CORPORATE OBJECTIVE

to deliver long-term capital growth, while preserving shareholders' capital;

to invest without the constraints of a formal benchmark, but to deliver for shareholders increases in capital value in excess of the relevant indices over time.

INVESTMENT POLICY

to invest in a widely diversified, international portfolio across a range of asset classes, both quoted and unquoted;

to allocate part of the portfolio to exceptional managers in order to ensure access to the best external talent available.

Further information relating to the Company's investment policies, including asset allocation, risk diversification and gearing, are contained in the Directors' Report on pages 21 and 22.

RIT CAPITAL PARTNERS PLC

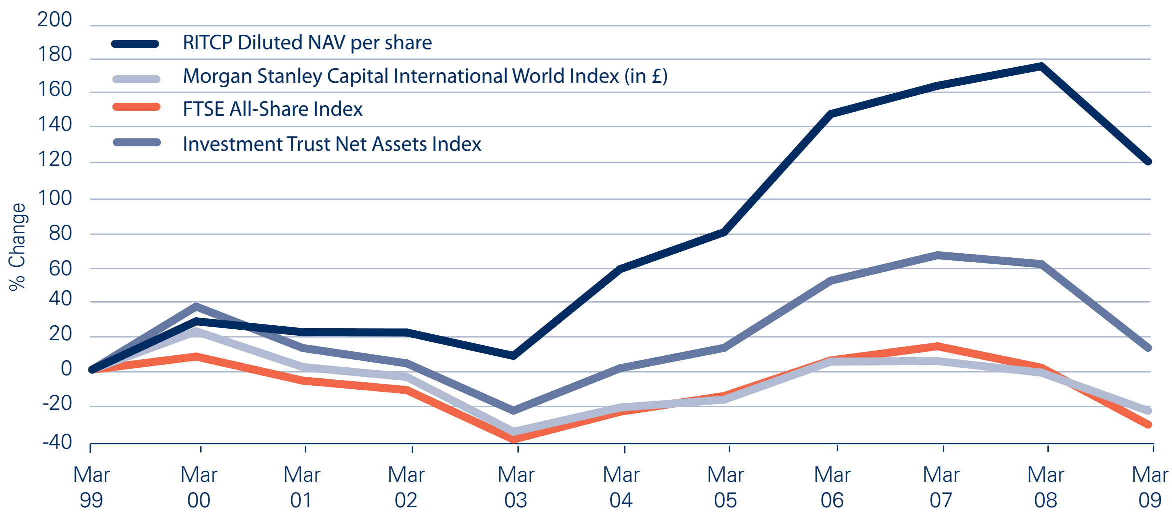
FINANCIAL HIGHLIGHTS

	31 March 2009	31 March 2008	Change
Total Net Assets (£ million)	1,350.5	1,690.0	(20.1)%
Net Asset Value per Share	874.3p	1,091.6p	(19.9)%
Share Price	831.0p	1,147.0p	(27.6)%
(Discount)/premium	(5.0)%	5.1%	

PERFORMANCE

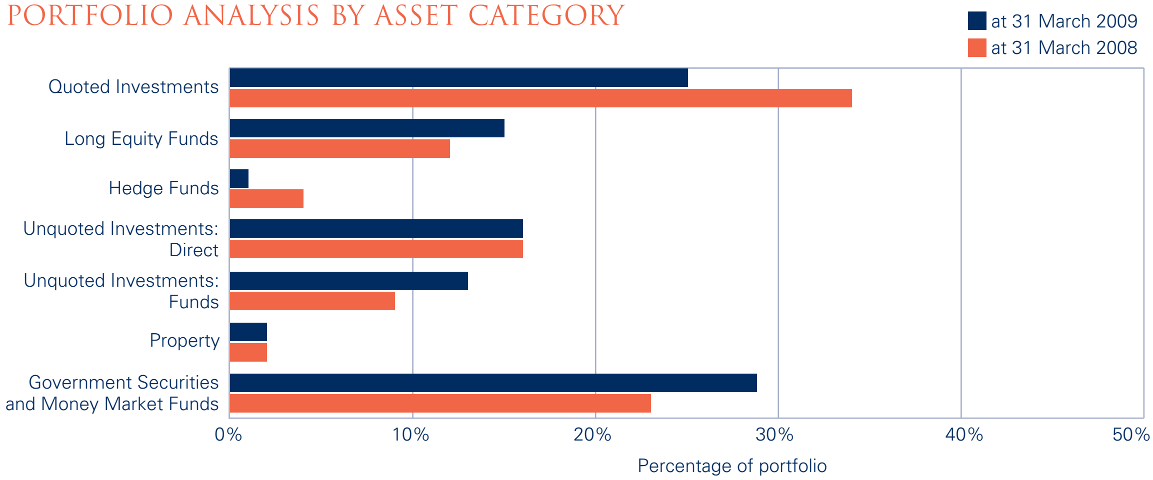
	1 Year	5 Years	10 Years
RIT Capital Partners plc (Net Asset Value per Share)	(19.9)%	39.2%	119.3%
Morgan Stanley Capital International World Index (in £)	(22.3)%	(2.5)%	(23.6)%
FTSE All-Share Index	(32.2)%	(9.7)%	(31.5)%
Investment Trust Net Assets Index	(30.0)%	11.5%	12.4%

