
RIT Capital Partners plc

Interim Report 30 September 2004

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RIT Capital Partners plc

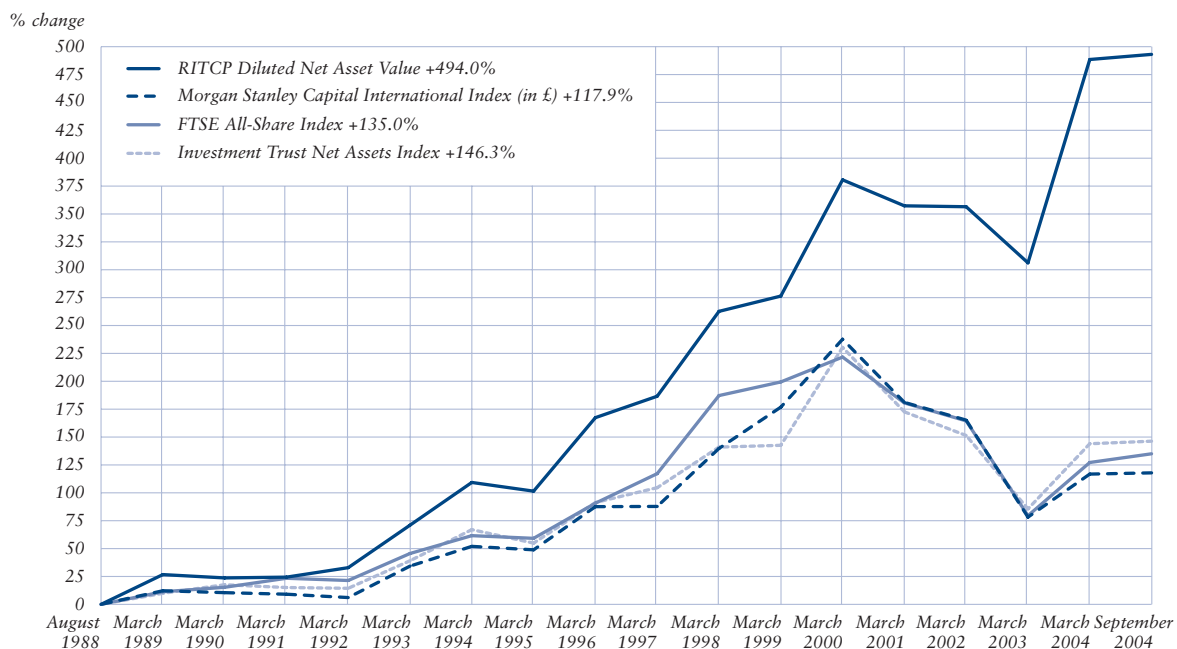
RIT Capital Partners plc (“RITCP”) aims to deliver long-term capital growth for its shareholders, allocating its resources internationally over a range of asset classes.

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.

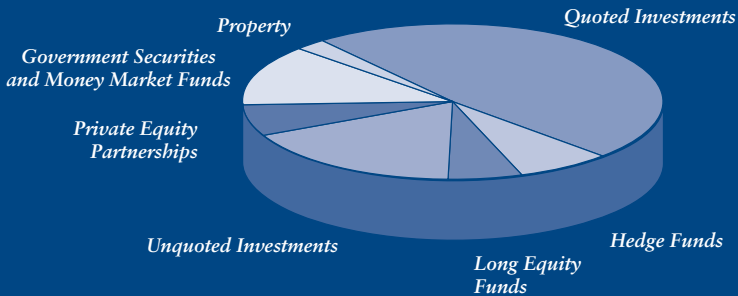
The Company aims, over time, to deliver for its shareholders increases in capital value in excess of the relevant indices. Since its inception in 1988, RITCP has significantly outperformed these indices, as can be seen from the graph below.

