
RIT Capital Partners plc

Interim Report 30 September 2003

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RIT Capital Partners plc

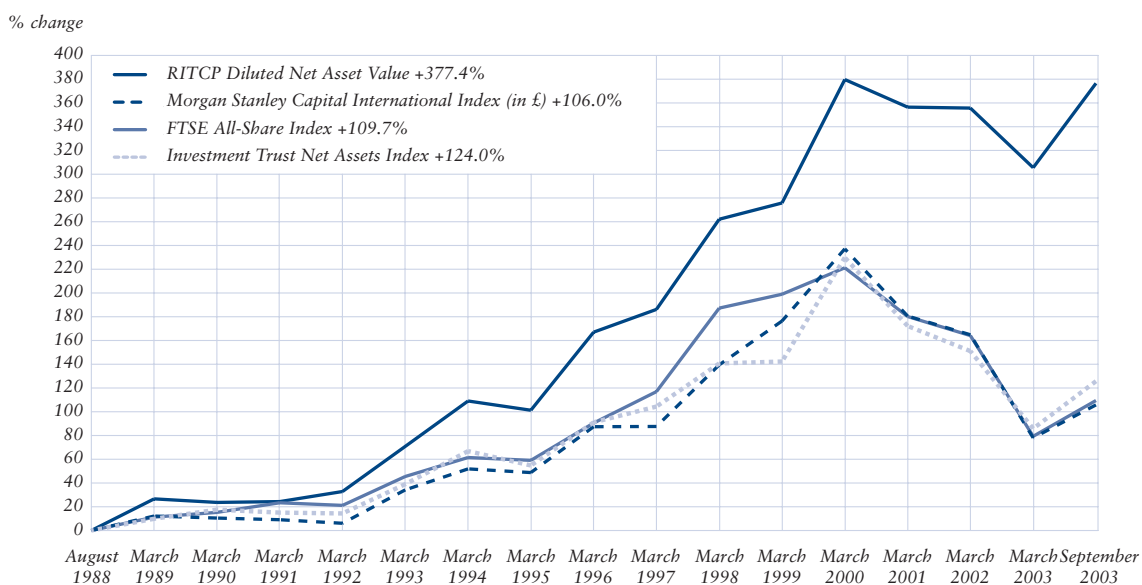
RIT Capital Partners plc (“RITCP”) aims to deliver long-term capital growth for its shareholders, allocating its resources internationally over a range of asset classes.

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

The Company’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.

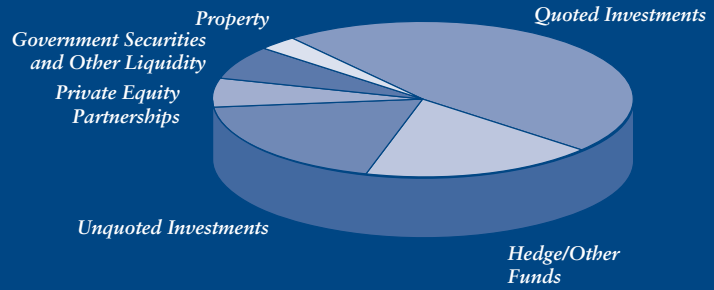
The Company aims, over time, to deliver for its shareholders increases in capital value in excess of the relevant indices. Since its inception in 1988, RITCP has significantly outperformed these indices, as can be seen from the graph below.

