at 31 March 2001	**Valuation at 31 March 2001 £ million**	% of Portfolio at 31 March 2000	Valuation at 31 March 2000 £ million
United States	**45.8**	**341.1**	38.8	309.5
United Kingdom	**33.1**	**246.8**	31.2	248.4
Germany	**7.4**	**55.3**	4.7	37.8
Canada	**3.1**	**22.9**	1.4	11.5
Japan	**2.9**	**21.8**	6.5	51.7
Other	**7.7**	**57.6**	17.4	137.8
Total	**100.0**	**745.5**	100.0	796.7

CURRENCY EXPOSURE

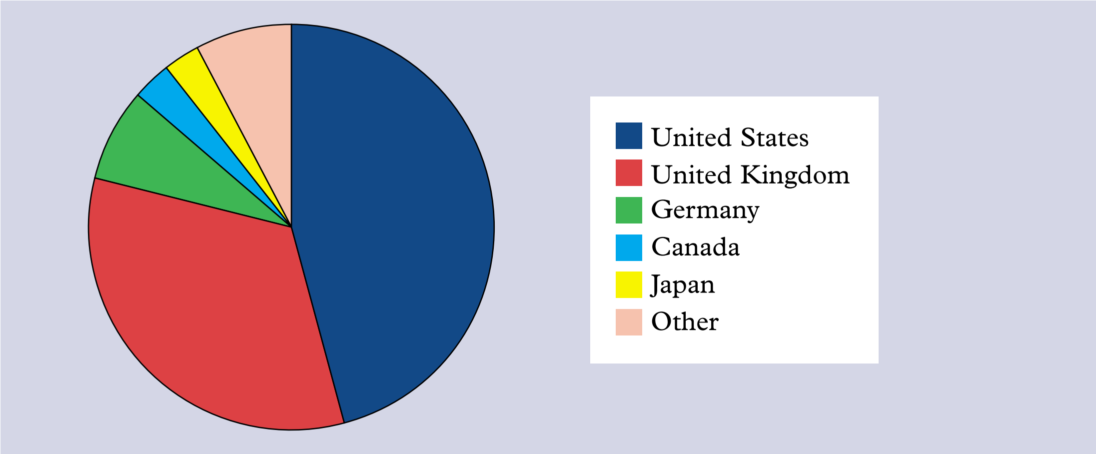
	% of Net Assets at 31 March 2001	% of Net Assets at 31 March 2000
Sterling	**63.4**	42.6
US Dollar	**21.3**	32.4
Euro	**9.6**	12.3
Canadian Dollar	**1.9**	0.6
Swiss Franc	**1.2**	1.5
Other	**2.6**	10.6
Total	**100.0**	100.0

Portfolio Analysis and Currency Exposure

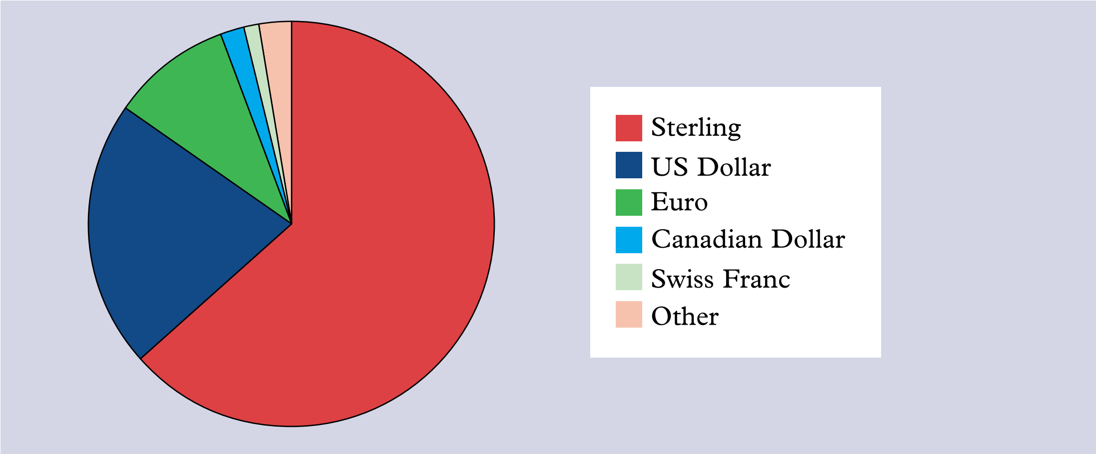
PORTFOLIO ANALYSIS BY ASSET CATEGORY



PORTFOLIO ANALYSIS BY COUNTRY



CURRENCY EXPOSURE



Summary of Performance

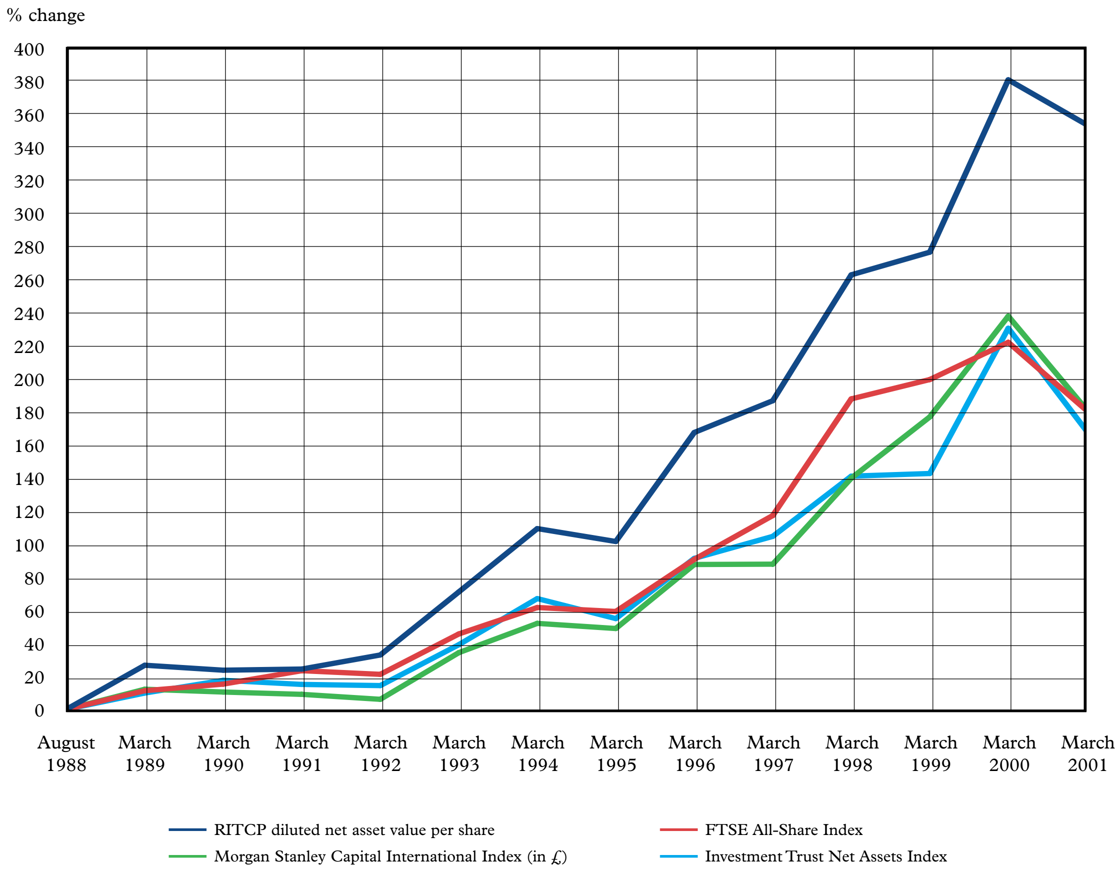
THIS YEAR'S PERFORMANCE
Year to 31 March 2001

RITCP's net asset value per share	-5.7%
Morgan Stanley Capital International Index (in £)	-16.8%
FTSE All-Share Index	-12.8%
Investment Trust Net Assets Index	-17.5%

LONG-TERM PERFORMANCE
Since RITCP's formation in August 1988

RITCP's net asset value per share	+353.4%
Morgan Stanley Capital International Index (in £)	+181.0%
FTSE All-Share Index	+180.6%
Investment Trust Net Assets Index	+172.6%

RIT Capital Partners
Long-term Performance Against Major Indices



Chairman's Statement

PERFORMANCE

The year to 31 March 2001 was one of the most difficult and challenging of the last decade, as is well illustrated by the decline in stock market indices during this period.

Morgan Stanley Capital International (in £)	-16.8%
FTSE All-Share	-12.8%
Investment Trust Net Assets	-17.5%
S & P Composite (in £)	-13.1%
NASDAQ (in £)	-54.8%

Your Company's net asset value per share declined by 5.7% from 509.0p to 480.2p, after deducting the proposed dividend. This is disappointing in the sense that we have not increased the net asset value over the year, but represents a relatively satisfactory performance in comparison with the indices.

The most recent net asset value of 496.6p at 8 May, after deducting the proposed dividend, represents an increase of 3.4% since the year end and a recovery of most of the decline in the period under review. Your Company has therefore come through a period of extraordinary market turbulence relatively unscathed.

It is satisfying to be able to report that, since its inception in 1988, RITCP has outperformed the relevant indices by a considerable margin, with an increase in capital value of 353.4%, compared with increases of 181%, 180.6% and 172.6% in the Morgan Stanley Capital International Index (in £), the FTSE All-Share Index and the Investment Trust Net Assets Index respectively.

ASSET ALLOCATION

Set out below is our asset allocation at the year end.

	% of Portfolio at 31 March 2001	% of Portfolio at 31 March 2000
Quoted investments	**33.1**	58.0
Hedge funds	**17.4**	7.2
Unquoted investments	**18.8**	17.1
Private equity partnerships	**6.9**	3.4
Government securities (liquidity)	**20.2**	10.9
Property	**3.6**	3.4

The main changes in the asset allocation over the past year were:

- A significant reduction in quoted investments, from 58% of the portfolio to 33.1%.
- An increase in government securities and liquidity, from 10.9% to 20.2%.
- An increase in hedge fund investments, from 7.2% to 17.4%.
- Some increase in our investments in private equity partnerships, from 3.4% to 6.9%. A substantial part of the monies committed in this area have not as yet been drawn down.

At the year end, 45.8% of the portfolio was invested in the USA, 33.1% in the UK, 7.4% in Germany, 3.1% in Canada and 2.9% in Japan, with the balance of 7.7% in other countries.

THE QUOTED PORTFOLIO

At the year end, £246.7 million, or 33.1% of the portfolio, was held directly in quoted investments. A further £130.2 million, or 17.4% of the portfolio, was held in hedge funds which invest mainly in quoted securities. Taking these two categories together (but excluding our holdings of government securities), just over 50% of the portfolio was invested in quoted or other marketable securities.

Quoted Investments

In last year's Chairman's Statement I commented on our concern about stock market valuations, particularly of "new economy" growth stocks. In response to this uncertainty, we have maintained a significant element of the portfolio in government securities, amounting to £150.6 million, or 20.2% of the portfolio, at the year end. While we remain cautious about stock markets generally, we are well placed to take advantage of the opportunities which inevitably occur after a period of market weakness.

The proportion of the quoted portfolio which was invested in the most volatile area, the American NASDAQ stock exchange, was relatively minor and was largely limited to investments which had originally been made in unquoted companies. In a number of these instances, we were able to reduce the holdings substantially, early in the year, taking advantage of the higher prices then available.

Hedge Funds

The diversification of the portfolio, particularly into areas which are less directly correlated to stock markets, has been a strength in the period under review. During the year, for instance, we increased our allocation to "hedge" funds, particularly those which aim to produce absolute and consistent returns. Within this category, we have also increased our investment in hedge funds which specialise in "merger arbitrage".

We believe that our investments in these funds provide our shareholders with access to money managers with specialised expertise and successful performance records, whose funds are, in many cases, closed to new investors.

THE UNQUOTED PORTFOLIO

The chart on page 3 shows the overall exposure of your Company to unquoted investments, whether these have been made directly by RITCP's own management, or through investments in externally managed partnerships which make private equity investments. In total, some £191.1 million, or 25.7% of the portfolio, is invested in this sector: £139.9 million, or 18.8%, by our own management and £51.2 million, or 6.9%, through our investments in limited partnerships managed by third parties.

Unquoted Investments

Among the unquoted investments made by RITCP's own team, we have a number of holdings, valued at some £28 million, in the US power supply sector. We have for some time regarded this as a particularly promising area and interest in this sector has been considerable, prompted partly by power shortages in the US. Examples of this theme are Cherokee, Power Measurement and Xantrex. Similarly, in the quoted portfolio, two of our three largest investments, Caminus (which was the subject of an IPO last year) and Turbo Genset, fall into the same category.

Private Equity Partnerships

These are mostly managed by leading US private equity firms and are, in many cases, difficult to access, even for institutional investors. Because of the risk inherent in venture capital, we have concentrated our investments with well established firms that have achieved strong track records. Broadly speaking, these partnerships invest mainly in venture capital and, to a lesser extent, in leveraged buy-outs. The commitment to invest is made when the partnership is formed; the actual funding normally occurs over a three to five year period as investments are identified, with money being returned to investors as investments are realised. While our investments in such partnerships amount to £51.2 million, we have additional commitments of £90.4 million.

Most of the partnerships to which we have made commitments have not drawn down the greater part of the capital which was recently committed. This has protected us, to a large extent, from the severe decline in valuations in the high technology and telecommunications sectors.

With partnerships which have existing exposure to these sectors, we have reviewed the underlying investments and, where necessary, reduced the valuations. We have taken a similarly rigorous approach to our own directly held unquoted investments and have reduced valuations to reflect changed conditions.

Property

Our property investments, valued at £26.9 million, or 3.6% of the portfolio, are concentrated in St James's Place in central London, and remain largely unchanged.

SHARE BUY-BACK

During the first half of the year, RITCP bought back 2.575 million of its own shares for cancellation at a cost of some £11 million. As the shares were acquired at a discount to their underlying value, the repurchases increased the Company's net asset value by 1.4p per share.