PERFORMANCE AGAINST RELEVANT INDICES OVER 10 YEARS

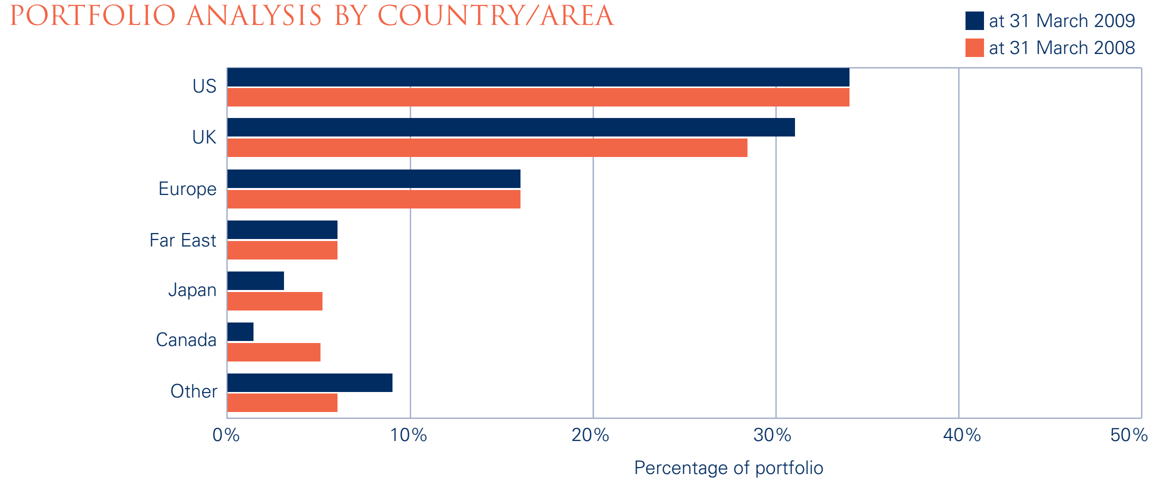


PORTFOLIO ANALYSIS AND CURRENCY EXPOSURE

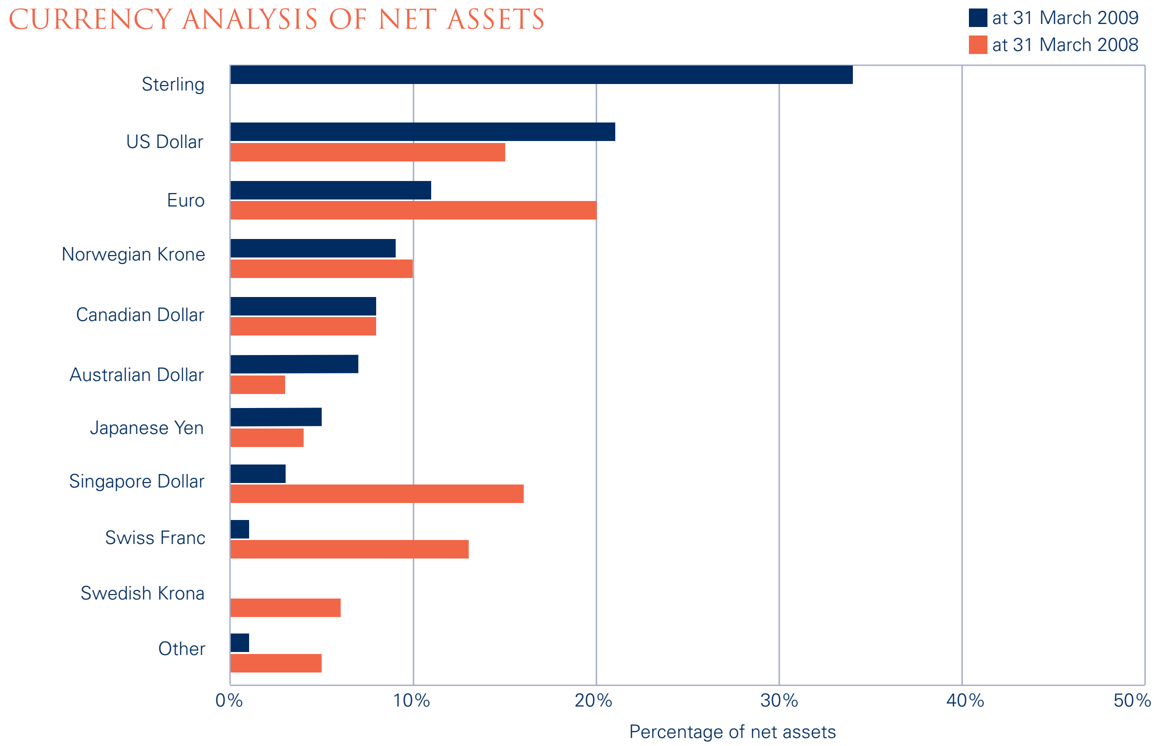
PORTFOLIO ANALYSIS BY ASSET CATEGORY



PORTFOLIO ANALYSIS BY COUNTRY/AREA



CURRENCY ANALYSIS OF NET ASSETS



CHAIRMAN'S STATEMENT

Lord Rothschild
Chairman

In last year's Annual Report, I outlined the actions that we had taken to adjust our investment positioning to reflect our increasing concerns about the economic and investment outlook. These included a reduction in public market exposure (after adjusting for hedges) from 76% to 37% of our net asset value over the course of that year and a significant hedge of our Sterling exposure.

We now know that a combination of excess debt, complacency about risk and a number of policy errors resulted in market dislocations equal to the worst of the past century.

Having produced strong increases in net asset value since the prior market lows in 2003, we were concerned to preserve performance in the face of the risks that I have mentioned. Although your Company was defensively positioned for the year under review, its net asset value decreased by 19.9% from 1,091.6p to 874.3p. Over the same period, the Morgan Stanley Capital International World Index (in Sterling), the FTSE All-Share Index and the Investment Trust Net Assets Index decreased by 22.3%, 32.2% and 30.0% respectively. Your Company's 5 and 10 year returns are 39.2% and 119.3% in comparison with the MSCI World Index (in Sterling), which declined over these periods by -2.5% and -23.6% respectively.

It is disappointing to have to report a reduction in our NAV, albeit major markets over the period endured losses of between 30% to 40% in local currency terms. While the changes in investment exposure and currency positioning mentioned above were of clear benefit, public market exposure (after adjusting for market hedges) accounted for nearly two thirds of the reduction in value over the year. Most of this was attributable to our external managers, including some of the previously most successful ones.

Just over a tenth of the reduction was attributable to our unquoted holdings. These holdings, however, benefited from currency movements, as the majority are denominated in currencies other than Sterling.

There were few refuges from the unprecedented destruction of wealth we witnessed last autumn. However, lower prices obviously bring opportunities to invest at levels not seen for many years. Yet it remains the case that many of the major structural problems in the world economy and the financial system have yet to be resolved.

At a time when returns on cash are negligible and when many other asset classes have limited appeal, investment in public equities has become more compelling and, indeed, the effect of government policy has encouraged investors. The stock market rally of the past few months reflects investors' confidence being restored by the massive interventions carried out by governments to generate economic recovery. We have, however, been warned recently by the Governor of the Bank of England that the UK faces "a slow and protracted recovery". In the USA the Federal Reserve has shown, by its actions, that it will do whatever is deemed necessary to combat deflationary forces. The longer-term consequences, however, of huge increases in government debt, of bailing out banks with taxpayers' money, of saving "white elephant" corporations and of quantitative easing on a large scale, are without precedent and surely dangerous. As these reflationary measures fight deflation we can expect heightened volatility together with some economic recovery. However, this may well be followed by a period of renewed difficulty as the basic problems of Western debt and over-consumption, which have led to such extreme imbalances with the Far East, remain to be tackled.

Beyond the current phase lie clear risks of increased inflation. Indeed, many of our more recent investments have been made to position the portfolio for this likelihood. These include a "short" position in US 10 year government bonds, Japanese government bonds and UK gilts amounting in total to £416 million on 22 May 2009, as we expect long term interest rates to rise. We have also taken a £100 million "long" position in a basket of commodities.

As markets have fluctuated over the past few months, we have remained cautiously, rather than fully, invested in stock markets, although we have increased our exposure to listed equities from 37% at 31 March 2009 to 60% at 22 May 2009. Since your Company's year end, the net asset value per share has increased by 4.6%, from 874.3p to 914.4p at that date, sharing to some extent in the market upturn during this period.

ASSET ALLOCATION

We set out below our asset allocation within the investment portfolio at the period end:

	% of Portfolio at 31 March 2009	% of Portfolio at 31 March 2008
Quoted investments	25.0	34.4
Long equity funds	15.3	11.5
Hedge funds	0.7	4.2
Unquoted investments:		
Direct	15.9	15.8
Funds	12.6	9.0
Investment property	1.7	1.7
Government securities and money market funds	28.8	23.4
	100.0	**100.0**

The investment portfolio excludes cash, borrowings and other assets and liabilities. A more detailed analysis of your Company's portfolio and currency exposure can be found on page 3.

UNQUOTED INVESTMENTS

Direct

Valuing illiquid assets in the current environment has become a contentious subject for holders of such assets who are required to value them on a regular basis. We have made every effort to review these valuations and to reflect prevailing conditions. As a result, while we have made gains over the year and benefited from favourable currency translation, these have both been offset by the reduction in valuations. Further information on this section of the portfolio appears on page 13.