RITCP LONG-TERM PERFORMANCE AGAINST MAJOR INDICES

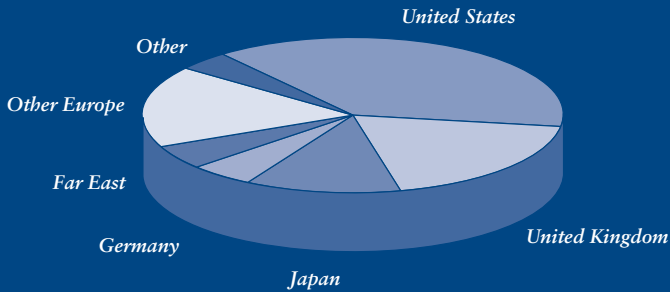


Portfolio Analysis and Currency Exposure

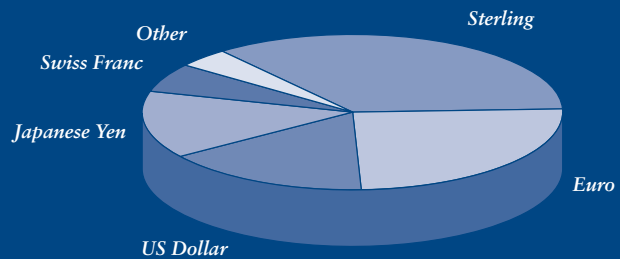
PORTFOLIO ANALYSIS BY ASSET CATEGORY



GEOGRAPHICAL PORTFOLIO ANALYSIS



CURRENCY EXPOSURE



PORTFOLIO ANALYSIS BY ASSET CATEGORY

	% of Portfolio at 30 September 2003	£m Valuation at 30 September 2003	% of Portfolio at 31 March 2003	£m Valuation at 31 March 2003
Quoted Investments	47	418	40	272
Hedge/Other Funds	18	161	15	104
Unquoted Investments	19	170	18	119
Private Equity Partnerships	6	54	7	49
Government Securities and Other Liquidity	7	64	17	117
Property	3	23	3	23
Total	100	890	100	684

GEOGRAPHICAL PORTFOLIO ANALYSIS

	% of Portfolio at 30 September 2003	£m Valuation at 30 September 2003	% of Portfolio at 31 March 2003	£m Valuation at 31 March 2003
United States	38	339	42	286
United Kingdom	19	168	23	155
Japan	12	105	6	38
Germany	5	49	12	81
Far East	5	42	1	6
Other Europe	17	149	12	85
Other	4	38	4	33
Total	100	890	100	684

CURRENCY EXPOSURE

	% of Net assets at 30 September 2003	% of Net assets at 31 March 2003
Sterling	35	56
Euro	25	30
US Dollar	16	2
Japanese Yen	14	3
Swiss Franc	6	7
Other	4	2
Total	100	100

Chairman's Statement

During the half year to 30 September, your Company's net asset value per share increased by 17.5%, from 430.2p to 505.6p. Over the same period, the Morgan Stanley Capital International Index (in Sterling), the FTSE All-Share Index and the Investment Trust Net Assets Index rose by 15.6%, 16.8% and 20.9% respectively.

During the difficult market conditions of the previous three years, we outperformed these indices by some margin, as a result of the liquidity we maintained during this period and the diversified nature of the portfolio, particularly into asset classes which are less directly correlated to stock markets. Since the beginning of the year, we have increased our stock market exposure significantly, particularly in the Far East and, as a result, shareholders have participated in the recent rise in stock markets.

The increase in net asset value was attributable largely to the performance of the "quoted investments" section of the portfolio, which contributed £92 million towards the total increase in value of £118 million generated for shareholders over the period. A significant element of the portfolio – some 25% – is held in unquoted investments where values are likely to mature over a longer cycle.

RITCP's net asset value per share at 20 October was 523.2p – an increase of 21.6% since 31 March.

INVESTMENT PORTFOLIO

During the period under review, we were presented with a relatively brief opportunity to benefit from historically low interest rates. In July, we borrowed US\$150 million at a rate of

3.93% fixed for five years, thereby increasing the resources available to your Company at a reasonable cost. We believe that this will allow shareholders to benefit from the increased opportunities available at this stage in the economic cycle.

During the half year we increased the market exposure of the portfolio, particularly to Japan and other Far Eastern markets, with a corresponding reduction in our liquidity. We have realigned our currency exposure, continuing to hedge against the majority of our US\$ exposure, while seeking to diversify the currency profile of the portfolio. This has contributed to the positive returns achieved. The asset allocation and currency exposure are set out more fully on pages 2 and 3.

We aim to identify investment managers with outstanding expertise in different asset classes or geographical areas. Shareholders should be aware that some £295 million, or more than two thirds of the quoted portfolio of £418 million, is managed by fourteen external managers. The spread of investments made by each manager contributes significantly to the underlying diversity of the portfolio.

At 30 September, £418 million, or 47% of the portfolio, was held directly in quoted investments, compared with 40% at 31 March. A further £161 million, or 18% of the portfolio was held in funds (including hedge funds) which invest mainly in quoted securities. Taking these two categories together, some 65% of the portfolio was invested in quoted or other marketable securities, compared with 55% at 31 March. The total amount invested in this area has increased by some £200 million during the period under review.