The extent to which we can make use of this facility is limited, in practice, by the number of shares that become available and by the discount to the underlying net asset value, which has narrowed during the course of the year.

We shall be seeking shareholders' approval at this year's AGM for the renewal of our buy-back facility.

RESULTS AND DIVIDEND

The total reduction in net assets for the year under review was £40.1 million, of which £62.8 million was attributable to capital, partly offset by a £22.7 million revenue profit. In the previous year the total return was £171.6 million, of which £155.3 million related to capital and £16.3 million to revenue. These figures exclude taxation, the proposed dividend and the cost of the share buy-back.

RITCP proposes to pay a dividend of 3.1p per share on 6 July 2001 to shareholders on the register at 8 June 2001, the same dividend as last year. As was the case last year, the unusually high level of the dividend is mainly due to the relatively high levels of income generated by our holdings of government securities and might not be sustainable in future years. As always, the focus of your Company is on achieving capital growth rather than providing dividend income.

Rothschild

Rothschild 14 May 2001

Investment Portfolio

at 31 March 2001

Investment Holdings	Country	Description	Value of Investment £ million	% of Portfolio
QUOTED INVESTMENTS				
Caminus	USA	Energy Consultancy	13.7	1.8
Getty Images	USA	Stock Photography	11.0	1.5
Turbo Genset	Canada	Power Generation Equipment	10.9	1.5
Coats Viyella	UK	Thread/Textiles	9.8	1.3
SPS Technologies	USA	Precision Fasteners	8.4	1.1
Lukoil	Russia	Oil & Gas	4.8	0.6
Tosco	USA	Oil Refining	4.5	0.6
St Joe	USA	Property	4.3	0.6
Holsten Brewery	Germany	Brewing	4.2	0.6
Insignia Solutions	USA	Software	4.1	0.5
Munich Re	Germany	Re-insurance	3.7	0.5
Investor	Sweden	Industrial Holding	3.4	0.5
Champps Entertainment	USA	Restaurants	3.3	0.4
Rhodia	France	Chemicals	3.2	0.4
Pulte	USA	Housebuilding	3.0	0.4
Great Portland Estates	UK	Property	2.6	0.4
Technitrol	USA	Electronic Components	2.6	0.4
Billiton	UK	Mining and Metals	2.6	0.3
Bank of America	USA	Banking	2.5	0.3
Chesapeake Energy	USA	Oil & Gas	2.4	0.3
Enterprise Oil	UK	Oil & Gas	2.4	0.3
KB Home	USA	Housebuilding	2.3	0.3
Foster Wheeler	USA	Engineering	2.2	0.3
General Motors	USA	Vehicle Manufacturing/Electronic	2.1	0.3
IFI	Italy	Investment Holding	2.0	0.3
Deutsche Börse	Germany	Stock Exchange	2.0	0.3
Centex	USA	Housebuilding	1.9	0.3
Amazon.com	USA	Internet Retailer	1.9	0.3
Volker Wessels Stevin	Netherlands	Construction	1.9	0.2
Goodyear Tire & Rubber	USA	Tyre Manufacturer	1.7	0.2
Good Morning Securities	Korea	Financial Services	1.6	0.2
Deutsche Bank	Germany	Banking	1.6	0.2
Sunoco	USA	Oil Refining	1.6	0.2
Cummins Engine	USA	Engine Manufacturing	1.6	0.2
Nestlé	Switzerland	Food Manufacturing	1.6	0.2
Novozymes	Denmark	Biotechnology	1.6	0.2
Tornet Fastighets	Sweden	Property	1.5	0.2
Bayerische Hypo-Vereinsbank	Germany	Banking	1.5	0.2
Prudential	UK	Insurance	1.5	0.2
Dynamic Digital Depth	Canada	Computer Aided Design	1.5	0.2
Emcor Group	USA	Electrical/Mechanical Systems	1.5	0.2
Svenska Cellulosa	Sweden	Hygiene Products/Paper/Packaging	1.4	0.2
Fuel Technology	USA	Air Pollution Technology	1.4	0.2
Bilfinger + Berger Bau	Germany	Construction/Engineering	1.4	0.2
Telenor	Norway	Telecommunications	1.4	0.2
China Petroleum & Chemical	Hong Kong	Oil & Gas	1.4	0.2
NCR	USA	Electronic Equipment	1.4	0.2
Tricon Global Restaurant	USA	Fast-food Restaurants	1.3	0.2
Parkway Holdings	Singapore	Healthcare	1.3	0.2
Massey Energy	USA	Coal Mining	1.3	0.2
213 Other Quoted Investments			91.9	12.3
Total Quoted Investments			**246.7**	**33.1**

Investment Portfolio *continued*

at 31 March 2001

Investment Holdings	Country	Description	Value of Investment £ million	% of Portfolio
UNQUOTED INVESTMENTS				
The Economist Newspaper	UK	Publishing	25.1	3.4
Shinsei Bank	Japan	Banking	20.5	2.7
Invicta Leisure	UK	Health, Racquet & Fitness Clubs	17.3	2.3
Cherokee	USA	Power Supply Equipment	13.0	1.7
Cellcom	UK	Cellular Telephones	8.4	1.1
Power Measurement	Canada	Power Measurement Devices	8.2	1.1
Star Technology	UK	Internet Service Provider	7.6	1.0
Cine - UK	UK	Multiplex Cinemas	6.7	0.9
Xantrex Technology	USA	Power Supply Equipment	6.6	0.9
Paypoint	UK	Electronic Payment Systems	3.8	0.5
Orthoworld	UK	Orthodontic Practices	3.6	0.5
Rothschilds Continuation	Switzerland	Investment Holding	3.3	0.4
Venture Production	UK	Oil Production	2.9	0.4
Olameter	Canada	Remote Meter Reading	2.2	0.3
37 Other Unquoted Investments			10.7	1.6
Total Unquoted Investments			**139.9**	**18.8**
HEDGE FUNDS AND PRIVATE EQUITY PARTNERSHIPS				
SCI Asian Hedge Fund	Asia	Asian Hedge Fund	24.7	3.3
Tinicum Partners	USA	Arbitrage and Distressed Securities	22.0	2.9
Atticus International	USA	Merger Arbitrage	21.9	2.9
Wellington Global Research	USA	Global Quoted Securities	18.4	2.5
SCI Asian Ventures	Asia	Unquoted Asian Securities	12.1	1.6
M Kingdon Offshore	USA	Hedge Fund	10.7	1.4
Satellite Overseas	USA	Merger Arbitrage	8.3	1.1
Glenview Capital Partners	USA	Hedge Fund	7.3	1.0
Narragansett Offshore	USA	Hedge Fund	7.1	1.0
Sandler Capital Partners IV	USA	Unquoted Telecommunications	5.4	0.7
Galleon Technology Offshore	USA	Technology Hedge Fund	4.9	0.7
Epoch Overseas	USA	Hedge Fund	4.2	0.6
Sandler 21st Century Communications	USA	Unquoted Telecommunications	3.4	0.5
Jupiter Partners	USA	Later Stage Unquoted	3.2	0.4
Flag Venture Partners	USA	Venture Capital Fund of Funds	2.8	0.4
Blumberg Capital Ventures	USA	Unquoted Information Technology	2.5	0.3
Sandler Capital Partners V	USA	Unquoted Telecommunications	2.4	0.3
New Century Holdings	Russia	Russian Securities	2.2	0.3
Galleon Healthcare Offshore	USA	Healthcare Hedge Fund	2.1	0.3
24 Other Funds/Partnerships			15.8	2.1
Total Hedge Funds and Private Equity Partnerships			**181.4**	**24.3**
GOVERNMENT SECURITIES (LIQUIDITY)				
Treasury 7% 2001	UK	Government Stock	113.2	15.2
Bundesrepublic 4.75% 2001	Germany	Government Stock	37.4	5.0
Total Government Securities			**150.6**	**20.2**
PROPERTY				
Spencer House and other properties in St James's Place, London			**26.9**	**3.6**
Total Investments			**745.5**	**100.0**

Review of Principal Investments

QUOTED INVESTMENTS

At 31 March 2001 RITCP held £246.7 million of quoted investments, amounting to 33.1% of the portfolio. Details of the three largest holdings in the quoted portfolio are set out below.

Caminus — **Valuation at 31 March 2001: £13.7 million (Cost: £2.9 million)**

RITCP acquired a 9% interest in this company in 1997 at a cost of £1.1 million. At that stage it comprised a recent amalgamation of two businesses, one UK, the other US, to form a consultancy and applications software business specialising in the power industry. We increased our investment to £3.5 million in 1999 as part of the financing of an acquisition by Caminus.

The company successfully completed an IPO in February last year, which valued our holding at about £12 million. We sold 10% of our holding in the IPO and have since sold an additional 29% of our holding, realising proceeds of £5.4 million.

The company generated revenues for the year ended 31 December 2000 of £36.4 million and earnings before interest, tax, depreciation and amortisation ("EBITDA") of £7.2 million.

Getty Images — **Valuation at 31 March 2001: £11.0 million (Cost: £2.1 million)**

RITCP was one of the original investors when this company was formed in 1995 and retains a 2% interest. Getty Images is one of the leading international providers of visual content to a range of professional users of images, including advertising and design agencies, publishers and broadcasters. Getty's strategy has been to consolidate the leading businesses and collections and to make the visual content available via the internet.

In July 1996 the company was floated on the US NASDAQ market, placing a valuation of £14.5 million on RITCP's shareholding, compared with the original cost of £3.8 million in March 1995. At the time of the flotation, RITCP sold about half its holding.

The company has now made more than 20 acquisitions and owns over 70 million images and 30,000 hours of film footage.

The company generated sales of £341.1 million and EBITDA of £66.1 million in the year to 31 December 2000.

Turbo Genset — **Valuation at 31 March 2001: £10.9 million (Cost: £13.0 million)**

Turbo Genset has developed the technology for compact machine systems for use in power generation, transportation and industrial applications. The company is concentrating on the commercial development of a high speed generator which will be assembled in the company's own facility.

The market for stand-alone power generation is expected to grow substantially over the next decade with a wide range of applications.

The company made a loss of £2.5 million in the six months ended 31 January 2001.

UNQUOTED INVESTMENTS

The valuations of unquoted investments are reviewed twice a year by a valuation committee of non-executive Directors, the latest review being at 31 March 2001. However, if circumstances warrant, valuations are amended between these dates. Unquoted investments are initially valued at cost. Where a third party transaction has taken place, the implied value may be used as the basis of valuation, applying a discount (if appropriate) and taking into account the scale of the transaction and whether or not new money was raised. Where an investment is showing a trend of encouraging performance and the committee believes it to be undervalued, it may be revalued by reference to comparable listed companies, but applying an appropriate discount to take account of lack of marketability. Where an investment is showing poorer than expected performance it may be revalued downwards by reference to its latest accounts and its current trading performance. Each investment is reviewed on its own merits and therefore no predetermined valuation formula applies.

At 31 March 2001 RITCP held £139.9 million of unquoted investments, amounting to 18.8% of the portfolio. The four largest investments, which account for £75.9 million, are summarised below. Unless otherwise stated, no dividends were received from these investments.

The Economist Newspaper **Valuation at 31 March 2001: £25.1 million (Cost: £1.5 million)**

RITCP has an interest of 5% in the ordinary shares of this company, which publishes The Economist magazine as well as a number of other specialist publications. It is also involved in supplying business information and owns a freehold office building in St James's, London.

In the six months to the end of September 2000, pre-tax profits increased from £11.9 million to £12.5 million. Net assets at 30 September 2000 amounted to £10.1 million. During the year under review RITCP received dividends of £0.5 million from the company.

RITCP continues to apply the company's auditors' "indicative share valuation" to its own holding.

Shinsei Bank **Valuation at 31 March 2001: £20.5 million (Cost: £20.8 million)**

RITCP invested £20.8 million in March 2000 as part of a consortium of international investors which acquired all of the equity share capital of The Long Term Credit Bank of Japan (subsequently re-named Shinsei Bank) from the Japanese government. The Japanese government has retained a holding of convertible preferred shares in Shinsei giving it a diluted interest in the equity of up to 33%. RITCP owns approximately 2% of the fully-diluted equity of the bank (before taking account of a carried interest accruing to the promoters of the consortium).

Shinsei has begun the transition from a long-term credit bank to a traditional bank, developing a retail banking and corporate advisory business.

Shinsei realised after tax profits of £392 million for the six months ended 30 September 2000 including exceptional investment gains of £308 million. Net assets at 30 September 2000 amounted to £3.1 billion.

Invicta Leisure **Valuation at 31 March 2001: £17.3 million (Cost: £17.3 million)**

Invicta operates health, racquet and fitness clubs throughout the UK. It successfully opened four new clubs during the past year and currently operates 10 clubs. Two further clubs are under construction and will open later this year. EBITDA for the year to 31 December 2000 was £3 million, after taking account of pre-opening costs of nearly £1 million.

Cherokee **Valuation at 31 March 2001: £13.0 million (Cost: £11.6 million)**

In April 1999, a consortium of investors, including RITCP, acquired a majority interest in this US company, of which 11% was attributable to RITCP.

The company manufactures products which provide power to operate computer work stations and telecommunications equipment. Fuelled by demand for internet services the company has participated in some of the most rapidly growing segments of the US economy.

In the year ended 31 December 2000, the company achieved revenues of £100.7 million and EBITDA of £23.2 million.

HEDGE FUNDS AND PRIVATE EQUITY PARTNERSHIPS

SCI Asian Hedge Fund **Valuation at 31 March 2001: £24.7 million (Cost: £18.3 million)**

RITCP invested in this fund in August 1998. Managed by Sofaer Capital, the fund concentrates on equity investments in the Far East (excluding Japan). Volatility is limited by the fact that only modest leverage is used from time to time. A relatively small proportion of the portfolio is invested in currency or bond positions. The term "hedge" fund denotes the fact that the manager is able to take "short" positions when markets or particular stocks are considered to be over-valued.