In November 2008 we sold our holding in MessageLabs, an email security business, for £28.2 million, or 5.9 times the cost of the investment originally made in 1999. At the interim stage we also increased the valuation of our investment in Robin Hood Holdings, the generic pharmaceuticals company, to reflect the continued strong progress of the underlying business. This holding remains our largest single investment, valued at £94.2 million at 31 March, compared with £45.5 million at the start of the year. Part of this increase was due to the strengthening of the US Dollar against Sterling.

RIT has experienced attractive and, in some cases, exceptional returns from investing in unquoted transactions over the years. As long-term investors, we believe that we should continue to invest in such transactions, realising that it is at times of severe dislocation that the best opportunities often emerge.

Funds

We have £203.9 million invested in a diversified portfolio of externally managed unquoted funds including venture capital, property, energy and distressed debt. Exposure to large buy-out funds amounts to only 1% of the portfolio. Detailed information on the underlying funds in this section of the portfolio appears on page 16.

CHAIRMAN'S STATEMENT

Of our total undrawn commitments of £220 million to such funds, the single largest undrawn commitment, of £40 million, is to Darwin Private Equity, which we were instrumental in creating in 2006. They have made one investment, representing about 15% of Darwin's capital of £217 million. They are therefore well placed to take advantage of current conditions. The second-largest undrawn commitment, of £39 million, is to Xander, the successful Indian investment company specialising in real estate and infrastructure projects, where we were a founder partner and investor. During the course of the year Xander raised a fund of $485 million, none of which has been invested so far. Assets under management amount to $1.7 billion, the company has no debt and the majority of its funds are available for future opportunities.

We have reviewed valuations to reflect prevailing conditions and to take account of the March valuations which a large majority of our managers have provided. We have adjusted the remaining December valuations to reflect subsequent movements in the relevant stock market indices.

CURRENCIES

Sterling declined during the course of last year and we had negligible exposure to the currency at the start of the period under review. This view on Sterling was at the time justified. We have, however, recently become more concerned about the prospects for the US Dollar and have accordingly hedged a large part of our Dollar exposure. Against this we have significantly increased our exposure to Sterling.

We have also re-established our exposure to the Australian and Canadian Dollars and Norwegian Krone, which stand to benefit from a reflationary trend and a recovery in commodity prices from their sharp falls in 2008.

In an environment where government policy may further undermine confidence in currencies, exposure to gold too has been increased and now amounts to some 5% of RIT's net asset value.

BORROWINGS

Our US$150 million fixed rate loan was repaid in July and replaced with a revolving credit facility for the same amount, which remains undrawn.

In addition to this, we have a £150 million multi-currency loan repayable in May 2010 (and extendable for one year) and a €150 million loan repayable in 2012. At the year end, the Sterling equivalent of these two committed and drawn facilities was £369 million.

Against these borrowings we have government securities, money market funds and cash resources of £565 million.

DIVIDEND

We are proposing to pay a dividend of 7.5p per share on 29 July 2009 to shareholders on the register at 19 June 2009. The increase over the previous year's dividend of 4.0p reflects exceptional dividend income from our portfolio investments, in particular Harbourmaster, in the current year. However, shareholders should be aware that this level of dividend might not be sustainable in future years. The focus of your Company remains one of achieving capital growth rather than increases in income.

BOARD

I referred in my Statement at the interim stage to a number of changes to your Board and in particular to the appointment of Sandra Robertson and Ian Wace. Sandra became Chief Investment Officer of Oxford University Endowment Management in 2007, having spent the previous fourteen years at Wellcome Trust, where she became the co-Head of Portfolio Management. She has also agreed to serve on the Board's Valuations Committee. Ian is the co-founder of the hedge fund, Marshall Wace, and was previously Global Head of Equity and Derivative Trading at Deutsche Morgan Grenfell.

Charles Bailey will be retiring as Chairman of the Audit Committee, with effect from the 30 June 2009, and John Cornish has agreed to take up this position. John is well-qualified for this role, having headed the investment trust team at Deloitte for a number of years. On behalf of shareholders, I would like to thank Charles for his exceptional contribution over the years in chairing this Committee and we are delighted that he will continue as a Director of your Company.

Rothschild

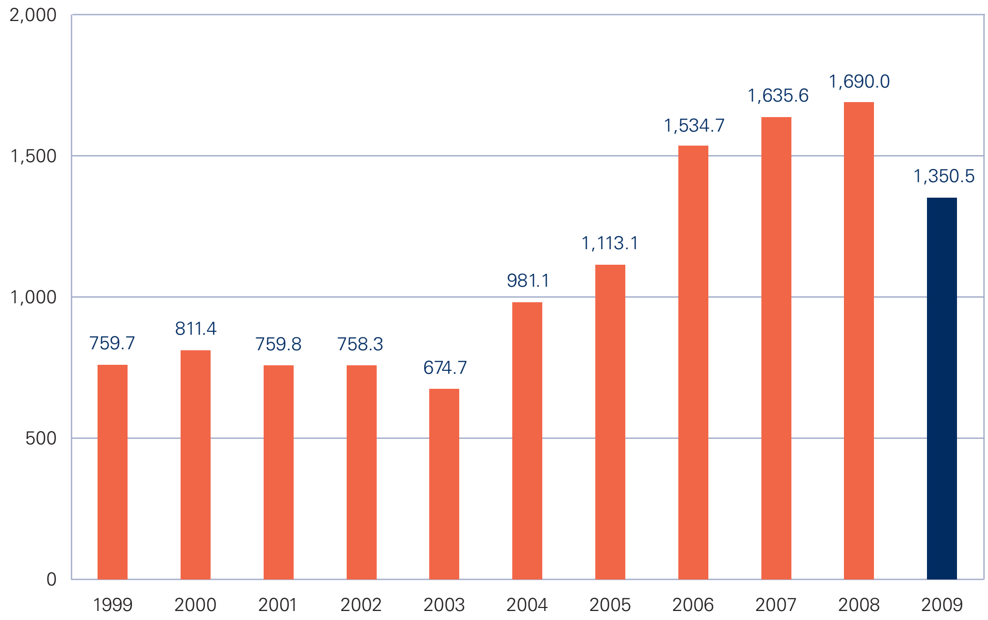
Rothschild
3 June 2009

INVESTMENT REVIEW

NET ASSET VALUE HISTORY

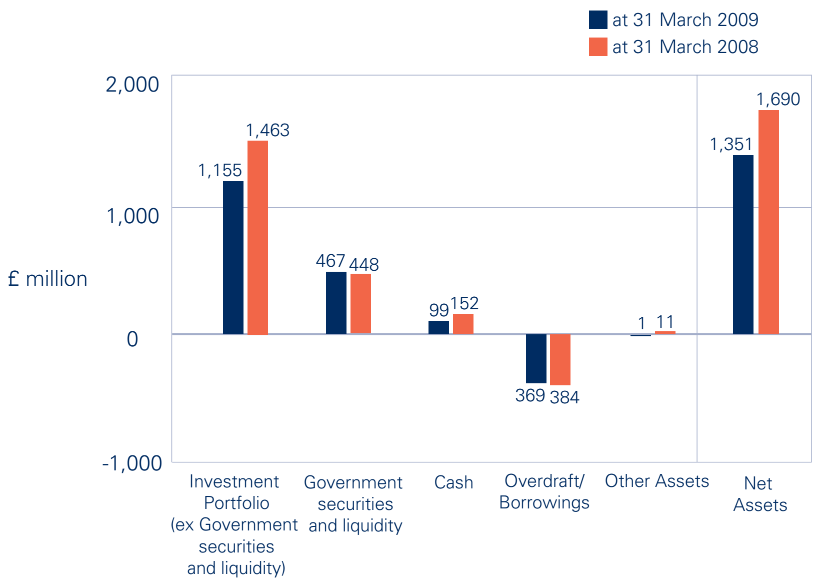
Over the last ten years the net asset value has increased by 77.8% representing an annualised increase of 5.9%. Over the same period the net asset value per share has increased by 119.3%, an annualised increase of 8.2%.