RITCP LONG-TERM PERFORMANCE AGAINST MAJOR INDICES

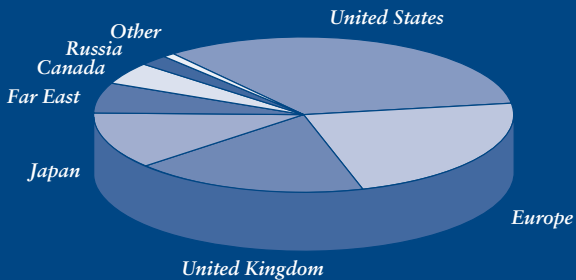


Portfolio Analysis and Currency Exposure

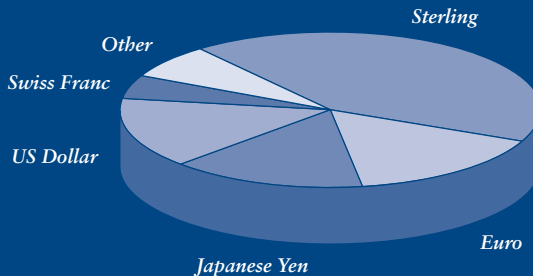
PORTFOLIO ANALYSIS BY ASSET CATEGORY



PORTFOLIO ANALYSIS BY COUNTRY



CURRENCY EXPOSURE



PORTFOLIO ANALYSIS BY ASSET CATEGORY

	% of Portfolio at 30 September 2004	£m Valuation at 30 September 2004	% of Portfolio at 31 March 2004	£m Valuation at 31 March 2004
Quoted Investments	48.0	466.2	50.8	497.2
Hedge Funds	7.3	70.4	9.9	96.2
Long Equity Funds	5.7	55.7	4.8	47.1
Unquoted Investments	17.5	169.3	21.6	211.8
Private Equity Partnerships	6.5	62.6	5.7	55.8
Government Securities and Money Market Funds	12.6	122.6	4.8	47.4
Property	2.4	23.5	2.4	23.3
Investment Portfolio	100.0	970.3	100.0	978.8
Net Cash Balances		74.9		90.3
Other Net Assets/(Liabilities)		32.8		(0.1)
Long-term Bank Loan and Provisions		(95.6)		(91.5)
Total Net Assets		982.4		977.5

PORTFOLIO ANALYSIS BY COUNTRY

	% of Portfolio at 30 September 2004	£m Valuation at 30 September 2004	% of Portfolio at 31 March 2004	£m Valuation at 31 March 2004
United States	33.4	324.1	36.1	352.9
Europe	22.8	221.0	15.4	150.2
United Kingdom	18.0	175.1	19.6	191.5
Japan	11.8	114.8	13.0	127.7
Far East	6.3	61.3	6.6	65.0
Canada	4.6	44.3	5.0	48.9
Russia	2.2	21.3	3.3	32.3
Other	0.9	8.4	1.0	10.3
Total	100.0	970.3	100.0	978.8

CURRENCY EXPOSURE

	% of Net assets at 30 September 2004	% of Net assets at 31 March 2004
Sterling	42.3	40.2
Euro	15.9	10.0
Japanese Yen	15.1	18.0
US Dollar	14.7	19.8
Swiss Franc	4.9	5.1
Other	7.1	6.9
Total	100.0	100.0

Chairman's Statement

In difficult market conditions, your Company's net asset value per share increased marginally, by 0.9%, from 623.2p to 629.0p, over the half year from 31 March to 30 September. During 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 0.5%, 3.4% and 0.9% respectively.

RITCP's net asset value per share at 8 November, the latest available date, was 647.0p – an increase of 3.8% since 31 March.

These results follow the strong performance delivered during the year to 31 March, during which the net asset value increased by 45.6%, an amount of £308 million. The successful flotation of Shinsei Bank accounted for £77.7 million or 11.5% of that increase. In the period under review, there has been a decrease of £16.1 million in the market value of this holding, representing 1.6% of your Company's asset value. We continue to classify the holding as an unquoted investment, as it is held via a limited partnership structure, and to apply a 10% discount to reflect its illiquidity.

QUOTED PORTFOLIO

In my Chairman's Statement in the Annual Report, I drew attention to a number of economic and fiscal developments which had clouded the outlook for markets and led us to reduce our investment exposure. At 30 September, some £123 million, or 13% of the portfolio, was invested in government securities and money market funds, compared with 5% at 31 March. In addition, we had cash and other liquid assets of some £91 million as a balance against our US\$150 million loan.

At 30 September, £466 million, or 48% of the portfolio, was held directly in quoted investments, compared with 51% at 31 March. A further £126 million, or 13% of the portfolio, was held in hedge and long equity funds which invest mainly in quoted securities.