The chart and table on pages 2 and 3 also show 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 £224 million, or 25% of the portfolio, was invested in this sector: £170 million, or 19%, by our own management and £54 million, or 6%, through our investments in limited partnerships managed by third parties. The amounts invested in this area have increased by some £36 million as a result of new investments made by our own management during the six month period.

RESULTS

The increase in your Company's net assets over the six months to 30 September amounted to £118 million, of which £112 million was attributable to capital and £6 million to revenue.

In line with our established policy, RITCP will not be paying an interim dividend.



Rothschild

22 October 2003

Investment Portfolio

AT 30 SEPTEMBER 2003

Investment Holdings	Country	Description	Value of Investment £m
QUOTED INVESTMENTS			
Royal Dutch Petroleum	Netherlands	Oil & Gas	20.4
Lukoil	Russia	Oil & Gas	17.2
Getty Images	USA	Stock Photography	11.8
Holsten Brewery	Germany	Brewing	11.3
Mizuho Financial	Japan	Banking	10.5
Venture Production	UK	Oil & Gas	9.3
New Skies Satellites	Netherlands	Satellite Operator	8.2
SPS Technologies	USA	Precision Fasteners	7.2
St Joe	USA	Property Development	5.9
Mitsubishi Tokyo Finance	Japan	Banking	5.5
Pulte Homes	USA	Construction	5.2
Price Communications	USA	Cellular Telephone Systems	4.5
KB Home	USA	Housebuilding	3.9
Autostrade	Italy	Road Toll Operator	3.6
AWG	UK	Utility Services	3.6
Colt Telecom	UK	Telecommunications	3.4
Fuel Technology	USA	Air Pollution Technology	3.3
Citigroup	USA	Financial Services	3.2
Centex	USA	Housebuilding	3.0
Parmalat	Italy	Food Manufacturing	3.0
457 Other Quoted Investments			273.9
Total Quoted Investments			417.9

HEDGE/OTHER FUNDS

Wellington Global Research	Global	Global Quoted Equities	23.4
iShares MSCI Japan Index Fund	Japan	Japanese Index Fund	22.0
Atticus International	USA	Merger Arbitrage	19.9
Tinicum Partners	USA	Arbitrage and Distressed Securities	18.1
Glenview Capital Partners	USA	Hedge Fund	10.7
Sloane Robinson Vista Emerging Markets Fund	Global	Emerging Markets	9.0
JF Pacific Securities Trust	Asia	Asia/Pacific Region Unit Trust	9.0
SCI Asian Hedge	Asia	Asian Hedge Fund	8.6
Cycladic Catalyst	Europe	European Equities	8.0
Narragansett Offshore	USA	Hedge Fund	6.5
Epoch Overseas	USA	Hedge Fund	4.7
New Century Holdings	Russia	Russian Securities	4.5
OCM Emerging Markets	Global	Emerging Markets	4.1
7 Other Hedge/Other Funds			12.8
Total Hedge/Other Funds			161.3

Investment Holdings	Country	Description	Value of Investment £m
UNQUOTED INVESTMENTS			
Shinsei Bank	Japan	Banking	33.8
Power Measurement	Canada	Power Measurement Devices	14.9
Cine-UK	UK	Multiplex Cinemas	14.0
Esporta Group	UK	Health, Racquet & Fitness Clubs	13.9
The Economist Newspaper	UK	Publishing	12.5
Robin Hood Holdings	Global	Generic pharmaceuticals	12.0
United National Group	USA	Casualty Insurance	11.4
PayPoint	UK	Electronic Payment Systems	7.5
Xantrex Technology	USA	Power Supply Equipment	6.6
Orthoworld	UK	Orthodontic Practices	5.5
Coats Group	UK	Thread/Textiles	5.5
Gazprom Financial Notes	Russia	Gas	5.1
Seminis	USA	Seed Producer	4.8
Star Technology	UK	Internet Service Provider	4.8
50 Other Unquoted Investments			17.2
Total Unquoted Investments			169.5
PRIVATE EQUITY PARTNERSHIPS			
Matlin Patterson Global Opportunities	USA	Distressed Securities	6.5
RR Capital Partners	USA	Unquoted Property Related Investments	5.4
SCI Asian Ventures	Asia	Unquoted Asian Investments	5.1
Sandler Capital Partners V	USA	Unquoted Telecommunications	4.5
Blumberg Capital I	USA	Unquoted Information Technology	3.3
Fox Paine Capital	USA	Leveraged buy-outs	3.3
Tinicum Capital Partners	USA	Unquoted and Quoted Investments	3.1
Bain Capital VII	USA	Leveraged buy-outs	2.2
26 Other Private Equity Partnerships			20.8
Total Private Equity Partnerships			54.2
GOVERNMENT SECURITIES AND OTHER LIQUIDITY			
Bundesrepublik 4¼% 2004	Germany	Government Stock	24.9
Treasury 6½% 2003	UK	Government Stock	13.1
Treasury 5% 2004	UK	Government Stock	10.1
Dreyfus Universal Liquidity Fund	USA	Money Market Fund	7.7
Hamilton Fund	Ireland	Money Market Fund	5.0
Charles Schwab Worldwide Fund	USA	Money Market Fund	2.6
Total Government Securities and Other Liquidity			63.4
PROPERTY			
Spencer House and other properties in St James's Place, London			23.3
Total Investments			889.6