Tinicum Partners **Valuation at 31 March 2001: £22.0 million (Cost: £3.2 million)**

RITCP originally made a £3.2 million investment in Tinicum in August 1989 and the increase in valuation represents the growth in this initial investment. The fund, now split into two associated partnerships, concentrates on merger arbitrage and investment in distressed securities. The partnerships are managed by Farallon Partners, a US fund management firm.

Atticus International **Valuation at 31 March 2001: £21.9 million (Cost: £21.1 million)**

Atticus International is an offshore fund which specialises in merger arbitrage. RITCP made an investment of £21.1 million in this fund at the beginning of December 2000.

Prior to making this investment, Atticus advised RITCP on its merger arbitrage investments. In the period from June to November 2000, the appreciation in value achieved for RITCP under this arrangement was £5.9 million or 31.6%.

Wellington Global Research **Valuation at 31 March 2001: £18.4 million (Cost: £21.1 million)**

Wellington Global Research is a mutual fund whose units are listed on the Luxembourg stock exchange. The fund seeks to maximise long-term total returns by investing primarily in international equity securities. RITCP invested £21.1 million in January 2001.

SCI Asian Ventures **Valuation at 31 March 2001: £12.1 million (Cost: £12.2 million)**

SCI Asian Ventures was established by Sofaer Capital to make private equity investments in the Asia Pacific region. RITCP has a capital commitment of £17.6 million to the fund and has invested £12.2 million to date. The fund has made six private equity investments.

RITCP also has a 50% interest in the general partner of the fund.

PROPERTY

Spencer House and other properties in St James's Place — **Valuation at 31 March 2001: £26.9 million (Cost: £25.1 million)**

The properties are 12, 13, 15 and 27 St James's Place. They were professionally valued by Jones Lang LaSalle as at 31 March 2001 at open market value on an existing use basis.

Spencer House, 27 St James's Place, is an 18th century Grade I listed building overlooking Green Park. The principal State Rooms have been restored and the rest of the building has been converted into modern office accommodation. RITCP holds a 96 year lease that began on 25 December 1986 (with an option to renew for a further 24 years) at an annual rent of £80,000. St James's Place Administration Limited (a subsidiary of St James's Place Capital plc) leases the building from RITCP at an annual rent of £1.15 million, the lease expiring in the year 2013. RITCP operates a banqueting business for private and corporate clients which is based in the main State Rooms. These rooms are open to the public for guided tours on most Sundays.

The Company owns the freehold of 12 and 13 St James's Place which are let on a full repairing and insuring lease to Global Asset Management (UK) Limited for 25 years from 25 December 1984 with five-year upward only rent reviews. The current annual rent from these properties is £270,000.

In addition, RITCP also owns the freehold of 15 St James's Place, the majority of which is let under short-term arrangements.

Board of Directors

The present Directors, all of whom, with the exception of Lord Rothschild and Duncan Budge, are non-executive are:

The Lord Rothschild, GBE
Aged 65, is Chairman of RIT Capital Partners plc. He was appointed a non-executive director in 1988 and became an executive director in 1996. He is also the non-executive Chairman of International Growth & Value Fund, the successor vehicle to Value Realisation Trust plc.

Charles Bailey*†‡Δ
Aged 66, he was appointed a non-executive director in 1988. He is also a director of General Oriental Investments Limited, Antofagasta Holdings plc, Atrium Underwriting plc and St James's Place Capital plc. He is the senior independent director and Chairman of the Audit, Remuneration and Conflicts, and Valuation Committees.

Timothy Barakett
Aged 35, he is the President of Atticus Capital, Inc and Atticus Management, Ltd, two private investment management companies which he founded in 1995. Previously he was a Managing Director at Junction Advisers, Inc, a private investment company. Nathaniel Rothschild will act as his alternate.

Mikael Breuer-Weil
Aged 37, he was appointed a non-executive director in 1998. Since 1994 he has been the principal investment adviser to philanthropic foundations connected with Lord Rothschild's family interests. Prior to this he spent eight years at Mercury Asset Management Group plc as an investment manager, including a period of secondment to Odyssey Partners L.P. in New York.

Duncan Budge
Aged 45, he was appointed an executive director and Chief Operating Officer of the Company in August 1995. He has been a director of J. Rothschild Capital Management Limited since 1988 and also represents the Company on the Boards of a number of RITCP's investments.

Andrew KnightΔ
Aged 61, he was appointed a non-executive director in 1996. He is a director of News Corporation Limited. He was previously a director of Home Counties Newspapers Holdings plc until its acquisition by Eastern Counties Newspapers. He is a former Editor of The Economist and served as Chief Executive of the Telegraph group and Chairman of News International.

Baron Lambert*†‡Δ
Aged 71, he was appointed a non-executive director in 1988. He is President of the Board of Global Asset Management (Schweiz) AG and was President of Banque Bruxelles Lambert (Suisse) SA and a Member of the Board of Directors of Banque Bruxelles Lambert SA Belgium until April 1997.

Jean Pigozzi*Δ
Aged 49, he was appointed a non-executive director in 1988. He is a private investor.

Michael Sofaer
Aged 43, he is Managing Director and Principal of Sofaer Capital Inc (since 1986). He was previously a securities analyst with Schroders, during which time he established a research department for Schroders Asia in Hong Kong.

* Member of the Audit Committee
† Member of the Remuneration and Conflicts Committee
‡ Member of the Valuation Committee
Δ Independent director

Directors' Report

The Directors present their Report and Accounts for the Company, covering the year ended 31 March 2001.

STATUS OF COMPANY

The Company is registered as a public company. The Company conducts its affairs so as to qualify for approval as an investment trust for tax purposes, confirmation of which has been received from the Inland Revenue for the year ended 31 March 1999. Such approval is expected to be granted for the two years ended 31 March 2001. The close company provisions of the Income and Corporation Taxes Act 1988, as amended, do not apply to the Company.

The Company's subsidiaries are engaged in investment activities. The activities of the Group are principally undertaken in the UK.

RESULTS AND DIVIDENDS

RITCP made a loss after taxation of £42.7 million during the year ended 31 March 2001.

The Board recommends the payment of a dividend of 3.1p per share payable on 6 July 2001 to shareholders on the register at 8 June 2001. This dividend will absorb £4.9 million of distributable reserves.

The movements on capital reserve and consolidated revenue reserve are shown in notes 20 and 21 on pages 44 and 45.

NET ASSET VALUE

The net asset value of one ordinary share at 31 March 2001, after deducting the proposed dividend of 3.1p per share, was 480.2p.

REVIEW OF BUSINESS

The Company specialises in investments which are held with a view to achieving long-term capital growth.

The fixed asset investments were valued at 31 March 2001 at £745.5 million. An analysis of these investments is contained in note 10 on page 37.

The Company holds both listed and unlisted investments, mainly in the UK, the USA and Continental Europe.

At the present time, the portfolio meets the requirements to enable the shares of the Company to be included as an investment within an Individual Savings Account (ISA).

SHARE CAPITAL AND PURCHASE OF OWN SHARES

Details of the authorised and issued share capital appear in note 18 on page 43 of the accounts. No ordinary shares have been issued during the year.

During the year to 31 March 2001 the Company purchased a total of 2,575,000 ordinary shares for cancellation. At the Annual General Meeting held on 6 July 2000, the Company was given power to purchase up to 23,897,532 ordinary shares, which represented 14.99% of the issued share capital as at that date. This power expires on 30 September 2001. The share purchases were made because they enhanced the net asset value per share.

A resolution will be proposed at the Annual General Meeting to seek power to purchase up to a maximum of 23,511,540 shares, at a price which is not less than £1 per share and not more than 5% above the average middle-market quotations for the preceding five business days. This represents 14.99% of the present issued share capital. If the issued share capital is less at the time of the Annual General Meeting by reason of purchases, the maximum will be 14.99% of that issued capital. The authority now sought would last until 30 September 2002. The Directors do not intend to purchase shares at more than their attributable net asset value.

AMENDMENT TO ARTICLES OF ASSOCIATION

Article 78 of the Company's Articles of Association states that the aggregate annual sum that can be paid to non-executive Directors, excluding a non-executive Chairman, is £100,000. A resolution will be proposed at the forthcoming Annual General Meeting to increase this amount to £200,000 per annum, thus recognising the effects of inflation since the original amount was determined in 1987.

SPECIAL BUSINESS AT THE ANNUAL GENERAL MEETING

Although the Company's Articles of Association provide that all unissued shares shall be at the disposal of the Directors, Section 80 of the Companies Act 1985 requires that the authority of the Directors to allot relevant securities shall be subject to the approval of shareholders in general meeting. Accordingly, shareholders are being asked at the forthcoming Annual General Meeting to renew, for a period of one year, the Directors' authorisation to allot the Company's unissued shares up to a nominal amount of £52,282,722, which is less than a third of the issued equity share capital of the Company at the date of this report. The Directors have no present intention of allotting shares pursuant to this authority. The amount specified for the current year follows the ABI guidelines.

The Directors also seek the renewal of the usual authority to enable them, during the period expiring on the date of the Annual General Meeting in 2002, to allot not more than 5% (which would correspond to 7,842,408 shares) of the issued shares as at 31 March 2001 for cash other than by way of rights. It is the intention of the Directors, under such authority, not to allot shares at less than their attributable net asset value.

PRINCIPAL SHAREHOLDERS

The Directors are aware of the interests as at 4 May 2001, of the following companies, or the groups of which they are a member, in 3% or more of the ordinary issued share capital of the Company.

Shareholder	**Number of Shares**	**% of Share Capital**
Prudential plc	9,165,384	5.84
The Equitable Life Assurance Society	8,526,023	5.43
Henderson Global Investors plc and its associated companies	6,025,029	3.84

Other than the interests of Lord Rothschild, representing 16.4% of the ordinary share capital of the Company at 4 May 2001 (as set out on page 22), the Directors are not aware of any other disclosable interest representing 3% or more of the shares of the Company.

CORPORATE GOVERNANCE

The Directors consider that the Company has complied throughout the year with the provisions of the Code of Best Practice set out in Section 1 of The Principles of Good Governance and Code of Best Practice (the "Combined Code"), with the exception of Code Provision D.2.1 with respect to internal control, which was fully complied with from 30 June 2000. A detailed report was prepared at that date listing the internal control procedures undertaken within the Group. This report was considered by the Executive Directors and the members of the Audit Committee. The methods by which the Company has applied the principles set out in Section 1 of the Combined Code are detailed below and also under the heading "Report on Directors' Remuneration" on pages 19 to 21.

The Directors

The Board of Directors currently consists of two executive and seven non-executive Directors whose biographical details are given on page 14.

The Board meets regularly during the year and is provided with detailed and appropriate information concerning the Company's affairs and performance to enable the Directors to discharge their responsibilities in an informed manner. The non-executive Directors are considered to be of sufficient calibre, experience and number to exercise significant independent judgement on the strategy and financial planning of the Group. The Board is responsible for the overall investment strategy of the Company although it delegates the majority of the investment management responsibilities to the two executive Directors and to third party managers. It is also responsible for approving both the annual and interim report and accounts. The Board has delegated to the two executive Directors and other senior management the day to day responsibilities of budgetary control and administration. The roles of Chairman and Chief Operating Officer are undertaken by Lord Rothschild and Duncan Budge respectively who meet on a regular basis and maintain regular contact with the non-executive Directors.

All Directors have access to the advice and services of the Company Secretary, J. Rothschild Capital Management Limited. In addition, Directors are able to take independent legal advice on the furtherance of their duties, at the Company's expense, up to a maximum of £25,000 per annum.

Although there is no formal Nomination Committee, it is the practice that any new nomination to the Board is discussed and agreed by all the Directors, thus ensuring that no one Director or group of Directors is able to exercise any undue influence. In accordance with the Company's Articles of Association a third of all Directors are required to seek re-election by rotation at least every three years.

On joining the Board, new Directors are given background documents and information describing the history of the Company and its objectives.

Relations with Shareholders

The Board and the directors of the management company maintain a dialogue with both institutional shareholders and analysts and also respond promptly to other shareholders' enquiries. Shareholders are invited to ask questions at the Annual General Meeting and, as far as is practicable, the Chairman of the Remuneration and Conflicts Committee and the Audit Committee is always available at the same venue to answer any questions from shareholders.

The net asset value of the Company is disclosed on a monthly basis to the London Stock Exchange and the Association of Investment Trust Companies to enable shareholders and analysts to follow the progress of the Company.

Accountability and Audit

Statement of the Directors' Responsibilities

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Company and the Group for that year. 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; and

– prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and the Group will continue in business.

The Directors have responsibility for ensuring that the Company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and the Group and which enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Internal Control

The Board of Directors is responsible for the Group's system of internal control. Such systems are designed to manage, rather than eliminate, the risk of failure to achieve business objectives and, as such, can provide only reasonable and not absolute assurance against any material misstatement or loss. The Board has delegated to executive management the implementation of the systems of internal control within an established framework applicable throughout the Group. The Board considers that the necessary procedures have been implemented to satisfy the requirements of the Financial Services Authority with respect to the guidance "Internal Control: Guidance for Directors on the Combined Code" (issued in September 1999).

The Board considered the need to establish a separate internal audit function. However, it was decided that the size and nature of the Group's activities do not currently merit the additional expense and operational complexity that an internal audit function would entail.

The Board has reviewed the effectiveness of the key systems of internal control in operation during the financial period through the monitoring processes set out below.

Control Environment

The Group has established an organisational structure which allocates defined levels of authority and reporting responsibility in respect of the operational, compliance, financial and taxation affairs of the Group to a small number of senior executives. An executive committee, which consists of the two executive Directors and senior executives, meets regularly to discuss matters of importance to the Group.

Risk Management

The identification of major business risks is carried out by the Board in conjunction with the relevant executives. The mitigation and monitoring of risks identified is undertaken by the Board or the executive committee as appropriate. Detailed portfolio valuations are undertaken every week and these form the basis for risk control decisions regarding equity exposure, liquidity, market price risk and exchange rate risk.