Taking these two categories together, some 61% of the portfolio was invested in quoted or other marketable securities, compared with 66% at 31 March.

The asset allocation and currency exposure are set out more fully on pages 2 and 3. We had already hedged a significant part of our US Dollar exposure, which stood at 14.7% at 30 September. Since then, because of continuing concern about the US Dollar, we have reduced our net exposure to 0.5% at 8 November.

UNQUOTED PORTFOLIO

The chart and table on pages 2 and 3 show our exposure to unquoted investments. In total, your Company's unquoted investments were valued at some £232 million, or 24% of the portfolio. Of this, £169 million, or 18%, represents investments made directly by management and £63 million, or 6%, represents investments in limited partnerships managed by third parties.

During the period under review, there have been a number of significant liquidity events within this part of the portfolio. We sold Cine-UK, a leading multiplex cinema company in which we were founder shareholders, realising 3.4 times our original cost. Paypoint, an electronic payments systems business, and Blueheath, a web-based grocery wholesale business, were successfully floated.

SHARE BUY-BACK

In August, we bought back for cancellation 670,000 shares at 545p per share, at a total cost of £3.7 million. This is the first time for four years that we have made use of the share repurchase facility. The share price at 8 November was 659p.

APPOINTMENT OF DIRECTORS

I was pleased to announce in July and August the appointments of James Leigh-Pemberton, currently Head of European Investment Banking at Credit Suisse First Boston and Michael Marks, Chairman of NewSmith Capital Partners and previously Chairman of Merrill Lynch Europe, Middle East and Africa, as independent non-executive Directors. My son, Nathaniel, had acted as alternate to Tim Barakett since March 2000. Tim will now serve as alternate for Nathaniel, thereby reversing the positions which they previously occupied.

I would like to express my gratitude to Tim Barakett and also to Jean Pigozzi for their contribution to your Company. Jean retired from the Board in September, having served as a Director since 1988.



Rothschild

11 November 2004

Investment Portfolio

AT 30 SEPTEMBER 2004

Investment Holdings	Country	Description	Value of Investment £m
QUOTED INVESTMENTS			
Getty Images	USA	Stock Photography	17.1
PayPoint	UK	Electronic Payment Systems	16.4
Canadian Energy ETF	Canada	Energy Exchange Traded Fund	12.2
Venture Production	UK	Oil and Gas	10.0
Price Communications	USA	Cellular Telephone Systems	9.8
Blueheath Holdings	UK	Web-based Grocery Wholesaler	9.7
British Sky Broadcasting	UK	Television Broadcaster	9.6
Xantrex Technology	Canada	Power Supply Equipment	8.6
Novatel Wireless	USA	Wireless Equipment	7.0
Gazprom	Russia	Gas	6.9
Altadis	Spain	Tobacco Products	6.0
Merrill Lynch World Mining Trust	UK	Metals and Mining	6.0
Guinness Peat Group	UK	Investment Holding Company	5.8
AK Steel Holding	USA	Steel	5.3
Autostrade	Italy	Road Toll Operator	5.1
Pulte Homes	USA	Construction	5.1
AWG	UK	Utility Services	4.7
KB Home	USA	Housebuilding	4.5
Techtronic Industries	Hong Kong	Power Tools and Electrical Products	4.1
France Telecom	France	Telecommunications	3.9
502 Other Quoted Investments			308.4
Total Quoted Investments			466.2
HEDGE FUNDS			
Atticus International	USA	Merger Arbitrage	18.0
Cycladic Catalyst	Europe	European Equities	12.4
Tinicum Partners	USA	Arbitrage and Distressed Securities	11.5
Sofaer Capital Asian Hedge	Asia	Asian Securities	9.6
OCM Emerging Markets	Global	Emerging Markets	6.7
4 Other Hedge Funds			12.2
Total Hedge Funds			70.4
LONG EQUITY FUNDS			
Sloane Robinson Vista Emerging Markets	Global	Emerging Markets	10.8
Atlantis Japan Opportunities	Japan	Japanese Equities	8.2
Sloane Robinson Vista Japan	Japan	Japanese Equities	7.6
Atlantis Asian Opportunities	Asia	Asian Equities	5.7
JF Pacific Securities	Asia	Asia/Pacific Region Securities	5.6
HSBC India	India	Indian Equities	5.3
New Century Holdings	Russia	Russian Securities	5.2
3 Other Long Equity Funds			7.3
Total Long Equity Funds			55.7