Net Asset Value (£ million)



COMPOSITION OF NET ASSET VALUE

Details of the composition of the net asset value as at 31 March 2009 and 31 March 2008 are shown below:



MOVEMENT IN NET ASSET VALUE

The Group's net asset value as at 31 March 2009 was £1,350.5 million (31 March 2008: £1,690.0 million). This represents a decrease of £339.5 million which is analysed below:

Year ended 31 March 2009	£ million	£ million	Pence per share	Pence per share
Quoted investments	(155.4)		(100.3)	
Hedge funds	1.0		0.6	
Long equity funds	(93.1)		(60.1)	
Unquoted investments: Direct	(23.9)		(15.4)	
Unquoted investments: Funds	(14.2)		(9.2)	
Property	(2.9)		(1.9)	
Government securities and money market funds	17.6		11.4	
Investment Portfolio		(270.9)		(174.9)
Currency hedging gains and dealing profits	(0.5)		(0.3)	
Index futures hedging	48.3		31.2	
Hedging and Dealing		47.8		30.9
Foreign exchange adjustments on cash and bank loans	(69.1)		(44.6)	
Unallocated administrative expenses	(13.3)		(8.6)	
Finance costs	(12.7)		(8.2)	
Taxation	(0.3)		(0.2)	
Other movements	1.5		1.1	
Expenses, Interest, Taxation and Other		(93.9)		(60.5)
Loss for the year		(317.0)		(204.5)
Interest rate swap (relating to term loans)	(13.7)		(8.8)	
Dividend paid	(6.2)		(4.0)	
Share buy-backs	(2.6)		–	
Reserve Movements		(22.5)		(12.8)
Decrease in net asset value		(339.5)		(217.3)

During the year the investment portfolio experienced £270.9 million of net losses. The majority of these were derived from losses on the Group's investments in quoted investments and long equity funds. Currency gains in non-Sterling denominated assets held within the Investment Portfolio are included in the respective asset categories.

The Group's hedging and dealing activities generated £47.8 million of net profits, mainly from the index futures which are used selectively to increase or decrease exposure to specific markets.

The Group recorded a net exchange loss on foreign currency cash and loans of £69.1 million.

During the year the Company acquired for cancellation 356,520 ordinary shares at prices between 731p and 760p (31 March 2009 share price 831p).

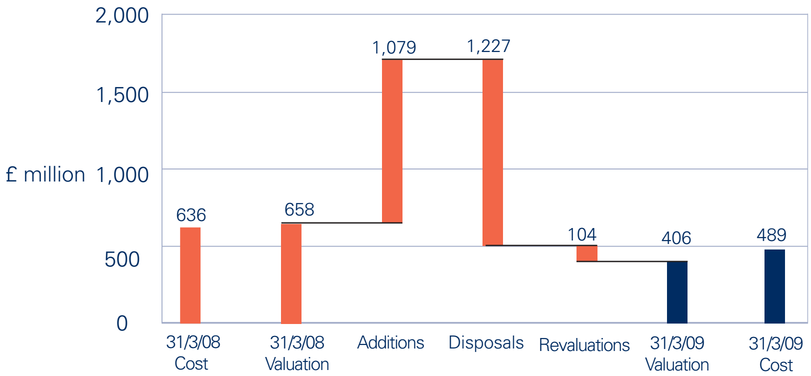
INVESTMENT REVIEW

QUOTED INVESTMENTS

During the year to 31 March 2009, the quoted portfolio decreased from £658.4 million to £406.1 million. This was primarily as a result of net disposals of £150.4 million (comprising sales of securities and redemptions from external managers) and value reductions.

The portfolio value declined by £103.7 million during the period resulting in a closing valuation of £406.1 million which was £82.6 million below cost.

External managers accounted for 63.0% or £256.0 million of the quoted portfolio at 31 March 2009 (2008: 63.7% and £419.5 million). During the year we issued full and partial redemptions to 16 of our segregated accounts run by external managers. In addition, 6 new segregated accounts were opened.



Investment Holdings	Country	Description	Value of Investment £ million	% of Portfolio
Quoted Investments				
Gold Bullion Securities	Global	Gold ETF	30.0	1.9%
PayPoint	UK	Electronic payment systems	22.2	1.4%
iPath Commodity ETN	USA	Diversified commodity ETN	19.2	1.2%
BHP Billiton	UK	Diversified mining	15.5	1.0%
StatoilHydro	Norway	Integrated oil and gas major	14.4	0.9%
World Trust Fund	Luxembourg	Investment company	12.1	0.7%
597 Other Quoted Investments			292.7	17.9%
Total Quoted Investments			**406.1**	**25.0%**

Details of the three largest holdings are set out below:

Gold Bullion Securities ETF

Valuation at 31 March 2009:	£29.9 million
Cost:	£29.7 million

This is an exchange-traded commodity fund backed by the physical commodity and designed to track the spot price of gold.

PayPoint

Valuation at 31 March 2009:	£22.2 million
Cost:	£2.8 million

RITCP acquired its interest in PayPoint in 1999 when it was a private company. PayPoint owns and operates a network of electronic terminals in over 24,000 shops throughout the UK, Ireland and Romania, which allow consumers to execute transactions, including the payment of household bills and the "topping-up" of credit onto prepay mobile telephones.

Since the company was floated in September 2004, its share price has increased by 89%. RITCP currently owns 9% of the company.

In the year to 31 March 2009 the company made pre-tax profits of £30.4 million on revenues of £69.9 million. This compares with the results for the year to 31 March 1999 (when RITCP made its investment), in which the company made a pre-tax loss of £15.5 million on revenues of £6.2 million.

iPath Commodity ETN

Valuation at 31 March 2009:	£19.2 million
Cost:	£19.7 million

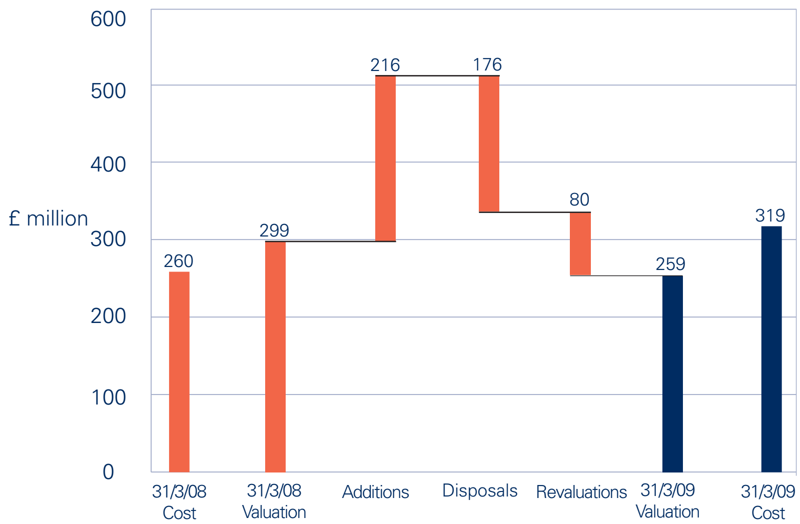
This investment is an exchange traded note issued by Barclays Bank PLC which reflects the return on a broad-based commodities index (Dow Jones – AIG Commodities Index Total Return) including exposure to the energy, agriculture, industrial and precious metals and livestock sectors.