Financial Reporting and Control Procedures

There is a budgeting system with an annual budget approved by the executive management. Monthly actual results are reviewed and reported against budget and reviewed regularly by the executive management.

The Group maintains guidelines in relation to the key controls exercised over its financial and operating affairs. Duties are segregated to the extent commensurate with the size of the Group's organisation and business environment.

Audit Committee

On behalf of the Board, the Audit Committee, which comprises three non-executive Directors, reviews the effectiveness of these systems. The Committee meets regularly to receive reports arising from the external audit process and to review issues arising therefrom with management. The Committee also monitors the adequacy of the Group's accounting policies and financial reporting and discusses the results of the external audit of the Group's accounts with the auditors.

The Audit Committee also considers the auditors' independence, objectivity and the cost effectiveness of the audit process. The auditors do not currently supply a substantial volume of non-audit services to the Group.

Statement on Going Concern

The Directors confirm that they are satisfied that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

DIRECTORS

The present Directors, all of whom are non-executive other than Lord Rothschild and Duncan Budge, who are executive, were directors throughout the year. The Directors are listed on page 14.

Pursuant to the Articles of Association, Charles Bailey, Jean Pigozzi and Lord Rothschild will retire by rotation from the Board at the Annual General Meeting and will be proposed for re-election at that meeting.

REPORT ON DIRECTORS' REMUNERATION

The remuneration packages of individual executive Directors are determined by the Remuneration Committee which comprises Charles Bailey as Chairman and Baron Lambert, both of whom are non-executive Directors. Lord Rothschild and Duncan Budge liaise closely with the Committee, although they do not take part in any discussions relating to decisions on their own terms and conditions of employment.

Determination of the remuneration of the non-executive Directors, within the limits imposed by the Articles of Association, is the responsibility of the Board as a whole. The Remuneration Committee is also responsible for the operation of long-term incentive schemes for executive Directors and senior management.

Remuneration Policy

The Company complied in the year under review with the provisions relating to Remuneration Committees incorporated in the Combined Code.

The Remuneration Committee aims to set executive remuneration at an appropriate level to attract, retain and motivate Directors of requisite calibre. Any arrangements made to provide longer term incentives will aim to encourage and reward performance and to benefit shareholders. In setting policy and making decisions, the Remuneration Committee gives full consideration to the provisions on the design of performance related remuneration set out in Schedule A of the Combined Code.

Directors' Remuneration

Directors' remuneration for the year ended 31 March 2001 is shown below, with comparative figures for the previous year. Comparative figures for the individual Directors' emoluments are shown in brackets if they differ from the emoluments for the year ended 31 March 2001.

Director	Salaries, Bonuses and Fees £	Pension Contributions £	Other Benefits £	Total Emoluments £
The Lord Rothschild	330,850	60,000	33,212	424,062
	(173,350)	(30,000)	(21,567)	(224,917)
Charles Bailey	22,500	–	–	22,500
	(15,000)			(15,000)
Timothy Barakett	15,000	–	–	15,000
	(–)			(–)
Mikael Breuer-Weil	20,000	–	–	20,000
Duncan Budge	215,350	66,300	28,931	310,581
	(164,150)	(48,280)	(22,816)	(235,246)
Andrew Knight	25,250	–	–	25,250
Baron Lambert	15,000	–	–	15,000
Jean Pigozzi	–	–	–	–
Michael Sofaer	–	–	–	–
31 March 2001	**643,950**	**126,300**	**62,143**	**832,393**
31 March 2000	412,750	78,280	44,383	535,413

In the year under review, no gains were made by Directors on the exercise of options over the Company's shares (the Directors do not hold share options of the Company), no compensation was paid on loss of office and no sums were paid to third parties for Directors' services. No payments were made to Directors under the terms of the long-term Incentive Plan.

Basic Salary, Benefits and Bonus

Basic salaries for the executive Directors are reviewed annually by the Remuneration Committee and the last review was at 31 March 2001. For the current year, to 31 March 2002, Lord Rothschild's salary has increased from £300,000 to £309,000 per annum and Duncan Budge's salary has increased from £195,000 to £200,850 per annum. In the year to 31 March 2000, Lord Rothschild waived £150,000 of his salary entitlement. With effect from 1 April 2000 none of this entitlement was waived.

Although there is no formal bonus scheme, the executive Directors may participate, from time to time, in bonus payments at the discretion of the Remuneration Committee. A bonus of £20,350 was payable to Duncan Budge and a bonus of £30,850 was payable to Lord Rothschild.

Long-term Incentive Plan

Long-term incentive arrangements were approved by shareholders on 10 July 1996, as they constituted related party transactions under Stock Exchange rules. Under their respective participation in the Share Appreciation Rights Plan as at 31 March 1999, Lord Rothschild and Duncan Budge were both entitled, at a time of their choice between the third and tenth anniversary of the grant (30 March 1999) to a bonus. This would be calculated by reference to a notional number of the Company's shares (in each case 587,371 at 340.5p). The amount of the bonus will represent the increase, since the date of grant, in the Company's share price multiplied by the notional number of shares. This is, however, conditional on any increase in the share price exceeding the increase in the Retail Price Index plus 3% per annum for any three year period between the date of grant and the tenth anniversary thereof.

The Remuneration Committee decided that a further participation in the Share Appreciation Rights Plan should be granted to both Lord Rothschild and Duncan Budge on 22 March 2000. The notional number of shares involved was 228,833 at 437p in each case.

As at 31 March 2001 the amount accrued under both participations was £1,127,752 payable in equal parts to Lord Rothschild and Duncan Budge. This compared with an accrued amount of £1,166,274 as at 31 March 2000 and followed a decrease in the middle-market price of RITCP shares during the period from 439p to 436.5p.

It is intended that the bonus will become payable, in whole or in part, at the Company's discretion should either Lord Rothschild or Duncan Budge leave the Company's employment voluntarily before 30 March 2002. Should either participant leave their employment involuntarily at any time, the bonus accrued to the relevant date will be payable, subject to there being no grounds for non-payment arising out of negligence or other misconduct.

Pension Contributions

The Remuneration Committee's policy is to facilitate a range of pension arrangements for executive Directors which take account of their age, personal circumstances and arrangements in force on joining the Company, but within an agreed cost framework. Lord Rothschild and Duncan Budge are members of the RITCP Pension & Life Assurance Scheme, (the "RITCP Scheme"). Within the RITCP Scheme, money purchase arrangements have been set up for Lord Rothschild, to which the Company has contributed throughout the year under review at the rate of 20%. Contributions are based on basic salary only. Duncan Budge is a defined benefit member of the RITCP Scheme for which the annual contribution rate in the year under review was 34% of basic salary. Under his defined benefit pension scheme, he would have been entitled to receive an annual pension of £67,155 on retirement based on service to the end of the year and assuming he left service on that date (31 March 2000 – £45,764). The transfer value of the increase in accrued pension during the year was £233,263.

No pension provision is made for the non-executive Directors.

Other Benefits

Executive Directors are provided with the use of cars, health care insurance and with other benefits in line with normal company practice.

Non-executive Directors

The remuneration of the non-executive Directors is determined by the Board as a whole, in accordance with the provisions of the Articles of Association. Non-executive Directors do not take part in discussions on their own remuneration. The basic annual fee is £15,000, which the Remuneration Committee believes to be in line with current market practice. However, this figure is increased in certain cases when the involvement of the non-executive Director in the Company's affairs warrants such increase. Jean Pigozzi has waived his right to receive £15,000 in respect of the years ended 31 March 2000 and 31 March 2001. Michael Sofaer has waived his right to receive his fee at the rate of £15,000 per annum for the period to 31 March 2000 and for the year ended 31 March 2001.

Service Agreements

It is the Remuneration Committee's policy not to grant service agreements with notice periods in excess of one year. The terms and conditions of the Directors' service agreements are reviewed as required.

DIRECTORS' INTERESTS

The interests of the Directors at 31 March 2001 or date of appointment, if later, in the ordinary shares of the Company are shown below with comparatives as at 1 April 2000 (where different) shown in brackets.

	Ordinary Shares of £1 each		
Director	**Beneficial**	**Non-Beneficial**	**% of Share Capital**
The Lord Rothschild	19,077,585	6,638,411	16.40
	(19,074,485)	–	(16.13)
Charles Bailey	3,000	–	–
Timothy Barakett	30,000	–	0.02
	(–)	–	(–)
Mikael Breuer-Weil	–	–	–
Duncan Budge	50,139	–	0.03
Andrew Knight	–	–	–
Baron Lambert	35,000	–	0.02
	(75,000)	–	(0.05)
Jean Pigozzi	41,010	–	0.03
Michael Sofaer	–	–	–

Included in the total of 19,077,585 shares of the Company owned beneficially by Lord Rothschild are 53,184 shares (31 March 2000 – 53,184) held by the RITCP Pension & Life Assurance Scheme in which Lord Rothschild has a beneficial interest. Between the end of the year and the date of this Report, there were no changes in the Directors' interests.

Requests from Directors and employees of the Group for permission to deal in the ordinary shares of the Company are referred to the Remuneration and Conflicts Committee, except in the case of small volume transactions requested by those other than Directors and senior executives, which are considered by the Company's Compliance Officer.

Lord Rothschild and Duncan Budge are directors of J. Rothschild Capital Management Limited ("JRCM"), a subsidiary of the Company, which provides the services described in "Management and Administration" below.

Except as stated above and on the following page (as regards Michael Sofaer and Timothy Barakett), no Director has, or has had during the period under review, any beneficial interest in any contract or arrangement with the Company or any of its subsidiaries as defined by the Companies Act 1985 or in the terms laid down in the Financial Services Authority Listing Agreement.

MANAGEMENT AND ADMINISTRATION

The investment management and administration functions are undertaken by JRCM. That company entered into a Service Agreement dated 3 June 1996 with Nils Taube Limited which provided the services of Nils Taube and his investment team in respect of the investment management of a significant part of RITCP's investment portfolio. This agreement was terminated with effect from 30 September 1999. At the same time, £200 million of that part of the portfolio was allocated to Sofaer Capital Inc., an international money management firm whose Principal is Michael Sofaer. Sofaer Capital Inc. is paid an investment management fee equal to 0.5% of funds under management.

RITCP invested US$30 million in Atticus International Limited on 1 December 2000. Atticus International is an offshore fund specialising in merger arbitrage. The investment management for the fund is provided by Atticus Management, Ltd. Timothy Barakett, a director of RITCP, is a general partner of Atticus Management. Nathaniel Rothschild, alternate director to Timothy Barakett, is also a general partner of Atticus Management.

Prior to making this investment, RITCP had entered into an investment advisory agreement, initially with an annual fee of US$50,000, with Atticus Capital, L.L.C. (an entity associated with Atticus Management, Ltd). With effect from June 2000 the annual fee was replaced by a performance fee of 10% of the appreciation in value in any one year. Payment of this fee was conditional on the growth in value of the assets under management exceeding 6% per annum and was subject to a "loss carry forward" arrangement. The fee payable under the terms of this agreement for the period to 30 November 2000, when the agreement ceased, was £508,291. During this period, Atticus achieved an appreciation in value for RITCP of 31.6%. A similar fee structure applies to the current investment in Atticus International Limited. (Details of other external fund managers are given in note 4 on page 35).

The majority of the remainder of RITCP's investment portfolio is managed by the directors of JRCM.

During the year the Company maintained liability insurance for its Directors and Officers.

DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

The Company's assets and liabilities include the following financial instruments:

- Investments including equity and non-equity shares and fixed income securities which are held in accordance with the Company's investment objectives;
- Cash, liquid resources and short-term debtors and creditors that arise directly from the Company's investment activities; and
- Derivative transactions which the Company enters into to manage market risks and currency risks.

The main risks arising from the Company's financial instruments are market price risk, foreign currency risk and interest rate risk. The identification, mitigation and monitoring of these risks is undertaken by the executive Directors under the authority of the Board.

Market Price Risk

Market price risk arises from uncertainty about the future value of the Company's investments. It represents the potential loss the Company might suffer through holding market positions as the result of price movements and movements in exchange rates.

From time to time, the Company may seek to reduce its exposure to stock markets by taking positions in index futures relating to one or more stock markets. These instruments are used for the purpose of hedging the existing exposure within the Company's investment portfolio to those particular markets.

Short-term exposure to movements in exchange rates caused by the buying and selling of investments for future settlement is mitigated through entering into forward contracts.

Foreign Currency Risk

The Company's total return and net assets could be significantly affected by currency movements as a substantial proportion of the Company's assets and liabilities are denominated in currencies other than Sterling.

The Company enters into forward currency contracts as a means of limiting its exposure to particular foreign currencies. These contracts are used for the purpose of hedging the existing currency exposure of elements of the Company's portfolio (as a means of reducing risk) when this is deemed appropriate.

The Company's foreign currency exposures are analysed in note 26 on pages 46 to 48.

Interest Rate Risk

The Company finances its operations mainly through its share capital and retained profits, including realised gains on investments. In addition, financing has been obtained through bank borrowings. The executive Directors continually monitor the Company's exposure to interest rate fluctuations and take appropriate action.

PAYMENT OF SUPPLIERS

It is the Company's payment policy to obtain the best terms for all business. The Company agrees the terms on which business will take place with its suppliers, and it is the Company's policy to abide by such terms.The Company had no trade creditors at the year end.

POLITICAL CONTRIBUTIONS AND CHARITABLE DONATIONS

During the year ended 31 March 2001, the Company made no charitable donations or political contributions.

AUDITORS

PricewaterhouseCoopers have indicated their willingness to continue in office and a resolution re-appointing them will be proposed at the forthcoming Annual General Meeting.

By Order of the Board
J. Rothschild Capital Management Limited
Secretary 14 May 2001

Report of the Auditors

TO THE MEMBERS OF RIT CAPITAL PARTNERS plc

We have audited the financial statements on pages 26 to 49, and the additional disclosures on pages 19 to 21 relating to the remuneration of the Directors specified for our review by the Financial Services Authority, which have been prepared under the historical cost convention, as modified by the revaluation of investments other than subsidiary undertakings, and the accounting policies set out on pages 31 to 33.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Directors are responsible for preparing the Annual Report. As described on pages 17 and 18, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board, the Listing Rules of the Financial Services Authority and our profession's ethical guidance.