Investment Holdings	Country	Description	Value of Investment £m
UNQUOTED INVESTMENTS			
Shinsei Bank	Japan	Banking	59.8
Robin Hood Holdings	Global	Generic pharmaceuticals	16.2
The Economist Newspaper	UK	Publishing	14.3
Power Measurement	Canada	Power Measurement Devices	13.6
Esporta Group	UK	Health, Racquet and Fitness Clubs	12.7
Gazprom Financial Notes	Russia	Gas	9.2
Messagelabs Group	UK	E-mail Security Services	8.2
United National Group	USA	Casualty Insurance	8.0
Seminis	USA	Seed Producer	4.4
Fortress Investors	Germany	Residential Property	4.2
Eclipse Scientific	UK	Laboratory Analytical Services	4.0
36 Other Unquoted Investments			14.7
Total Unquoted Investments			169.3
PRIVATE EQUITY PARTNERSHIPS			
Sandler Capital V	USA	Unquoted Telecommunications	6.2
RR Capital Partners	USA	Unquoted Investments	5.5
Blumberg Capital I	USA	Unquoted Information Technology	5.2
SCI Asian Ventures	Asia	Unquoted Asian Investments	4.3
Matlin Patterson Global Opportunities	USA	Distressed Securities	3.8
Fox Paine Capital	USA	Leveraged buy-outs	3.6
Tinicum Capital Partners	USA	Unquoted and Quoted Investments	3.4
Bain Capital VII	USA	Leveraged buy-outs	2.9
32 Other Private Equity Partnerships			27.7
Total Private Equity Partnerships			62.6
GOVERNMENT SECURITIES AND MONEY MARKET FUNDS			
Bundesrepublik 4¼% 2005	Germany	Government Stock	72.6
Bundesrepublik 4¼% 2004	Germany	Government Stock	14.8
Hamilton Fund	Ireland	Money Market Fund	10.1
Treasury 6¾% 2004	UK	Government Stock	8.5
US Treasury 2004	USA	Government Stock	7.7
Dreyfus Universal Liquidity Fund	USA	Money Market Fund	4.5
Treasury 8½% 2005	UK	Government Stock	2.6
Charles Schwab Worldwide Fund	USA	Money Market Fund	1.8
Total Government Securities and Money Market Funds			122.6
PROPERTY			
Spencer House and other properties in St James's Place, London			23.5
Total Investments			970.3

Consolidated Statement of Total Return

For the six months ended 30 September 2004	Revenue £'000	Capital £'000	Total £'000
Gains on investments	—	14,950	14,950
Dealing losses	(7,623)	—	(7,623)
Investment income:			
Dividends and interest	11,209	—	11,209
Income from investment properties	532	—	532
Other income	214	—	214
Administrative expenses	(3,361)	—	(3,361)
Investment management fees	(2,194)	(442)	(2,636)
Other capital items	—	(4,935)	(4,935)
Net (loss)/return before finance costs and taxation	(1,223)	9,573	8,350
Interest payable and similar charges	(1,688)	—	(1,688)
(Loss)/return on ordinary activities before taxation	(2,911)	9,573	6,662
Taxation on ordinary activities	(1,012)	2,876	1,864
(Loss)/return on ordinary activities after taxation attributable to equity shareholders	(3,923)	12,449	8,526
Transfer (from)/to reserves	(3,923)	12,449	8,526
(Loss)/return per ordinary share	(2.5p)	7.9p	5.4p

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.

Statement of Total Recognised Gains and Losses

For the six months ended 30 September 2004	£'000
Return on ordinary activities after taxation	8,526
Exchange movements arising on consolidation	29
Total recognised gains and losses	8,555

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

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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.