LONG EQUITY FUNDS AND HEDGE FUNDS

In aggregate the amount invested in these funds declined over the year, with net additions of £39.3 million offset by a valuation decline of £80.1 million. The long equity funds invest primarily in liquid securities.

During the year, RITCP redeemed its major hedge fund positions. As a result the remaining hedge fund investments totalled £11.0 million and represented 0.7% of the investment portfolio at 31 March 2009. Long equity funds totalled £248.1 million and represented 15.3% of the investment portfolio.

During the year RITCP redeemed or partially redeemed 11 funds and subscribed for 9 new funds.



Investment Holdings	Country	Description	Value of Investment £ million	% of Portfolio
Long Equity Funds and Hedge Funds				
Titan Partners	USA	American equities	30.6	1.9%
Martin Currie Global Energy	International	Global energy	30.0	1.9%
CLSA Water Fund	Asia	Asian water securities	23.2	1.4%
Blackrock Gold	International	Precious metals mining	22.0	1.4%
Lansdowne UK Strategic	UK	UK and global equities	19.5	1.2%
CF Egerton Sterling Investment	Europe	UK equities	18.9	1.2%
PK Investment	Japan	Japanese equities	18.6	1.1%
Africa Emerging Markets Fund	Africa	African equities	15.1	0.9%
Pivot Point Capital	USA	US equities	13.3	0.8%
Ninth Wave Emerging	International	Emerging market equities	10.7	0.7%
Vietnam Resources	Vietnam	Vietnamese equities	10.0	0.6%
21 Other Long Equity Funds and Hedge Funds			47.2	2.9%
Total Long Equity Funds and Hedge Funds			**259.1**	**16.0%**

Details of the four largest holdings are set out below.

Titan Partners
Valuation at 31 March 2009: £30.6 million
Cost: £31.3 million

Titan is a US equity fund, managed by Hintz, Holman & Robillard, specialising in investments in US companies which are regarded as high growth, either by virtue of the industry within which they operate, or because their business strategy enables them to grow faster than the structural growth rate of their industry.

Martin Currie Global Energy
Valuation at 31 March 2009: £30.0 million
Cost: £30.0 million

This fund invests in businesses involved in all aspects of the energy industry, including oil and gas exploration and production, coal mining, oil refining and energy and oilfield services. The manager invests globally. RITCP also owns a stake in the manager.

CLSA Water Fund
Valuation at 31 March 2009: £23.2 million
Cost: £17.6 million

The fund is managed by CLSA, an Asian investment manager. The fund invests in companies involved in all aspects of water supply, treatment and recycling across the Asian region. In many parts of Asia clean reliable water is in short supply, and we anticipate significant growth in this business sector.

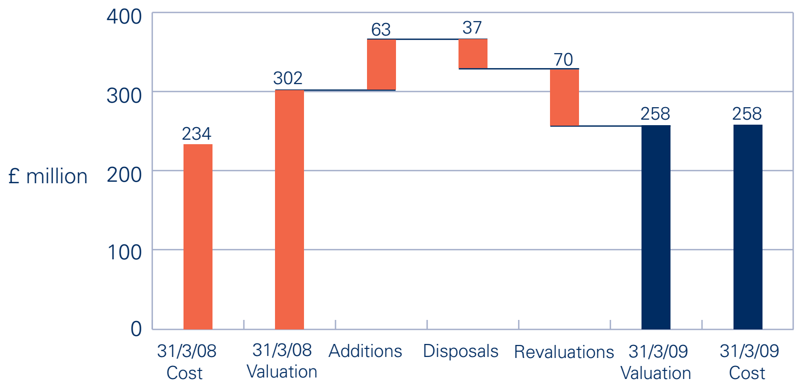
Blackrock Gold & General
Valuation at 31 March 2009: £22.0 million
Cost: £20.0 million

This fund, managed by Blackrock, invests in the equity of precious metals mining companies, such as those involved in gold, silver and platinum mining. The fund mostly holds larger, less speculative names where the mines are producing and the reserves well documented.

UNQUOTED INVESTMENTS: DIRECT

During the year to 31 March 2009, the unquoted, directly held portfolio decreased from £301.5 million to £257.6 million, representing 15.9% of the investment portfolio. Additions of £62.9 million were offset by disposals of £36.6 million and a valuation decrease of £70.2 million. In addition, the unquoted portfolio generated dividends and realised profits of £45.6 million.

The closing valuation was £0.4 million below cost.



INVESTMENT REVIEW

Details of the principal new investments and realisations made during the year are set out below:

New Investments

Company	Cost £ million	Sector	Country
Agrifirma	12.4	Brazilian farmland	Brazil
Leveraged loan portfolio[1]	6.9	Financial	International
Purepower	6.0	Energy generation	UK
Checkmate Mortgages	5.5	Mortgage intermediary	UK

[1] Traded loans held via a Special Purpose Vehicle (SPV)

Realisations

Company	Type	Proceeds £ million	Cost £ million	Premium/ (Discount) to 31 March 2008 Value £ million
MessageLabs	Disposal	26.7[2]	4.6	15.0
Harbourmaster	Dividend	22.3	–	–

[2] Excludes £1.5 million held in escrow

Valuation Basis

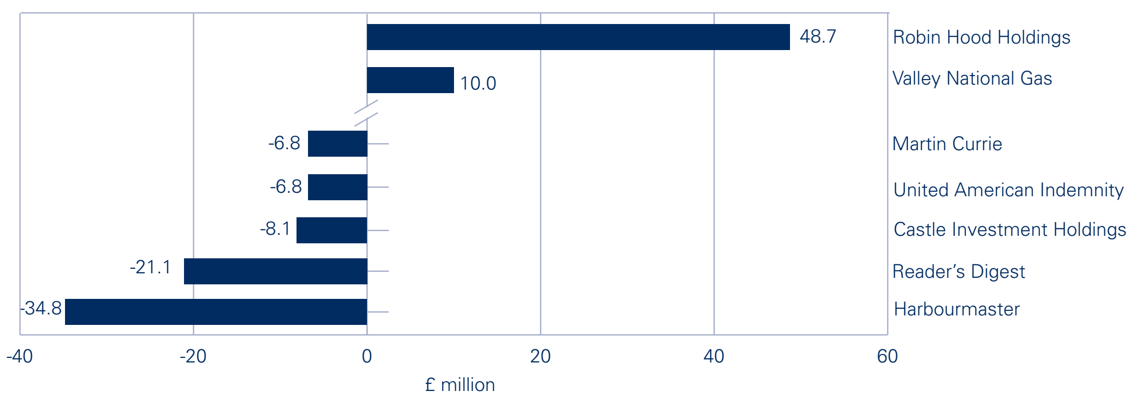
Unquoted investments are held at fair value. The valuations of unquoted investments are reviewed twice a year by a valuation committee which is chaired by an independent non-executive director, the latest review being at 31 March 2009. However, if circumstances warrant, valuations are amended between these dates.