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 United Kingdom 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 or the Listing Rules regarding Directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

We review whether the statement on pages 16 to 19 reflects the Group's compliance with the seven provisions of the Combined Code specified for our review by the Financial Services Authority, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or to form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

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 Group'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 misstatements, 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 affairs of the Company and the Group at 31 March 2001 and of the total return and cash flows of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PRICEWATERHOUSECOOPERS

Chartered Accountants
and Registered Auditors
14 May 2001

Southwark Towers
32 London Bridge Street
London SE1 9SY

Consolidated Statement of Total Return

(Incorporating the revenue account)

for the year ended 31 March 2001

	Note	Revenue £'000	Capital £'000	Total £'000
Losses on investments		–	(59,402)	(59,402)
Dealing profits		10,104	–	10,104
Investment income	1	22,312	–	22,312
Other income		498	–	498
Administrative expenses	2	(5,985)	–	(5,985)
Investment management fees	4	(3,647)	–	(3,647)
Other capital items		–	(3,398)	(3,398)
Net return before finance costs and taxation		**23,282**	**(62,800)**	**(39,518)**
Interest payable and similar charges	5	(560)	–	(560)
Return/(loss) on ordinary activities before taxation		**22,722**	**(62,800)**	**(40,078)**
Taxation on ordinary activities	6	(5,862)	3,283	(2,579)
Return/(loss) on ordinary activities after taxation attributable to equity shareholders		**16,860**	**(59,517)**	**(42,657)**
Dividends	7	(4,802)	–	(4,802)
Transfer to/(from) reserves		**12,058**	**(59,517)**	**(47,459)**
Return/(loss) per ordinary share	8	**10.7p**	**(37.8p)**	**(27.1p)**
Net asset value per ordinary share	9			**480.2p**

The revenue column of this statement is the consolidated profit and loss account of the Group.

All revenue and capital items in the above statement derive from continuing operations.

No operations were acquired or discontinued in the period.

Movements on reserves are set out in notes 20 and 21 on pages 44 and 45.

The notes on pages 31 to 49 form part of these accounts.

Consolidated Statement of Total Return

(Incorporating the revenue account)

for the year ended 31 March 2000

	Note	Revenue £'000	Capital £'000	Total £'000
Gains on investments		–	167,799	167,799
Dealing profits		2,055	–	2,055
Investment income	1	23,397	–	23,397
Other income		642	–	642
Administrative expenses	2	(5,156)	–	(5,156)
Investment management fees	4	(3,221)	–	(3,221)
Premium on purchase of convertible stock		–	(1,172)	(1,172)
Currency translation of US Dollar loan notes		–	1,333	1,333
Other capital items		–	(12,677)	(12,677)
Net return before finance costs and taxation		17,717	155,283	173,000
Interest payable and similar charges	5	(1,360)	–	(1,360)
Return on ordinary activities before taxation		16,357	155,283	171,640
Taxation on ordinary activities	6	(2,550)	1,669	(881)
Return on ordinary activities after taxation attributable to equity shareholders		13,807	156,952	170,759
Dividends	7	(4,613)	–	(4,613)
Transfer to reserves		9,194	156,952	166,146
Return per ordinary share	8			
Basic		8.5p	96.1p	104.6p
Diluted		8.2p	92.0p	100.2p
Net asset value per ordinary share	9			509.0p

The revenue column of this statement is the consolidated profit and loss account of the Group.

All revenue and capital items in the above statement derive from continuing operations.

No operations were acquired or discontinued in the period.

Movements on reserves are set out in notes 20 and 21 on pages 44 and 45.

The notes on pages 31 to 49 form part of these accounts.

Consolidated Balance Sheet

	Note	**31 March 2001 £'000**	31 March 2000 £'000
FIXED ASSETS			
Investments	10	**745,486**	796,687
Tangible fixed assets	12	**259**	196
		745,745	796,883
CURRENT ASSETS			
Debtors	13	**13,845**	18,062
Dealing investments	14	**167**	17,729
Cash at bank		**43,662**	43,151
		57,674	78,942
CREDITORS			
Amounts falling due within one year:			
Bank loans and overdrafts		**(22,430)**	(1,903)
Securities sold short		**–**	(11,025)
Other creditors and accruals	15	**(14,407)**	(12,857)
Proposed dividend	7	**(4,862)**	(4,942)
		(41,699)	(30,727)
Net current assets		**15,975**	48,215
Total assets less current liabilities		**761,720**	845,098
CREDITORS			
Amounts falling due after more than one year:			
Bank loans	16	**–**	(24,414)
Provisions for liabilities and charges	17	**(8,527)**	(9,298)
		753,193	811,386
CAPITAL AND RESERVES			
Called up share capital	18	**156,848**	159,423
Capital redemption reserve	19	**33,308**	30,733
Capital reserve – realised	20	**518,383**	458,180
Capital reserve – unrealised	20	**17,803**	148,491
Revenue reserve	21	**26,851**	14,559
EQUITY SHAREHOLDERS' FUNDS		**753,193**	811,386

The accounts were approved by the Board of Directors on 14 May 2001 and are signed on the Board's behalf by:

Rothschild, *Director*

Duncan Budge, *Director*

The notes on pages 31 to 49 form part of these accounts.

Balance Sheet of the Parent Company

	Note	31 March 2001 £'000	31 March 2000 £'000
FIXED ASSETS			
Investments	10	**695,810**	762,343
Investments in subsidiary undertakings	11		
– shares		**53,556**	32,373
– loans		**10,175**	9,737
		759,541	804,453
CURRENT ASSETS			
Debtors	13	**18,695**	33,395
Cash at bank		**37,267**	27,351
		55,962	60,746
CREDITORS			
Amounts falling due within one year:			
Bank loans and overdrafts		**(22,422)**	(1,824)
Other creditors and accruals	15	**(41,293)**	(23,235)
Proposed dividend	7	**(4,862)**	(4,942)
		(68,577)	(30,001)
Net current (liabilities)/assets		**(12,615)**	30,745
Total assets less current liabilities		**746,926**	835,198
CREDITORS			
Amounts falling due after more than one year:			
Bank loans	16	**–**	(24,414)
Provisions for liabilities and charges	17	**(7,302)**	(8,073)
		739,624	802,711
CAPITAL AND RESERVES			
Called up share capital	18	**156,848**	159,423
Capital redemption reserve	19	**33,308**	30,733
Capital reserve – realised	20	**521,193**	462,428
Capital reserve – unrealised	20	**18,357**	141,965
Revenue reserve	21	**9,918**	8,162
EQUITY SHAREHOLDERS' FUNDS		**739,624**	802,711

The accounts were approved by the Board of Directors on 14 May 2001 and are signed on the Board's behalf by:

Rothschild, *Director*

Rothschild

Duncan Budge, *Director*

Duncan Budge.

The notes on pages 31 to 49 form part of these accounts.

Consolidated Cash Flow Statement

	Note	**Year Ended 31 March 2001 £'000**	Year Ended 31 March 2000 £'000
Cash inflow from operating activities	23	**20,692**	4,136
Servicing of finance			
Bank and loan interest paid		**(563)**	(716)
Interest on convertible stock		**–**	(184)
Interest on US Dollar loan notes		**–**	(6,035)
Net cash outflow from servicing of finance		**(563)**	(6,935)
Taxation			
UK tax paid		**(1,240)**	(33)
Overseas tax paid		**(953)**	(864)
Net cash outflow from taxation		**(2,193)**	(897)
Financial investment			
Purchase of investments		**(562,814)**	(361,113)
Sale of investments		**626,294**	580,358
Net cash inflow from financial investment		**63,480**	219,245
Capital expenditure			
Purchase of fixed assets		**(247)**	(100)
Sale of fixed assets		**71**	10
Net cash outflow from capital expenditure		**(176)**	(90)
Equity dividends paid		**(4,882)**	(3,674)
Net cash inflow before management of liquid resources and financing		**76,358**	211,785
Management of liquid resources			
Purchase of government securities		**(560,524)**	(762,685)
Sale of government securities		**497,540**	763,222
Net cash (outflow)/inflow from management of liquid resources		**(62,984)**	537
Financing			
Buy-back of ordinary shares		**(10,968)**	(114,047)
Increase in term loans		**–**	24,414
Repayment of US Dollar loan notes		**–**	(91,587)
Purchase of convertible stock		**–**	(1,582)
Net cash outflow from financing		**(10,968)**	(182,802)
Increase in cash in the year	25	**2,406**	29,520

The notes on pages 31 to 49 form part of these accounts.

Group Accounting Policies

The principal accounting policies of the Group are set out below:

BASIS OF CONSOLIDATION

The consolidated accounts deal with the results of the Company and its subsidiary undertakings for the year ended 31 March 2001.

ACCOUNTING CONVENTION

The accounts are prepared under the historical cost convention, modified to include the revaluation of investments other than subsidiary undertakings. The accounts have been prepared in accordance with applicable accounting standards and the Group has adopted the recommendations of the Statement of Recommended Practice on Financial Statements of Investment Trust Companies ("SORP") except as set out below.

During the year ended 31 March 1999, the Company ceased to be an investment company within the meaning of section 266 of the Companies Act 1985 to enable it to purchase its own shares using its capital reserve. Subsequently, the legislation was changed to allow investment companies to purchase their own shares using their capital reserves and the Company regained investment company status during the current year. Throughout this year, the Company has continued to conduct its affairs as an investment trust for taxation purposes under section 842 of the Income and Corporation Taxes Act 1988 and the Articles of the Company continue to prohibit capital profits from being distributed by way of dividend. The Directors therefore consider it necessary to continue to present the accounts in accordance with the SORP. Under the SORP, the financial performance of the Group is presented in a statement of total return in which the revenue column is the profit and loss account of the Group. The revenue column excludes capital items which, since the Company was not an investment company throughout the year, the Companies Act and/or Financial Reporting Standard 3 ("FRS 3") would ordinarily require to be included in the profit and loss account. In the opinion of the Directors the inclusion of the capital items in the profit and loss account would be misleading because they would distort both the revenue and capital performance of the Group, and would not show clearly the revenue profits emerging to be distributable by way of dividend. The Directors therefore consider that these departures from the specific provisions of Schedule 4 to the Companies Act, relating to the form and content of accounts for companies other than investment companies, and from FRS 3, are necessary to give a true and fair view. The departures have no effect on total return or on the balance sheet, but the revenue return on ordinary activities after taxation for the Group would have been a loss of £7.2 million (31 March 2000 – return of £66.6 million).

EXPENSES

All expenses are accounted for on an accruals basis. Expenses are charged through the revenue account except as listed below:

- Expenses are charged to capital reserve where a direct connection with the maintenance or enhancement of the value of the investments can be demonstrated. Expenses are charged to revenue where there is an indirect connection.
- Investment management fees are considered to be indirect costs and are therefore charged to the revenue account.
- The Group has in force certain incentive arrangements whereby fees payable are based entirely on the increase in the values of certain unquoted investments. The cost of these incentive arrangements are considered to be a direct cost of enhancing the value of these investments and are therefore charged to capital reserve.
- The Group also has in force long-term incentive arrangements for Lord Rothschild and Duncan Budge, both executive directors of RITCP, and for other senior executives, whereby they receive additional remuneration based entirely on any increase in the Company's share price subject to a performance condition. The primary objective of the Company is to deliver long-term capital growth for its investors. The costs of these arrangements derive principally from the capital performance of the Group and consequently the Directors consider it

appropriate to charge the costs of these arrangements in their entirety to capital reserve. This is a departure from the guidelines set out in the SORP.

FINANCE COSTS

Finance costs are accounted for on an accruals basis and in accordance with the provisions of Financial Reporting Standard 4 "Capital Instruments". Since these costs are considered to be an indirect cost of maintaining the value of the investments they are charged in full to the revenue account.

FIXED ASSET INVESTMENTS

Fixed asset investments are included in the balance sheet at market value in the case of listed investments and at Directors' valuation in the case of unlisted investments. Investment properties are included at open market value on an existing use basis. A valuation of properties is undertaken by independent professionally qualified valuers every year and reviewed every half year. Depreciation is not provided on investment properties. This is a departure from the requirements of the Companies Act concerning depreciation of fixed assets. However, these properties are not held for consumption but for investment and the Directors consider that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the accounts to give a true and fair view. Depreciation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

In accordance with the normal practice for investment trust companies, profits and losses on the realisation and revaluation of fixed asset investments are taken to capital reserve. Costs incurred in connection with abortive fixed asset investment transactions are also taken to capital reserve.

Dividend income is credited to the revenue account on an ex-dividend basis. Interest is credited on an accruals basis. In accordance with Financial Reporting Standard 16 "Current Taxation", UK dividend income has been shown at the amount receivable without any attributable tax credit.

DEALING INVESTMENTS

Current asset investments held by the dealing subsidiary undertaking, including futures, options and other derivative instruments, are stated in the balance sheet at market value. The movements in the fair value of trading positions are included in the profit and loss account. The Companies Act 1985 requires that such assets be stated at the lower of cost or net realisable value and that, if revalued, certain movements in the fair value of trading positions be taken to the revaluation reserve. In so far as the adopted treatment of trading positions represents a departure from current statutory requirements, the Directors consider this necessary for the financial statements to show a true and fair view. The effects of this departure, which is consistent with the industry practice, are to decrease dealing profits in the statement of total return by £0.8 million (31 March 2000 – increase of £0.9 million) and to increase net assets in the consolidated balance sheet by £0.1 million (31 March 2000 – £0.9 million). The departure has no effect on the net asset value per share published on a monthly basis and calculated in accordance with industry guidelines.

TANGIBLE FIXED ASSETS

Tangible fixed assets are shown at cost less depreciation. Depreciation is provided on all tangible fixed assets. It is calculated by the Group on a straight line basis by reference to original cost, estimated useful life and residual value. The period of estimated useful life for this purpose is between three and four years.