Consolidated Statement of Total Return

For the six months ended 30 September 2003	Revenue £'000	Capital £'000	Total £'000
Gains on investments	—	107,143	107,143
Dealing profits	3,438	—	3,438
Investment income:			
Dividends and interest	10,055	—	10,055
Income from investment properties	491	—	491
Other income	238	—	238
Administrative expenses	(3,302)	—	(3,302)
Investment management fees	(1,720)	(962)	(2,682)
Other capital items	—	6,943	6,943
Net return before finance costs and taxation	9,200	113,124	122,324
Interest payable and similar charges	(790)	—	(790)
Return on ordinary activities before taxation	8,410	113,124	121,534
Taxation on ordinary activities	(2,587)	(961)	(3,548)
Return on ordinary activities after taxation attributable to equity shareholders	5,823	112,163	117,986
Transfer to reserves	5,823	112,163	117,986
Return per ordinary share	3.7p	71.5p	75.2p

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

The accompanying notes are an integral part of this statement.

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

No operations were acquired or discontinued in the period.

Consolidated Statement of Total Return

For the six months ended 30 September 2002	Revenue £'000	Capital £'000	Total £'000
Losses on investments	—	(121,720)	(121,720)
Dealing profits	165	—	165
Investment income:			
Dividends and interest	7,876	—	7,876
Income from investment properties	443	—	443
Other income	160	—	160
Administrative expenses	(3,101)	—	(3,101)
Investment management fees	(1,665)	3	(1,662)
Other capital items	—	26,942	26,942
Net return/(loss) before finance costs and taxation	3,878	(94,775)	(90,897)
Interest payable and similar charges	(103)	—	(103)
Return/(loss) on ordinary activities before taxation	3,775	(94,775)	(91,000)
Taxation on ordinary activities	(1,137)	1,583	446
Return/(loss) on ordinary activities after taxation attributable to equity shareholders	2,638	(93,192)	(90,554)
Transfer to/(from) reserves	2,638	(93,192)	(90,554)
Return/(loss) per ordinary share	1.7p	(59.4)p	(57.7)p

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

The accompanying notes are an integral part of this statement.

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

No operations were acquired or discontinued in the period.

Consolidated Balance Sheet

	30 September 2003 £'000	31 March 2003 £'000	30 September 2002 £'000
Fixed assets			
Investments	889,593	684,472	638,915
Tangible fixed assets	270	151	202
	889,863	684,623	639,117
Current assets			
Debtors	24,365	17,968	38,003
Dealing investments	2,263	—	—
Cash at bank	23,029	11,249	20,986
	49,657	29,217	58,989
Creditors: amounts falling due within one year			
Creditors and accruals	(23,224)	(4,577)	(3,054)
Proposed dividend	—	(4,862)	—
Bank loan and overdrafts	(24,373)	(23,420)	(2)
	(47,597)	(32,859)	(3,056)
Net current assets/(liabilities)	2,060	(3,642)	55,933
Total assets less current liabilities	891,923	680,981	695,050
Creditors: amounts falling due after more than one year			
Bank loan	(90,173)	—	(20,866)
Provisions for liabilities and charges	(8,709)	(6,276)	(6,430)
	793,041	674,705	667,754
Capital and reserves			
Called up share capital	156,848	156,848	156,848
Capital redemption reserve	33,308	33,308	33,308
Capital reserve – realised	581,606	554,625	530,855
Capital reserve – unrealised	(9,663)	(94,845)	(80,852)
Revenue reserve	30,894	24,769	27,595
Total shareholders' funds	792,993	674,705	667,754
Equity minority interests	48	—	—
Capital employed	793,041	674,705	667,754
Net asset value per ordinary share	505.6p	430.2p	425.7p