Valuation Changes

During the year the portfolio experienced a net valuation decline of £70.2 million resulting from revaluations of the underlying companies as well as favourable exchange rate movements.

Approximately 71% of the year end valuation was denominated in US Dollar or Euros and has therefore benefited from the strengthening of those currencies against Sterling over the year.

Significant valuation changes (including currency) are shown below:



The revaluation of Robin Hood Holdings reflects continued strong growth, increased profitability and the signing of significant new partnerships. Valley National Gas was revalued as a result of a disposal which completed immediately after the year end. Our stake was sold for £13.8 million, representing a £9.7 million profit or 3.4 times the cost of our investment in 2007. The proceeds represented a £6.4 million premium to the 30 September 2008 valuation. The decline in the valuation of Harbourmaster reflects the payment of a £22.3 million dividend to RITCP, and also the impact of the continued weakness in the CLO market. Reader's Digest suffered from a challenging operating environment and, in particular, high financial leverage.

Investment Holdings	Country	Description	Value of Investment £ million	% of Portfolio
Unquoted Investments				
Robin Hood Holdings	Global	Generic pharmaceuticals	94.2	5.8%
The Economist Newspaper	UK	Publishing	22.2	1.4%
Purepower	UK	Energy generation	12.0	0.7%
Valley Natural Gas	USA	Gas distribution	11.3	0.7%
Banca Leonardo	Italy	Investment bank	10.7	0.7%
Martin Currie	UK	Asset manager	10.0	0.6%
Harbourmaster	Jersey	Credit manager	9.7	0.6%
UK Specialist Hospitals	UK	Private hospital	9.6	0.6%
44 Other Unquoted Investments			77.9	4.8%
Total Unquoted Investments			**257.6**	**15.9%**

The two largest investments, which account for £116.4 million, are summarised below:

Robin Hood Holdings

Valuation at 31 March 2009: £94.2 million
Cost: £9.9 million

Robin Hood Holdings is the holding company for the Arrow Group which manufactures and sells generic pharmaceuticals in the UK, France, Scandinavia, Germany, Canada, USA, New Zealand and elsewhere. RITCP invested £23.5 million between July 2003 and August 2005 in a mixture of debt and equity, and currently owns 8.0% of the company's equity.

The group continues to show strong growth in revenues, reflecting the benefits of the substantial investment in research and development, including the contribution of the heart drug Ramipril to this year's profits. During the year ended 31 December 2008, after taking account of expenditure on research and development, the group made pre-tax profits of $197.7 million (2008: $145.3 million) and at that date had shareholders' equity of $488.2 million (2008: $493.1 million).

The Economist Newspaper

Valuation at 31 March 2009: £22.2 million
Cost: £1.5 million

RITCP acquired an interest in the Economist in 1988 at a cost of £1.5 million. RITCP's interest is approximately 4.5%. The Economist group owns and manages the Economist and other related publications. It also owns the Economist Plaza in London.

The company's interim results to 30 September 2008 showed revenue of £139.6 million and operating profit of £22.3 million, both increases on the prior period. During the year RITCP received £1.1 million in dividend payments from the company.

INVESTMENT REVIEW

UNQUOTED INVESTMENTS: FUNDS

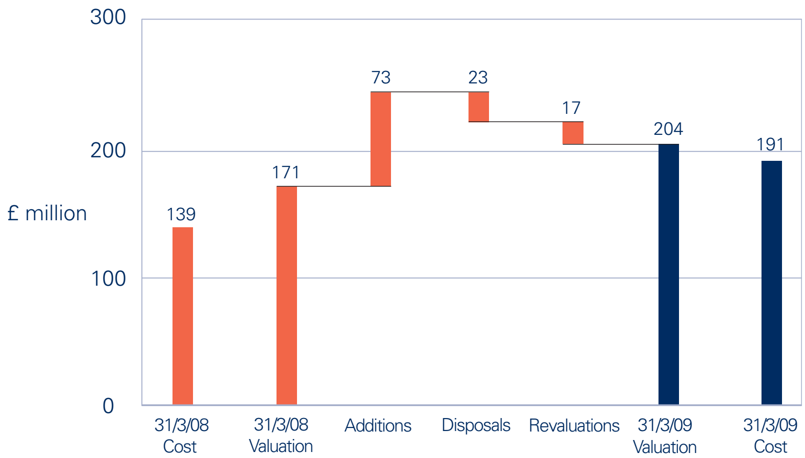
RITCP's investment in unquoted funds amounted to £203.9 million, representing 12.6% of the investment portfolio at the year-end. Capital calls (net of distributions) totalled £49.9 million and write-downs in the portfolio amounted to £17.3 million over the year. As some 90% of the fund investments are denominated in US Dollars, the Sterling equivalent has benefited from the US Dollar's strength.

The unquoted fund portfolio is widely diversified by vintage year, strategy and geography. It includes investments in private equity, venture capital, energy, property, secondaries and fixed income.

At 31 March 2009, RITCP had undrawn commitments totalling £220 million to unquoted funds. New commitments of £38.2 million were made over the year including the following:

Fund	Commitment (£m)	Strategy
Fortress Credit Opportunities Fund	24.4	Diversified fixed income
Hony Capital 2008	7.0	Chinese private equity
NGP Energy Technology Partners II	6.3	Growth capital

Investments in these funds are generally held at the valuations provided by the external managers. These are typically provided quarterly, and received some time after the relevant quarter has ended. By the time year-end figures had been finalised, March valuations for the majority of the funds had been received. The remaining December valuations have been adjusted to reflect movements in relevant stock market indices and/or the valuations of comparable listed companies over the quarter.



Investment Holdings	Country	Description	Value of Investment £ million	% of Portfolio
Unquoted Investments: Funds				
Summit Water Development	USA	US and Australian water rights	13.5	0.8%
Audax Private Equity Fund II	USA	US mid-market private equity	11.4	0.7%
Sageview Capital Partners	USA	Unquoted and listed US equity	10.8	0.7%
Fortress Credit Opportunities	USA	Diversified fixed income	10.0	0.6%
90 Other Funds			158.2	9.8%
Total Unquoted Investments: Funds			**203.9**	**12.6%**

The two largest investments which account for 1.5% of the investment portfolio are:

Summit Water Developments

Valuation at 31 March 2009:	£13.5 million
Cost:	£12.0 million
Outstanding Commitment:	£ nil

This fund is managed by John Dickerson, and invests in water rights in the US and Australia. It is expected to generate returns with limited correlation to financial markets and to benefit over the medium term from price increases in water assets.

Audax Private Equity Fund II

Valuation at 31 March 2009:	£11.4 million
Cost:	£7.7 million
Outstanding Commitment:	£ nil

This is a US mid-market private equity firm, run by Geoff Rehnet and Mark Walpow. It is a vintage 2005 fund and is fully drawn. Investments include software, food service equipment and industrial companies.

PROPERTY

Investment Holdings	Value of Investment £ million	% of Portfolio
Property		
Spencer House and other properties in St James's Place, London	**28.5**	**1.7%**

Property

Valuation at 31 March 2009:	£28.5 million
Cost:	£25.2 million

The properties are 12,13,15 and Spencer House, 27 St James's Place. They were professionally valued by Jones Lang LaSalle as at 31 March 2009 at open market value, on an existing use basis. Spencer House 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 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 £85,000. St James's Place Administration Limited (a subsidiary of St James's Place 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.