FOREIGN CURRENCIES

Assets and liabilities denominated in foreign currencies are translated into Sterling at the rates of exchange ruling at the balance sheet date. Gains and losses on translating fixed asset investments are taken to capital reserve together with gains and losses arising on foreign currency transactions and borrowings to the extent that such gains and losses arise from transactions and borrowings which are hedging investments denominated in foreign currencies.

All other gains and losses are dealt with in the revenue account.

DEFERRED TAXATION

Deferred taxation is provided in respect of timing differences of a material amount which are expected to result in a taxation liability in a future period.

CONVERTIBLE STOCK

In accordance with Financial Reporting Standard 4 the convertible stock was included within balance sheet liabilities. The interest cost of the convertible stock was charged in arriving at the return on ordinary activities before taxation. Premiums and discounts on the purchase of the convertible stock were substantially determined by reference to the value of the investment portfolio and were therefore taken to capital reserve.

PENSIONS

J. Rothschild Capital Management Limited is a participating employer in a non-contributory funded, defined benefit retirement scheme, which is currently closed to new members and the assets of which are held in a trustee administered fund. Pension costs are assessed in accordance with the advice of an independent qualified actuary using the projected unit method. Surpluses or deficits arising from experience adjustments and the effects of changes in actuarial assumptions are amortised as an even percentage of the pensionable payroll over the expected remaining working lives of the participating employees.

CAPITAL RESERVE

The following are accounted for in the realised capital reserve:
- gains and losses on the realisation of investments
- realised exchange differences of a capital nature
- expenses, together with the related taxation effect, charged to this reserve in accordance with the above policies
- realised gains and losses on transactions undertaken to hedge an exposure of a capital nature.

The following are accounted for in the unrealised capital reserve:
- increases and decreases in the valuation of investments held at the year end
- unrealised exchange differences of a capital nature
- unrealised gains and losses on transactions undertaken to hedge an exposure of a capital nature.

Notes to the Accounts

1 INVESTMENT INCOME

	Year Ended 31 March 2001 £'000	Year Ended 31 March 2000 £'000
Income from listed investments:		
Dividends	**5,083**	6,192
Interest	**8,087**	7,276
Income from unlisted investments:		
Dividends	**3,418**	5,482
Interest	**1,215**	1,218
Income from Treasury Bills	**92**	14
Income from investment properties	**910**	894
Interest receivable	**3,507**	2,321
	22,312	23,397

In accordance with Financial Reporting Standard 16 "Current Taxation", UK dividend income has been recorded at the amount receivable without any attributable tax credit.

2 ADMINISTRATIVE EXPENSES

Administrative expenses include the following:

	Year Ended 31 March 2001 £'000	Year Ended 31 March 2000 £'000
Staff costs (see note 3 below)	**3,574**	2,717
Auditors' remuneration – audit fees	**79**	84
Auditors' remuneration – other fees	**6**	–
Depreciation	**116**	112

Administrative expenses for the year ended 31 March 2001 include £979,000 (31 March 2000 – £1,024,000) of property and staff related costs which are recharged to third parties. These recharges are included in "other income" and "income from investment properties" in accordance with accounting practice. Of the total audit fee, £70,000 (31 March 2000 – £75,000) relates to the audit of the parent company's consolidated accounts.

3 STAFF COSTS

	Year Ended 31 March 2001 £'000	Year Ended 31 March 2000 £'000
Wages and salaries	**2,762**	2,079
Social security costs	**312**	239
Other pension costs	**500**	399
	3,574	2,717

The above figures include Directors' emoluments, details of which are shown in the Directors' Report on pages 19 to 21. They exclude the movement in the provision for the Group's long-term incentive plan which is charged to capital reserve.

The average number of employees during the year was 48 (31 March 2000 – 42). Included in this figure are 20 people employed in respect of the banqueting business of Spencer House and the related security function (31 March 2000 – 18).

4 INVESTMENT MANAGEMENT FEES

Details of the current investment managers who operate segregated accounts are shown below:

Investment Manager	**Area of Expertise**	**Funds under Management 31 March 2001 £'000**
Sofaer Capital	International equities	**212,618**
Meditor Capital Management	Medium sized European equities	**33,886**
Findlay Park	Small to medium sized US companies	**33,566**
Tontine Overseas Associates	US equities	**28,514**
Lansdowne Partners	European equities	**17,873**
Mount Auburn Management	US technology companies	**4,432**
Select Equity	International equities	**4,053**
		334,942

Details of the investment management fees payable to Sofaer Capital and Atticus Capital are shown on pages 22 and 23. The other investment managers charge fees based on a percentage of the funds under management (in the range from 0.5% to 1.6% per annum) and, in certain cases, performance fees are charged where the increase in value of the funds exceeds specified hurdles. None of the amounts listed in the table above are invested in other funds managed by the investment managers themselves and therefore there is no risk of double-counting investment management fees. The investment management agreements can be terminated with notice periods of between one and six months.

5 INTEREST PAYABLE AND SIMILAR CHARGES

	Group and Company	
	Year Ended 31 March 2001 £'000	Year Ended 31 March 2000 £'000
Repayable within 5 years, not by instalments		
Bank loans	**560**	747
Interest on US Dollar loan notes	**–**	429
Interest on convertible stock	**–**	184
	560	1,360

6 TAXATION ON ORDINARY ACTIVITIES

	Year ended 31 March 2001		
	Revenue £'000	**Capital £'000**	**Total £'000**
United Kingdom taxation			
Corporation tax charge/(credit)	**5,413**	**(3,359)**	**2,054**
Adjustment in respect of prior years	**(2)**	**–**	**(2)**
Deferred tax	**(76)**	**76**	**–**
Overseas taxation	**539**	**–**	**539**
	5,874	**(3,283)**	**2,591**
Double taxation relief	**(12)**	**–**	**(12)**
	5,862	**(3,283)**	**2,579**

6 TAXATION ON ORDINARY ACTIVITIES *continued*

	Year ended 31 March 2000		
	Revenue £'000	Capital £'000	Total £'000
United Kingdom taxation			
Corporation tax charge/(credit)	2,375	(2,347)	28
Adjustment in respect of prior years	3	–	3
Deferred tax	(411)	411	–
Overseas taxation	583	267	850
	2,550	(1,669)	881

The charge for corporation tax for the year is based on a rate of 30% (31 March 2000 – 30%). If tax had been provided on a full deferral basis the charge for the year would not have been significantly different.

7 DIVIDEND

	2001 Pence per Share	2000 Pence per Share	**2001 £'000**	2000 £'000
Proposed final dividend (Payable 6 July 2001)	**3.1**	3.1	**4,862**	4,942

During the year the Company purchased some of its own shares prior to the ex-dividend date. As a result, there was a reduction of £60,000 in the dividend for the year ended 31 March 2000 (31 March 1999 – £0.3 million) which was paid to shareholders on 7 July 2000. This amount has been credited to the revenue account in the current year.

8 RETURN/(LOSS) PER ORDINARY SHARE

The return per share for the year ended 31 March 2001 is based on the revenue return after tax of £16.9 million (31 March 2000 – £13.8 million) and the capital loss after tax of £59.5 million (31 March 2000 – capital return after tax of £157.0 million) and the weighted average number of ordinary shares in issue during the year of 157.3 million (31 March 2000 – 163.3 million).

The diluted return per share for the year ended 31 March 2000 is based on the revenue return after tax of £13.9 million, the capital return after tax of £157.0 million, and the weighted average diluted number of ordinary shares in issue during the year of 170.6 million.

9 NET ASSET VALUE PER ORDINARY SHARE

The net asset value per share at 31 March 2001 is based on the net assets attributable to ordinary shareholders of £753.2 million (31 March 2000 – £811.4 million) and the number of ordinary shares in issue at 31 March 2001 of 156.8 million (31 March 2000 – 159.4 million).

10 FIXED ASSET INVESTMENTS

	31 March 2001 Group £'000	31 March 2001 Company £'000	31 March 2000 Group £'000	31 March 2000 Company £'000
Listed investments at market value				
Listed in UK	**21,029**	**21,029**	59,595	59,595
Listed overseas	**225,613**	**225,613**	402,383	402,383
Government securities	**150,641**	**150,641**	86,921	86,921
	397,283	**397,283**	548,899	548,899
Unlisted investments at Directors' valuation	**348,203**	**298,527**	247,788	213,444
	745,486	**695,810**	796,687	762,343

Investment movements:

Group

	Quoted £'000	Unquoted and Property £'000	Government Securities £'000	Funds and Partnerships £'000	Total £'000
Cost at 31 March 2000	344,534	165,100	87,071	51,775	648,480
Appreciation/(depreciation) at 31 March 2000	117,444	(1,451)	(150)	32,364	148,207
Valuation at 31 March 2000	461,978	163,649	86,921	84,139	796,687
Reclassifications	1,255	(1,255)	–	–	–
Additions	441,824	20,307	560,524	103,140	1,125,795
Disposals	(630,643)	(8,173)	(498,156)	(4,601)	(1,141,573)
Revaluation	(27,772)	(7,721)	1,352	(1,282)	(35,423)
Valuation at 31 March 2001	**246,642**	**166,807**	**150,641**	**181,396**	**745,486**
Cost at 31 March 2001	**231,905**	**177,703**	**149,289**	**152,922**	**711,819**
Appreciation/(depreciation) at 31 March 2001	**14,737**	**(10,896)**	**1,352**	**28,474**	**33,667**

Company

	Quoted £'000	Unquoted and Property £'000	Government Securities £'000	Funds and Partnerships £'000	Total £'000
Cost at 31 March 2000	344,534	140,391	87,071	48,570	620,566
Appreciation/(depreciation) at 31 March 2000	117,444	6,312	(150)	18,171	141,777
Valuation at 31 March 2000	461,978	146,703	86,921	66,741	762,343
Reclassifications	1,255	(1,255)	–	–	–
Additions	440,067	20,307	560,524	82,039	1,102,937
Disposals	(628,886)	(8,173)	(498,156)	(4,602)	(1,139,817)
Revaluation	(27,772)	(99)	1,352	(3,134)	(29,653)
Valuation at 31 March 2001	**246,642**	**157,483**	**150,641**	**141,044**	**695,810**
Cost at 31 March 2001	**231,905**	**152,993**	**149,289**	**128,627**	**662,814**
Appreciation/(depreciation) at 31 March 2001	**14,737**	**4,490**	**1,352**	**12,417**	**32,996**

Funds and partnerships comprise hedge funds and private equity partnerships.

10 FIXED ASSET INVESTMENTS *continued*

Since RITCP was founded in August 1988 provision has been made for diminution in value of certain investments. Provisions at 31 March 2001 include:

	Original Cost £'000	Provision £'000	31 March 2001 Net Book Value £'000	31 March 2000 Net Book Value £'000
H-G Holdings	**10,709**	**10,709**	**Nil**	6,833
Interactive Search	**1,415**	**1,415**	**Nil**	1,473
Richbell Information Services	**19,767**	**18,803**	**964**	6,433

During the year ended 31 March 2001, including the effect of currency movements, there were upward valuations of unquoted investments (including investments in distressed debt securities) totalling £5.4 million (31 March 2000 – £7.4 million) and reductions in value totalling £17.7 million (31 March 2000 – £10.3 million).

Details of investments in which the Group had an interest of 10% or more at 31 March 2001 of the nominal value of the allotted shares of any class, or of the net assets, are as follows:

	Class of Share Capital	% Held	Aggregate Capital and Reserves £'000	Profit/(Loss) after Tax £'000
Listed Investments				
Insignia Solutions	Common Stock	10.5	11,078	(4,793)
Wellington Global Research (a Luxembourg fund)	Units	14.9	88,028	(8,983)
Unlisted Investments				
Atticus International (incorporated in the British Virgin Islands)	Class A Common Shares	19.3	109,790	13,864
Cellcom	Ordinary Shares of 10p	44.8	5,127	6,993
Cherokee (incorporated in the USA)	Class A Shares	11.1	(48,576)	8,204
Cine-UK	Convertible Preferred	50.2	(5,253)	(460)
	Ordinary Shares	6.2		
FVP Offshore III (incorporated in Bermuda)	Ordinary Shares	14.1	17,681	1,209
H-G Holdings	A Ordinary Shares of $0.01	20.5	24,611	(17,594)
(incorporated in the USA)	B Ordinary Shares of $0.01	21.1		
Invicta Leisure	Ordinary Shares of £1	42.9	6,406	(2,778)
	Preference Shares of £1	99.7		
Power Measurement (incorporated in the USA)	Common Shares	33.1	18,589	395
SCI Asian Hedge Fund (formed under the laws of the Cayman Islands)	Shares	11.7	233,410	(32,258)

Unless otherwise stated, all of the above companies are incorporated in the UK.

Note: Pursuant to the acquisition of Cherokee, an equity distribution was made to its shareholders, resulting in a deficit on the reserves of the company.

10 FIXED ASSET INVESTMENTS *continued*

	% Held	Aggregate Capital and Reserves £'000	Profit/(Loss) after Tax £'000
Partnership Interests			
Blumberg Capital I	55.7	4,466	(535)
(formed under the laws of Delaware, USA)			
RR Capital Partners	17.8	36,994	6,580
(formed under the laws of New York, USA)			
SCI Asian Ventures	100.0	12,498	(494)
(formed under the laws of the British Virgin Islands)			
Tinicum Capital Partners	99.5	1,654	65
(formed under the laws of Delaware, USA)			
Tinicum Partners	26.9	57,184	7,614
(formed under the laws of New York, USA)			

In addition, the Group had a holding of 3% or more at 31 March 2001 in the following investments:

	Class of Share Capital	% Held
Listed Investments		
Caminus	Common Stock	6.1
Fuel Technology	Common Stock	5.6
Champps Entertainment	Common Stock	5.0
Dynamic Digital	Common Stock	4.3
Vertex Industries	Common Stock	3.1
Unlisted Investments		
The Economist Newspaper	Ordinary Shares of 5p	5.0

Equity Accounting

The Directors do not consider that any of the fixed asset investments fall within the definition of an associated undertaking as the Group does not exercise significant influence over their operating and financial policies.