Statement of Total Recognised Gains and Losses

For the six months ended 30 September 2003	£'000
Return on ordinary activities after taxation	117,986
Exchange movements arising on consolidation	302
Total recognised gains and losses	118,288

Consolidated Balance Sheet

	30 September 2004 £'000	31 March 2004 £'000	30 September 2003 £'000
Fixed assets			
Investments	970,263	978,819	889,593
Tangible fixed assets	220	239	270
	970,483	979,058	889,863
Current assets			
Debtors	55,894	30,150	24,365
Dealing investments	5,161	2,400	2,263
Cash at bank	76,860	92,193	23,029
	137,915	124,743	49,657
Creditors: amounts falling due within one year			
Securities sold short	(7,800)	(6,080)	—
Creditors and accruals	(20,610)	(21,905)	(23,224)
Proposed dividend	—	(4,862)	—
Bank loan and overdrafts	(1,953)	(1,880)	(24,373)
	(30,363)	(34,727)	(47,597)
Net current assets	107,552	90,016	2,060
Total assets less current liabilities	1,078,035	1,069,074	891,923
Creditors: amounts falling due after more than one year			
Bank loan	(82,804)	(81,516)	(90,173)
Provisions for liabilities and charges	(12,838)	(10,045)	(8,709)
	982,393	977,513	793,041
Capital and reserves			
Called up share capital	156,178	156,848	156,848
Capital redemption reserve	33,978	33,308	33,308
Capital reserve – realised	681,371	622,869	581,606
Capital reserve – unrealised	97,678	147,407	(9,663)
Revenue reserve	13,144	17,038	30,894
Equity shareholders' funds	982,349	977,470	792,993
Equity minority interests	44	43	48
Capital employed	982,393	977,513	793,041
Net asset value per ordinary share	629.0p	623.2p	505.6p

Consolidated Cash Flow Statement

	Period ended 30 September 2004 £'000	Year ended 31 March 2004 £'000	Period ended 30 September 2003 £'000
Cash (outflow)/inflow from operating activities	(845)	19,412	19,975
Servicing of finance			
Bank and loan interest paid	(1,687)	(2,546)	(89)
Net cash outflow from servicing of finance	(1,687)	(2,546)	(89)
Taxation			
UK tax received	—	1,613	1,229
Overseas tax paid	(835)	(993)	(582)
Net cash (outflow)/inflow from taxation	(835)	620	647
Financial investment			
Purchase of investments	(217,493)	(495,927)	(264,480)
Sale of investments	289,300	439,563	120,192
Net cash inflow/(outflow) from financial investment	71,807	(56,364)	(144,288)
Capital expenditure			
Purchase of fixed assets	(34)	(240)	(218)
Sale of fixed assets	13	53	53
Net cash outflow from capital expenditure	(21)	(187)	(165)
Equity dividends paid	(4,862)	(4,862)	(4,862)
Net cash inflow/(outflow) before management of liquid resources and financing	63,557	(43,927)	(128,782)
Management of liquid resources			
Purchase of government securities	(249,844)	(225,510)	(133,125)
Sale of government securities	174,557	290,378	182,728
Net cash (outflow)/inflow from management of liquid resources	(75,287)	64,868	49,603
Financing			
Buy-back of ordinary shares	(3,676)	—	—
Increase in term loan	—	81,500	90,168
Minority interests	—	43	48
Net cash (outflow)/inflow from financing	(3,676)	81,543	90,216
(Decrease)/increase in cash in the period	(15,406)	102,484	11,037

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 2004.

2 MOVEMENTS IN FIXED ASSET INVESTMENTS

	Quoted £'000	Unquoted and property £'000	Funds and partnerships £'000	Other securities £'000	Total £'000
At 31 March 2004	497,222	235,121	199,054	47,422	978,819
Reclassifications	20,597	(20,597)	—	—	—
Additions	172,371	15,546	26,688	249,844	464,449
Disposals	(249,129)	(21,297)	(36,853)	(175,295)	(482,574)
Revaluation	25,124	(15,978)	(216)	639	9,569
At 30 September 2004	466,185	192,795	188,673	122,610	970,263

3 MOVEMENTS IN RESERVES

	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000
At 31 March 2004	33,308	770,276	17,038
Loss for the period	—	—	(3,923)
Capital return for the period	—	12,449	—
Share buy-backs	670	(3,676)	—
Exchange movements arising on consolidation	—	—	29
At 30 September 2004	33,978	779,049	13,144

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 2004 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
Mikael Breuer-Weil
Duncan Budge
Andrew Knight
Baron Lambert
James Leigh-Pemberton
Michael Marks
Nathaniel Rothschild
Michael Sofaer

SECRETARY AND REGISTERED OFFICE

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FOR INFORMATION

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