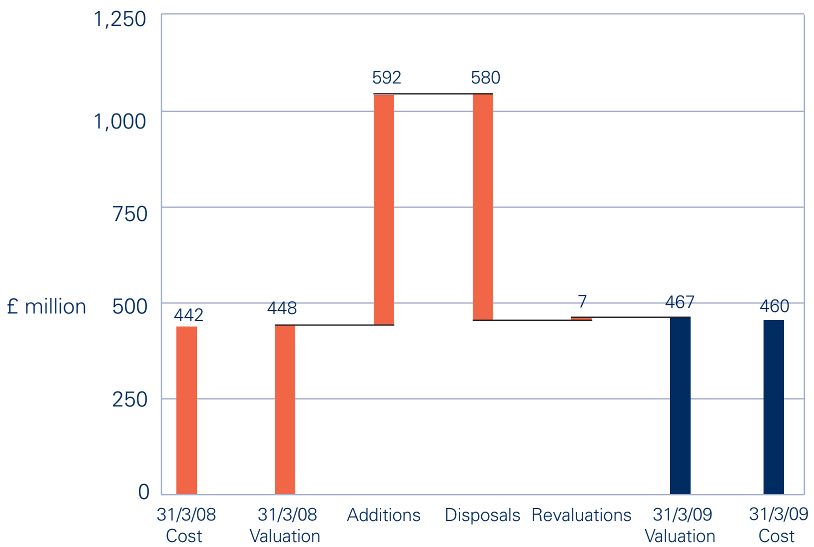
The future minimum rental payments receivable under non-cancellable leases are as follows:

	31 March 2009 Group £ million	31 March 2009 Company £ million	31 March 2008 Group £ million	31 March 2008 Company £ million
Within one year	2.0	1.8	2.1	1.5
Between two and five years	5.5	4.8	6.4	5.1
Beyond five years	3.5	0.2	5.5	1.2
	11.0	**6.8**	**14.0**	**7.8**

GOVERNMENT SECURITIES AND MONEY MARKET FUNDS

RITCP's investment in government securities and money market funds has increased slightly over the year, with net additions of £11.8 million.

The closing balance of £466.5 million represents 28.8% of the investment portfolio



Investment Holdings	Country	Description	Value of Investment £ million	% of Portfolio
Government Securities and Money Market Funds				
Treasury 3¹/₄% 2011	UK	Government stock	177.2	10.9%
Bundesrepublik 3³/₄% 2009	Germany	Government stock	113.8	7.0%
Treasury 5³/₄% 2009	UK	Government stock	106.7	6.6%
Dreyfus US Treasury Fund	USA	Money market fund	46.2	2.8%
US Treasury Note 3³/₈% 15/09/09	USA	Government stock	14.1	0.9%
2 Other Investments			8.5	0.6%
Total Government Securities and Money Market Funds			**466.5**	**28.8%**

The largest investments held at 31 March 2009 were UK Treasury stock and German government stock. The money market funds are predominantly invested in government guaranteed securities.

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Lord Rothschild, OM GBE
He is Chairman of the Company's Board of Directors and the Nominations Committee.

Lord Rothschild, aged 73, began his career at N M Rothschild & Sons, where he subsequently ran the corporate finance department and became chairman of the executive committee. From 1980 he has developed RIT plc, a forerunner of RIT Capital Partners plc, and his interests in the financial sector. In addition to his career in finance, he has been involved in public service, including the arts and heritage fields, and philanthropy.

Mikael Breuer-Weil
Aged 45, he was appointed as Investment Director of the Company in 2008 having been a non-executive Director since 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 53, he was appointed an executive Director and Chief Operating Officer of the Company in 1995. He has been a director of J. Rothschild Capital Management Limited, a wholly-owned subsidiary of RIT Capital Partners plc, since 1988 and has represented the Company on the boards of a number of its investments. Prior to this, he spent six years with Lazard Brothers & Co Ltd.

NON-EXECUTIVE DIRECTOR (NON-INDEPENDENT)

Nathaniel Rothschild
Aged 37, Mr Rothschild was appointed as a non-executive Director in 2004. He is the Co-chairman of Atticus Capital LP, an international investment management firm established in 1995. Atticus has offices in New York and London.

Mr Rothschild is a Director of The Rothschild Foundation. Mr Rothschild is a member of the Belfer Center's International Council at Harvard's John F. Kennedy School of Government and the International Advisory Council of the Brookings Institute. He was nominated as a "Young Global Leader" by the World Economic Forum in 2005.

NON-EXECUTIVE DIRECTORS (INDEPENDENT)

Charles Bailey
Aged 75, he is a chartered accountant and was appointed a non-executive Director in 1988. He is the Senior Independent Director and Chairman of the Audit, Remuneration and Conflicts and Valuation Committees, as well as a member of the Nominations Committee. He has served notice of his intention to stand down as Chairman of the Audit Committee on 30 June 2009. He is also a director of General Oriental Investments Limited and Antofagasta plc.

John Cornish
Aged 65, he was formerly a senior partner at Deloitte LLP, leading the firm's services to the investment trust industry for over 15 years. He was appointed in January 2008 as a non-executive Director of RIT Capital Partners plc and sits on the Company's Audit, Remuneration & Conflicts and Valuation Committees. He will assume the Chairmanship of the Audit Committee from 30 June 2009. He is the Chairman of Framlington Innovative Growth Trust plc and also a director of Henderson Eurotrust plc, RCM Technology Trust plc and Strategic Equity Capital plc.

John Elkann
Aged 33, Mr. Elkann was appointed as a non-executive Director in March 2007. He is Vice Chairman of Fiat Group and Chairman of Exor SpA (previously IFIL Investments Spa) and Itedi (publisher of La Stampa), and a director of RCS Mediagroup and Banca Leonardo. Mr. Elkann is a graduate of the Engineering University of Turin.

BOARD OF DIRECTORS

NON-EXECUTIVE DIRECTORS (INDEPENDENT) (CONTINUED)

James Leigh-Pemberton
Aged 52, Mr Leigh-Pemberton was appointed as a non-executive Director in 2004. He has worked at Credit Suisse since 1994, holding positions as Head of Equity Syndicate, Head of Equity Capital Markets and from 2001 to 2004, Head of European Investment Banking. He is currently Chief Executive Officer of Credit Suisse, UK. Mr Leigh-Pemberton began his career at S.G. Warburg & Co, where he worked for fifteen years.

Michael Marks CBE
Aged 67, he is the Chairman of NewSmith Capital Partners LLP, which he founded in 2003. He was formerly co-Head of the Global Equities business of Merrill Lynch, which he joined in 1995, and where he subsequently held positions as Chief Operating Officer of Merrill Lynch Europe, Middle East and Africa and was subsequently named Executive Chairman. He was also Executive Vice President of Merrill Lynch & Co., Inc. Mr Marks began his career at Smith Bros. in 1958, where he became a director in 1975 and Chief Executive of Smith New Court in 1987. He was a non-executive director of Old Mutual plc from February 2004 to May 2007 and a non-executive director of London Stock Exchange plc until 2004. He was appointed as a non-executive Director of RIT Capital Partners plc in 2004.

Sandra Robertson
Aged 40, Ms Robertson was appointed as a non-executive Director of RIT Capital Partners plc in 2008. She is Chief Investment Officer of Oxford University Endowment Management. Before her appointment at Oxford in 2007, she spent the previous 14 years at Wellcome Trust, where she became co-head of Portfolio Management.