11 INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

	£'000
Cost at 31 March 2000	42,110
Additions	20,613
Exchange movement in year	1,008
Cost at 31 March 2001	**63,731**

At 31 March 2001 the Company held investments in the following principal subsidiary undertakings which, unless otherwise stated, are wholly-owned, incorporated or registered in the UK, share the same accounting reference date as the Company and operate principally in their country of incorporation. The voting share capital, unless otherwise stated, is held directly by the Company.

11 INVESTMENTS IN SUBSIDIARY UNDERTAKINGS *continued*

Name	Issued Share Capital
Investment Holding	
Atlantic and General Investment Trust Limited	£19,999,104 divided into 19,999,104 Ordinary Shares of £1 each
RIT Capital Partners Associates Limited	£2 divided into 2 Ordinary Shares of £1 each
RITCP Guernsey Limited (incorporated in Guernsey)	US$15,000 divided into 1,500,000 Ordinary Shares of US$0.01 each
Investment Management	
J. Rothschild Capital Management Limited	£6,250,001 divided into 6,250,000 Ordinary Shares of £1 each and one Special Share of £1 held by The J. Rothschild Name Company Limited
Investment Dealing	
RIT Capital Partners Securities Limited	£200,000 divided into 200,000 Ordinary Shares of £1 each (held by a subsidiary)

The Company also held investments in other smaller subsidiary undertakings. These have not been listed above as to do so would result in excessive disclosure.

12 TANGIBLE FIXED ASSETS

	Cost £'000	Depreciation £'000	Net Book Value £'000
Plant, equipment and vehicles			
At 31 March 2000	423	(227)	196
Additions	247	–	247
Disposals	(151)	83	(68)
Charged to revenue account	–	(116)	(116)
At 31 March 2001	**519**	**260**	**259**

13 DEBTORS

	31 March 2001		31 March 2000	
	Group £'000	**Company £'000**	Group £'000	Company £'000
Debtors for securities sold	**6,141**	**5,970**	12,564	11,943
Other debtors	**1,358**	**825**	1,523	1,259
Prepayments and accrued income	**6,346**	**5,879**	3,605	3,394
Tax receivable	**–**	**2,279**	370	370
Group undertakings	**–**	**3,742**	–	16,429
	13,845	**18,695**	18,062	33,395

14 DEALING INVESTMENTS

	31 March 2001		31 March 2000	
	Group £'000	**Company £'000**	Group £'000	Company £'000
Listed investments	**–**	**–**	16,112	–
Unlisted investments	**167**	**–**	1,617	–
	167	**–**	17,729	–

15 OTHER CREDITORS AND ACCRUALS

	31 March 2001		31 March 2000	
	Group £'000	**Company £'000**	Group £'000	Company £'000
Creditors for securities purchased	**12,435**	**12,317**	10,329	9,860
Accruals and deferred income	**1,740**	**1,313**	2,423	1,956
Other creditors	**216**	**127**	105	87
Tax payable	**16**	**–**	–	–
Group undertakings	**–**	**27,536**	–	11,332
	14,407	**41,293**	12,857	23,235

16 BANK LOANS FALLING DUE AFTER MORE THAN ONE YEAR

	31 March 2001		31 March 2000	
	Group £'000	**Company £'000**	Group £'000	Company £'000
Unsecured Yen loan repayable between 1-2 years not by instalments	**–**	**–**	24,414	24,414

17 PROVISIONS FOR LIABILITIES AND CHARGES

	Group				
	31 March 2000 £'000	Additional Provision £'000	Amounts Reversed £'000	Amounts Utilised £'000	**31 March 2001 £'000**
Nature of Provision:					
Indemnity	2,000	159	–	(159)	**2,000**
Investments	3,969	874	(1,552)	–	**3,291**
Litigation	1,000	181	–	(181)	**1,000**
Property	225	–	–	–	**225**
Long-term incentive plan	2,104	–	(43)	(50)	**2,011**
	9,298	1,214	(1,595)	(390)	**8,527**

17 PROVISIONS FOR LIABILITIES AND CHARGES *continued*

	Company				
	31 March 2000 £'000	Additional Provision £'000	Amounts Reversed £'000	Amounts Utilised £'000	**31 March 2001 £'000**
Nature of Provision:					
Indemnity	2,000	159	–	(159)	**2,000**
Investments	3,969	874	(1,552)	–	**3,291**
Long-term incentive plan	2,104	–	(43)	(50)	**2,011**
	8,073	1,033	(1,595)	(209)	**7,302**

Indemnity Provision

In 1991 the Company acquired an investment in Newmont Mining and at the same time effected a disposal of its indirect interest in Cavenham Forest Industries Inc ("CFI"). As part of these arrangements the Company indemnified the purchaser of CFI against certain ongoing costs being incurred by that company. The relevant indemnified costs are expected to be incurred between 2001 and 2022 and the indemnity provision has been based on the Company's share of the projected costs.

Investment Provision

The Company owns several investments which were acquired under arrangements whereby part of the profit eventually realised on their disposal would be paid to certain third parties. The provision has been computed by reference to the carrying value of the underlying investments.

Litigation

As mentioned in note 27, litigation proceedings are in process against the Group relating to its investment in H-G Holdings Inc. A provision of £1 million has been recognised for the estimated legal costs of defending the action which are likely to be incurred over the next one or two years.

Property

The Group has a short leasehold interest in a property which is being sub-let to a third party. The net income receivable is less than the annual outgoings and, based on a professional valuation, the Group has recognised a provision of £225,000 as at 31 March 2001.

Long-term Incentive Plan

This provision represents amounts accrued under a long-term incentive arrangement structured in the form of a Share Appreciation Rights Plan ("SAR"). In accordance with the rules of the plan, certain Directors and employees are entitled to a bonus calculated by reference to a notional number of shares in the Company. The bonus amount payable would reflect the increase, since the date of grant of the relevant SARs, in the Company's share price multiplied by the notional number of shares; the provision also includes the corresponding employer's national insurance liability. The SAR can be exercised between the third and tenth anniversaries of the date of grant. The provision can be analysed by reference to the date of grant of the relevant SARs as set out below.

17 PROVISIONS FOR LIABILITIES AND CHARGES *continued*

	31 March 2001 £'000	31 March 2000 £'000
Date of grant		
1 June 1997	**528**	537
29 September 1997	**67**	108
30 March 1999	**1,411**	1,447
22 March 2000	**–**	12
22 March 2001	**5**	–
	2,011	2,104

Deferred Taxation

No provision is required for deferred taxation because of the revenue tax losses incurred by the Company and certain of its subsidiaries.

18 SHARE CAPITAL

	31 March 2001 £'000	31 March 2000 £'000
Authorised		
320 million Ordinary Shares of £1 each	**320,000**	320,000
Allotted, issued and fully paid		
156,848,167 Ordinary Shares of £1 each (31 March 2000 – 159,423,167)	**156,848**	159,423

The Company purchased 2,575,000 shares for cancellation during the year at a cost of £11 million. This amount has been charged to capital reserve.

19 CAPITAL REDEMPTION RESERVE

	31 March 2001		31 March 2000	
	Group £'000	**Company £'000**	Group £'000	Company £'000
At 31 March 2000	**30,733**	**30,733**	–	–
Movement during the year	**2,575**	**2,575**	30,733	30,733
At 31 March 2001	**33,308**	**33,308**	30,733	30,733

20 CAPITAL RESERVE

The movement on capital reserve during the year is shown below:

	31 March 2001		31 March 2000	
	Group £'000	**Company £'000**	Group £'000	Company £'000
Realised (losses)/gains on disposal of investments	**(23,979)**	**(23,856)**	63,671	63,671
Movement on revaluation of investments held at the year end	**(35,423)**	**(29,653)**	104,128	109,906
Premium on purchase of convertible stock	**–**	**–**	(1,172)	(1,172)
Currency translation of US Dollar loan notes	**–**	**–**	1,333	1,333
Taxation	**3,283**	**2,468**	1,669	1,936
Other capital items	**(3,398)**	**(2,834)**	(12,677)	(12,945)
Total capital (loss)/return	**(59,517)**	**(53,875)**	156,952	162,729
Balance at 31 March 2000	**606,671**	**604,393**	563,766	555,711
Cost of share buy-backs	**(10,968)**	**(10,968)**	(114,047)	(114,047)
Balance at 31 March 2001	**536,186**	**539,550**	606,671	604,393

The balance on capital reserve at the end of the year can be further analysed as:

	31 March 2001		31 March 2000	
	Group £'000	**Company £'000**	Group £'000	Company £'000
Realised gains/(losses)				
Listed investments	**509,448**	**499,997**	455,762	446,321
Unlisted investments	**184,968**	**188,570**	182,022	185,481
Other items	**(176,033)**	**(167,374)**	(179,604)	(169,374)
	518,383	**521,193**	458,180	462,428
Unrealised gains/(losses)				
Listed investments	**16,089**	**16,089**	117,294	117,294
Unlisted investments	**17,578**	**16,907**	30,913	24,483
Other items	**(15,864)**	**(14,639)**	284	188
	17,803	**18,357**	148,491	141,965
Balance at 31 March 2001	**536,186**	**539,550**	606,671	604,393

21 REVENUE RESERVE

	31 March 2001		31 March 2000	
	Group £'000	**Company £'000**	Group £'000	Company £'000
At 31 March 2000	**14,559**	**8,162**	5,341	6,140
Retained profit for the year	**12,058**	**1,756**	9,194	2,022
Other movements	**234**	**–**	24	–
At 31 March 2001	**26,851**	**9,918**	14,559	8,162

The Group's capital reserve includes an amount of £13.8 million which could be paid by way of a dividend to the Company and this amount would augment the distributable revenue reserves of the Company.

As permitted by Section 230 of the Companies Act 1985 the Company has not published a separate profit and loss account. The Company's profit after tax amounted to £6,558,000 (31 March 2000 – £6,635,000).

22 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	Year Ended 31 March 2001 £'000	Year Ended 31 March 2000 £'000
Revenue return	**16,860**	13,807
Dividend	**(4,802)**	(4,613)
	12,058	9,194
Total capital (losses)/gains	**(59,517)**	156,952
Share capital issued upon conversion of loan stock	**–**	8,198
Cost of share buy-backs	**(10,968)**	(114,047)
Other movements	**234**	23
Net (decrease) in/addition to shareholders' funds	**(58,193)**	60,320
Shareholders' funds at 31 March 2000	**811,386**	751,066
Shareholders' funds at 31 March 2001	**753,193**	811,386

23 RECONCILIATION OF REVENUE RETURN BEFORE FINANCE COSTS AND TAXATION TO CASH INFLOW FROM OPERATING ACTIVITIES

	Year Ended 31 March 2001 £'000	Year Ended 31 March 2000 £'000
Revenue return before finance costs and taxation	**23,282**	17,717
Decrease in other debtors	**165**	3,284
Increase in prepayments and accrued income	**(2,741)**	(577)
Decrease in accruals and deferred income	**(680)**	(675)
Increase in other creditors	**111**	40
Net decrease/(increase) in dealing assets	**6,492**	(6,668)
Other movements	**(5,937)**	(8,985)
Cash inflow from operating activities	**20,692**	4,136

24 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	Year Ended 31 March 2001 £'000	Year Ended 31 March 2000 £'000
Increase in cash in the year	**2,406**	29,520
Cash outflow/(inflow) from increase/(decrease) in liquid resources	**62,984**	(537)
Cash outflow from decrease in debt	**–**	68,755
Change in net funds resulting from cash flows	**65,390**	97,738
Currency translation of Yen loan	**1,992**	–
Non-cash movement in government securities	**736**	12,278
Premium on purchase of convertible stock	**–**	(1,172)
Convertible stock converted into ordinary shares	**–**	8,198
Currency translation of US Dollar loan notes	**–**	1,333
Movement in net funds in year	**68,118**	118,375
Net funds/(debt) at 31 March 2000	**103,755**	(14,620)
Net funds at 31 March 2001	**171,873**	103,755

25 ANALYSIS OF NET FUNDS

	31 March 2000 £'000	Cash Flow £'000	Other Non-Cash Changes £'000	**31 March 2001 £'000**
Net cash				
Cash at bank and in hand	43,151	511	–	**43,662**
Bank loans and overdrafts	(1,903)	1,895	(22,422)	**(22,430)**
	41,248	2,406	(22,422)	**21,232**
Liquid resources				
Government securities	86,921	62,984	736	**150,641**
Debt				
Yen loan	(24,414)	–	24,414	**–**
Net funds	103,755	65,390	2,728	**171,873**

26 DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

An explanation of the Group's objectives, policies and strategies for the role of derivatives and other financial instruments in creating and changing the risks of the Group in its activities can be found on pages 23 and 24. With the exception of the analysis of currency exposures, the disclosures below exclude short-term debtors and creditors.

26 DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS *continued*

Currency exposures

A significant proportion of the Group's net assets is denominated in currencies other than Sterling. The currency exposures of the Group's net monetary assets, including investments, at the year end are shown below:

Currency	**31 March 2001 £'000**	31 March 2000 £'000
US Dollar	**160,089**	263,120
Euro	**72,675**	99,933
Canadian Dollar	**14,607**	4,582
Swiss Franc	**8,934**	12,063
Swedish Kroner	**6,789**	29,250
Hong Kong Dollar	**4,433**	7,517
Norwegian Kroner	**3,495**	3,058
Other	**4,524**	45,828
	275,546	465,351

The amounts shown above take into account the effect of forward currency contracts and other derivatives entered into to manage the currency exposures. At 31 March 2001 the Group has a financial liability of £7,337,000 (31 March 2000 – £2,350,000) which relates to amounts due on forward currency contracts, with a settlement date of 20 June 2001.