Consolidated Cash Flow Statement

	Period ended 30 September 2003 £'000	Year ended 31 March 2003 £'000	Period ended 30 September 2002 £'000
Cash inflow/(outflow) from operating activities	19,975	30,152	(1,389)
Servicing of finance			
Bank and loan interest paid	(89)	(171)	(109)
Net cash outflow from servicing of finance	(89)	(171)	(109)
Taxation			
UK tax paid	—	(75)	(82)
UK tax received	1,229	—	—
Overseas tax paid	(582)	(458)	(528)
Net cash inflow/(outflow) from taxation	647	(533)	(610)
Financial investment			
Purchase of investments	(264,480)	(355,406)	(192,847)
Sale of investments	120,192	308,243	197,740
Net cash (outflow)/inflow from financial investment	(144,288)	(47,163)	4,893
Capital expenditure			
Purchase of fixed assets	(218)	(49)	(49)
Sale of fixed assets	53	6	6
Net cash outflow from capital expenditure	(165)	(43)	(43)
Equity dividends paid	(4,862)	(4,862)	(4,862)
Net cash outflow before management of liquid resources and financing	(128,782)	(22,620)	(2,120)
Management of liquid resources			
Purchase of government securities	(133,125)	(216,978)	(77,986)
Sale of government securities	182,728	228,812	81,162
Net cash inflow from management of liquid resources	49,603	11,834	3,176
Financing			
Increase in term loan	90,168	—	—
Minority interests	48	—	—
Net cash inflow from financing	90,216	—	—
Increase/(decrease) in cash in the period	11,037	(10,786)	1,056

Notes to the Accounts

1 ACCOUNTING POLICIES

The accounting policies used by the Group in the preparation of this interim report are consistent with those applied in preparing statutory accounts for the year ended 31 March 2003.

2 MOVEMENTS IN FIXED ASSET INVESTMENTS

	Quoted £'000	Unquoted and property £'000	Funds and partnerships £'000	Government securities £'000	Total £'000
At 31 March 2003	271,533	142,639	152,970	117,330	684,472
Reclassifications	(5,751)	5,751	—	—	—
Additions	179,972	35,715	56,376	132,619	404,682
Disposals	(103,333)	(2)	(2,102)	(186,447)	(291,884)
Revaluation	75,476	8,675	8,313	(141)	92,323
At 30 September 2003	417,897	192,778	215,557	63,361	889,593

3 MOVEMENTS IN RESERVES

	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000
At 31 March 2003	33,308	459,780	24,769
Profit for the period	—	—	5,823
Capital return for the period	—	112,163	—
Other movements	—	—	302
At 30 September 2003	33,308	571,943	30,894

4 LITIGATION

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 ("AGIT"). The claim against all of the defendants was for approximately US\$240 million. On 15 March 2002 the New York Court dismissed the proceedings in their entirety at their initial stage for failure to state a claim upon which relief could be granted. On 1 April 2002 the plaintiffs filed an appeal against that dismissal. On 23 September 2003 the New York Appellate Court affirmed the dismissal of the proceedings as to thirty causes of action included in the claim and as to AGIT. The New York Appellate Court reinstated three of the causes of action as to seven of the defendants, including the Company, and referred the matter back to the New York Court for further proceedings with respect to those three causes of action.

Based upon legal advice received, the Directors do not believe that the proceedings will have a material effect on the financial position of the Company.

5 STATUTORY ACCOUNTS

The financial information in this publication is unaudited and does not constitute statutory accounts. The statutory accounts for the year ended 31 March 2003 have been delivered to the Registrar of Companies in England and Wales and the report of the auditors on those accounts was unqualified.

Directors and Advisers

DIRECTORS

The Lord Rothschild (Chairman)

Charles Bailey

Timothy Barakett

Mikael Breuer-Weil

Duncan Budge

Andrew Knight

Baron Lambert

Jean Pigozzi

Michael Sofaer

SECRETARY AND

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SAVINGS SCHEME ADMINISTRATOR

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FOR INFORMATION

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