Interest rate risk profile of financial assets

The interest rate profile of the financial assets of the Group at the year end are shown below:

	31 March 2001			
Currency	**Floating Rate Financial Assets £'000**	**Fixed Rate Financial Assets £'000**	**Other Financial Assets £'000**	**Total £'000**
US Dollar	**12,075**	**1,874**	**352,140**	**366,089**
Sterling	**38,709**	**124,217**	**119,085**	**282,011**
Euro	**(2,327)**	**37,386**	**38,643**	**73,702**
Japanese Yen	**–**	**–**	**21,763**	**21,763**
Canadian Dollar	**–**	**–**	**14,675**	**14,675**
Swedish Kroner	**(4,338)**	**–**	**11,161**	**6,823**
Swiss Franc	**(855)**	**–**	**9,957**	**9,102**
Norwegian Kroner	**(459)**	**–**	**4,369**	**3,910**
Other	**857**	**–**	**10,216**	**11,073**
	43,662	**163,477**	**582,009**	**789,148**

The floating rate financial assets comprise short-term deposits and current accounts. The negative balances arise due to banking arrangements whereby currency overdrafts are offset against a Sterling deposit.

The US Dollar fixed rate financial assets comprise debentures which earn interest at 4¾% per annum until 1 February 2009.

26 DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS *continued*

The Sterling denominated fixed rate financial assets include £113.2 million of UK Treasury Stock which earns interest at 7% per annum until 6 November 2001. They also include £5.5 million of discounted subordinated bonds which earn interest at 10% per annum. One third of the bonds are due for redemption on 31 March 2003, one half on 31 March 2004 with the balance being redeemed on 31 March 2005. The balance of the Sterling denominated fixed rate financial assets of £5.5 million is a mezzanine loan which earns interest at 13% per annum. The loan is repayable in December 2007.

The Euro-denominated fixed rate financial assets are German Government Bonds which earn interest at 4¾% per annum until 20 November 2001.

Other financial assets comprise equity shares, other instruments and property which neither pay interest nor have a maturity date.

	31 March 2000			
Currency	**Floating Rate Financial Assets £'000**	**Fixed Rate Financial Assets £'000**	**Other Financial Assets £'000**	**Total £'000**
US Dollar	18,921	–	319,223	338,144
Sterling	33,118	95,034	150,621	278,773
Euro	(3,155)	–	103,310	100,155
Japanese Yen	4	–	51,651	51,655
Swedish Kroner	(4,012)	–	33,105	29,093
Swiss Franc	(2,906)	–	15,153	12,247
Korean Won	–	–	13,660	13,660
Other	1,181	1,054	13,876	16,111
	43,151	96,088	700,599	839,838

The floating rate financial assets comprised short-term deposits and current accounts. The negative balances arose due to a banking arrangement whereby currency overdrafts were offset against a Sterling deposit.

The Sterling denominated fixed rate financial assets included £86.9 million of UK Treasury Stock which earned interest at 8% per annum until 7 December 2000. They also included £5.5 million of discounted subordinated bonds which earned interest at 10% per annum. One third of the bonds were due for redemption on 31 March 2003, one half on 31 March 2004 with the balance being redeemed on 31 March 2005. The balance of the Sterling denominated fixed rate financial assets of £2.6 million was a mezzanine loan which earned interest at 13% per annum. The loan is repayable in December 2007.

Other fixed rate financial assets comprised a Canadian Dollar loan which earned interest at 8% per annum.

Interest rate risk profile of financial liabilities

The Group has a Japanese Yen loan with a Sterling value of £22.4 million at 31 March 2001 (31 March 2000 – £24.4 million). The loan is repayable in February 2002 and interest is charged on the loan at 1% per annum.

Fair values of financial assets and financial liabilities

All of the financial assets of the Group are held at fair value, on the same basis as at 31 March 2000. It has been assumed that the fair values of the financial liabilities at the year end are approximately the same as the book values due to their short maturities.

27 CONTINGENCIES, GUARANTEES AND FINANCIAL COMMITMENTS

Contingencies, guarantees and financial commitments which have not been provided for are as follows:

	31 March 2001		31 March 2000	
	Group £'000	**Company £'000**	Group £'000	Company £'000
Commitments to provide additional funds to investees	**98,560**	**98,560**	73,727	73,727
Guarantees and letters of comfort to third parties	**1,948**	**1,948**	–	–
	100,508	**100,508**	73,727	73,727

In November 1997 proceedings were issued in the New York Courts against a total of ten defendants, including the Company, by Richbell Information Services Inc. ("RIS") and certain connected entities. The proceedings relate to the Company's investment in H-G Holdings Inc. and a loan made to RIS by the Company's wholly-owned subsidiary, Atlantic and General Investment Trust Limited. The claim against all of the defendants is for approximately US$240 million as compensation for RIS being deprived of certain shareholders' rights.

Based upon legal advice received, the Directors are of the view that these proceedings are without merit and are taking steps to have the proceedings dismissed at an early stage, failing which they will vigorously defend the same. Accordingly, the Directors believe that these proceedings will not have a material effect on the financial position of the Company.

28 PENSION COMMITMENTS

J. Rothschild Capital Management Limited has pension commitments in respect of its participation in the RITCP Scheme (as described on page 21). The Scheme has two parts: a defined benefit section which is closed to new members and money purchase arrangements which have been set up for Lord Rothschild. The last actuarial valuation of the RITCP Scheme was carried out as at 1 January 1999 and the report was produced using the projected unit method of funding using the following assumptions:

	Annual Compound Rate
Investment return	6.5%
Salary increases	3.5%
Price inflation	2.0%
Pension increases	4.0%

This report showed assets valued at £8,261,000 with a surplus of £738,000 over past service liabilities. Following the recommendation of the report, the trustees adopted a funding rate of 34% of pensionable salaries with effect from 1 April 1999. The funding rate in respect of the money purchase arrangements was 20% of pensionable salary.

Including amounts paid in respect of personal pension schemes, the total contributions made during the year were £0.5 million (31 March 2000 – £0.4 million).

29 RELATED PARTY TRANSACTIONS

Advantage has been taken of the exemption in Financial Reporting Standard 8 "Related Parties" not to disclose any transactions or balances between group entities that have been eliminated on consolidation. Other related party transactions are disclosed on pages 22 and 23 of the Directors' Report.

Historic Information

	Diluted Net Assets £'000	Diluted Net Assets per Share p	Mid-market Share Price p	Discount %	Total Return per Share p	Dividend per Share p
2 August 1988	280,522	105.9	81.5	23.0	n/a	n/a
31 March 1989	344,356	134.2	114.0	15.1	29.3	1.65
31 March 1990	333,996	131.0	97.0	26.0	(2.5)	2.64
31 March 1991	317,985	131.7	92.0	30.1	0.7	2.44
31 March 1992	305,502	140.7	85.2	39.4	6.6	1.15
31 March 1993	385,884	181.1	117.0	35.4	40.5	1.15
31 March 1994	468,567	221.6	171.0	22.8	41.5	1.51
31 March 1995	450,170	213.4	174.0	18.5	(8.1)	1.58
31 March 1996	560,752	283.2	223.0	21.3	63.3	1.65
31 March 1997	586,066	303.5	242.5	20.1	17.2	1.82
31 March 1998	737,487	384.1	327.0	14.9	81.5	2.00
31 March 1999	759,674	398.6	341.0	14.5	14.6	2.20
31 March 2000	811,386	509.0	439.0	13.8	100.2	3.10
31 March 2001	**753,193**	**480.2**	**436.5**	**9.1**	**(27.1)**	**3.10**

Notes:

1. Diluted net assets were arrived at on the assumption that all convertible stock was converted at the balance sheet date. They include any unrealised dealing gains (net of attributable taxation).
2. The total return per share is the fully diluted return per share, based on the total returns after tax and the weighted average fully diluted number of ordinary shares in issue during each period. Where the fully diluted return per share exceeded the undiluted return per share the latter figure has been shown in accordance with standard accounting practice.
3. The Company commenced its business as an approved investment trust on 3 August 1988, following the listing of its share capital on the London Stock Exchange.

Shareholder Information

ANALYSIS OF ORDINARY SHAREHOLDERS

As at 31 March 2001 the Company's ordinary share capital was held as follows:

	Holders	%	Shares held	%
ANALYSIS BY CATEGORY				
Individuals	9,919	76.06	22,041,664	14.05
Insurance Companies	76	0.58	11,916,361	7.60
Banks and Nominees	2,043	15.66	108,949,307	69.46
Investment Trusts	70	0.54	4,313,630	2.75
Pension Funds	7	0.05	238,946	0.15
Other Corporate Bodies	927	7.11	9,388,259	5.99
Totals	**13,042**	**100.00**	**156,848,167**	**100.00**

	Holders	%	Shares held	%
ANALYSIS BY NUMBER OF SHARES				
1 – 499	2,978	22.83	723,865	0.46
500 – 999	2,320	17.79	1,707,460	1.09
1,000 – 1,999	3,065	23.50	4,333,993	2.76
2,000 – 2,999	1,609	12.34	3,833,503	2.45
3,000 – 3,999	833	6.39	2,817,359	1.80
4,000 – 4,999	548	4.20	2,389,692	1.52
5,000 – 9,999	918	7.04	6,165,467	3.93
10,000 – 24,999	445	3.41	6,560,049	4.18
25,000 – 49,999	117	0.90	4,014,656	2.56
50,000 – 99,999	82	0.63	5,785,171	3.69
100,000 and above	127	0.97	118,516,952	75.56
Totals	**13,042**	**100.00**	**156,848,167**	**100.00**

FINANCIAL CALENDAR

Announcement of final results for the year ended 31 March 2001	10 May 2001
Annual General Meeting	5 July 2001
Payment of dividend on Ordinary Shares Final dividend of 3.1 pence	6 July 2001 to shareholders on the register at 8 June 2001

Annual General Meeting

NOTICE OF MEETING

Notice is hereby given that the Annual General Meeting of RIT Capital Partners plc will be held at The Royal Automobile Club, 89 Pall Mall, London SW1Y 5HS on Thursday 5 July 2001 at 11.00 a.m. Gentlemen attending are requested to wear a jacket and tie in order to comply with the rules of The Royal Automobile Club. The Meeting will be held for the following purposes:

ORDINARY BUSINESS

Resolution 1

To receive the Directors' Report and Accounts for the year ended 31 March 2001.

Resolution 2

To declare a final dividend.

Resolution 3

To re-elect as Directors the following:

(i) Charles Bailey

(ii) Jean Pigozzi

(iii) Lord Rothschild

Resolution 4

To re-appoint PricewaterhouseCoopers as the auditors of the Company.

Resolution 5

To authorise the Directors to determine the remuneration of the auditors.

Resolution 6

THAT Article 78 of the Articles of Association in respect of the aggregate remuneration of those Directors who are not remunerated under Article 77, be amended by the substitution of the amount of £100,000 with the amount of £200,000.

SPECIAL BUSINESS

As special business, to consider and, if thought fit, pass the following resolutions which will be proposed as Special Resolutions:

Resolution 7

THAT the authority conferred upon the Directors by Article 11(A) of the Company's Articles of Association (authority to allot, and to make offers or agreements to allot, relevant securities) be hereby extended for the period ending on whichever is the earlier of the date of the Company's Annual General Meeting in 2002 and 30 September 2002; AND THAT such authority shall for that period relate to relevant securities up to an aggregate nominal amount of £52,282,722 (or such nominal amount that represents less than a third of the issued equity share capital at the date of the Meeting, whichever is less).

Resolution 8

THAT the power conferred upon the Directors by Article 11(B) of the Company's Articles of Association (power to allot, or make offers or agreements to allot, equity securities as if Section 89(1) of the Companies Act 1985 did not apply to such allotment) be hereby renewed for the period ending on whichever is the earlier of the date of the Company's Annual General Meeting in 2002 and 30 September 2002.

Resolution 9

THAT the Company be authorised to purchase up to an aggregate of 23,511,540 ordinary shares of £1 each of the Company (or such a number of ordinary shares as represents 14.99% of the Company's issued capital at the date of the Meeting, whichever is less) at a price (exclusive of expenses) which is:

(a) not less than £1 per share; and

(b) not more than 5% above the arithmetical average of the middle-market quotations (as derived from the Daily Official List of the London Stock Exchange) for the five business days preceding any such purchase;

AND THAT the authority conferred by this Resolution shall expire on 30 September 2002 (except in relation to the purchase of shares the contract for which was concluded before such date and which might be executed wholly or partly after such date).

By order of the Board
J. Rothschild Capital Management Limited
Secretary

27 St James's Place
London SW1A 1NR — 25 May 2001

NOTES

Any member entitled to attend and vote at the meeting may appoint one or more proxies to attend and, on a poll, to vote instead of him. A proxy need not be a member of the Company. Appointment of a proxy will not preclude a member from attending the meeting and voting in person. A proxy card is enclosed.

Copies of the Company's Memorandum and Articles of Association will be available for inspection at the registered office of the Company and at the offices of Linklaters, One Silk Street, London EC2Y 8HQ during normal business hours on any weekday (Saturdays and Bank Holidays excepted) until 5 July 2001 and at the place of the meeting from 10.45 a.m. until its conclusion.

Advisers

SECRETARY AND REGISTERED OFFICE
J. Rothschild Capital Management Limited
(a wholly-owned subsidiary of RITCP)
27 St James's Place
London SW1A 1NR

INVESTMENT MANAGER
J. Rothschild Capital Management Limited
27 St James's Place
London SW1A 1NR

AUDITORS
PricewaterhouseCoopers
Southwark Towers
32 London Bridge Street
London SE1 9SY

SOLICITORS
Linklaters
One Silk Street
London EC2Y 8HQ

REGISTRARS AND TRANSFER OFFICE
Computershare Services plc
Registrar's Department
P.O. Box 82
The Pavilions
Bridgwater Road
Bristol BS99 7NH
Telephone: 0870 702 0001

SAVINGS SCHEME ADMINISTRATOR
The Bank of New York Europe Limited
12 Blenheim Place
Edinburgh EHY 5ZR
Telephone: 0131 525 9819

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