Ian Wace
Aged 46, Mr Wace joined the Board of RIT Capital Partners plc as a non-executive Director in 2008. He is the co-founder of the hedge fund manager, Marshall Wace. Prior to forming Marshall Wace in 1997, Ian was Global Head of Equity and Derivative Trading at Deutsche Morgan Grenfell.

COMMITTEE MEMBERSHIP

Audit Committee
Charles Bailey (Chairman)+
John Cornish+
James Leigh-Pemberton

Remuneration and Conflicts Committee
Charles Bailey (Chairman)
John Cornish
James Leigh-Pemberton

Nominations Committee
Lord Rothschild (Chairman)
Charles Bailey
James Leigh-Pemberton

Valuation Committee
Charles Bailey (Chairman)
Duncan Budge
John Cornish
Sandra Robertson

+: Chairmanship of the Audit Committee will pass from Charles Bailey to John Cornish on 30 June 2009.

DIRECTORS' REPORT

The Directors present their annual Report and Accounts for the Company, covering the year ended 31 March 2009.

STATUS OF COMPANY

The Company is registered as a public company and is incorporated in England and Wales. 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 HM Revenue & Customs for the year ended 31 March 2008. Approval for the year ended 31 March 2008 is subject to no subsequent enquiry being made under the Corporation Tax Self Assessment legislation. The Directors are of the opinion that, since that date, the Company has conducted its affairs in a manner which will satisfy the conditions for continued approval as an investment trust under Section 842 of the Taxes Act 1988. The Company is not a close company within the meaning of the Taxes Act 1988.

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

DIRECTORS

Biographies of the Directors holding office at the date of this report are shown on pages 19 and 20.

Mr Andrew Knight and Mr David Haysey resigned as directors on 17 July 2008 and Mr Michael Sofaer resigned as a director on 20 November 2008. Ms Sandra Robertson and Mr Ian Wace were appointed as directors on 17 July 2008. There were no other changes in the Company's directorate during the year ended 31 March 2009.

RESULTS AND DIVIDENDS

After taxation, the Group made a capital loss of £320.9 million and a revenue profit of £3.2 million during the year ended 31 March 2009.

The Board recommends the payment of a final dividend of 7.5p per share in respect of the year ended 31 March 2009 (31 March 2008: 4.0p), payable on 29 July 2009 to shareholders on the register at 19 June 2009. This dividend will reduce the Company's distributable reserves by £11.6 million.

The movements on capital reserve and consolidated revenue reserve are shown in notes 22 and 23 on pages 67 and 68.

SHARE CAPITAL

Details of the authorised and issued share capital are shown in note 20 on page 67 of the accounts. During the year ended 31 March 2009, no ordinary shares were issued and a total of 356,520 ordinary shares were repurchased and cancelled in accordance with the shareholders' authority granted on 17 July 2008. The shares were repurchased at prices between 731p and 760p per ordinary share. The existing authority for the repurchase of shares expires on 30 September 2009 and a replacement authority is to be proposed at the forthcoming annual general meeting, as explained in the Notice and Explanatory Notes on pages 92 and 96.

NET ASSET VALUE

The net asset value of one ordinary share at 31 March 2009, before deducting the proposed dividend, was 874.3p.

INVESTMENT POLICY

The Company's Corporate Objective is: *"to deliver long-term capital growth, while preserving shareholders' capital; to invest without the constraints of a formal benchmark, but to deliver for shareholders increases in capital value in excess of the relevant indices over time."*

The Company's Investment Policy is: *"to invest in a widely diversified, international portfolio across a range of asset classes, both quoted and unquoted; to allocate part of the portfolio to exceptional managers in order to ensure access to the best external talent available."*

The Listing Rules of the United Kingdom Listing Authority require closed-ended investment funds to publish information about the policies that the fund will follow relating to asset allocation, risk diversification and gearing, including maximum exposures.

DIRECTORS' REPORT

Asset allocation

The Board currently intends to continue to allocate the Group's assets predominantly amongst quoted equities, hedge funds, long equity funds, unquoted investments, unquoted funds, government securities and money market funds, and properties. There are no restrictions in the relative allocation of assets amongst these classes and the maximum exposure of any single asset class is therefore 100%, subject to the investment trust restrictions incumbent upon the Company, which require that the Company's income from shares and securities must be at least 70% of its total income, thus automatically limiting the allocation of assets to areas such as property. In addition the Group uses derivatives to hedge various risk exposures and also to increase exposure to movements in individual securities, markets and currencies where desired. The allocation amongst these asset classes at 31 March 2008 and 31 March 2009 is shown on page 3.

Risk diversification

The Group's investment portfolio is highly diversified by asset class, geography and currency. Overall exposures in each case are monitored and managed by executive management under the supervision of the Board. The portfolio is further diversified through the selection of external managers with different mandates. At 31 March 2009, 63% of the quoted portfolio was delegated to external managers, themselves under obligations to maintain appropriate risk diversification. The names of these external managers who manage segregated investment accounts for the Group are listed on page 24. The remainder of the quoted portfolio is managed internally by the executive management under the supervision of the Board. The Group's investments in hedge funds, long equity funds, unquoted funds and certain of the investments in money market funds are also externally managed and provide additional diversification.

The Company also complies with the requirements of the relevant tax legislation for an investment trust not to invest more than 15% of the total value of its investments in the securities of any one group at the time of the initial acquisition, or subsequent purchase.

Gearing

The Company maintains structural gearing principally through two term loans. At 31 March 2009, the Sterling equivalent of the indebtedness under the term loans was £369.3 million, against total assets of £1,804.5 million, or 20.5%. This percentage may fluctuate as permitted under the financial covenants of the facility agreement. Were it not for these, the maximum indebtedness that the Company is empowered to incur under its Articles of Association is five times its adjusted capital and reserves, as defined.

Cross holdings

The UKLA Listing Rules also require closed-ended investment companies to disclose quarterly all of their investments in "other closed-ended investment funds … which themselves do not have stated investment policies to invest no more than 15% of their total assets in other listed closed-ended investment funds." RIT Capital Partners plc complies by its disclosures, but has made no statement restricting its own investment policies in this manner.

BUSINESS REVIEW

The Company invests with the object of achieving long-term capital growth.

The investment portfolio was valued at £1,621.7 million at 31 March 2009. An analysis of these investments is contained in the Investment Review on pages 8 to 18 and note 11 on pages 59 to 61.

The Group holds both listed and unlisted investments, mainly in the USA, the UK, Europe and the Far East.

The Chairman's Statement on pages 4 to 7 of this annual report and the Investment Review contain a review of the Group's business in the year to 31 March 2009. Financial Highlights and Performance Information is set out on page 2, and the portfolio and currency exposure is analysed on page 3. The principal risks are as set out in note 26 on pages 70 to 84. The Directors consider that the Key Performance indicators most relevant to the Group are the three indices as set out under 'Performance' on page 2, compared with the movement in the Group's net asset value per share, also as set out on that page.

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").

MAJOR HOLDERS OF VOTING RIGHTS

As at 31 March 2009, the following notifications had been received from the holders of 3% or more of the voting rights conferred through the direct or indirect holding of the Company's ordinary shares of £1 each. Such notifications were made pursuant to the Disclosure Rules and Transparency Rules of the Financial Services Authority ("FSA").

	31 March 2009			
	No. of voting rights		% of voting rights	
Major holders of voting rights	Direct	Indirect	Direct	Indirect
Five Arrows Limited*	913,115	5,844,720	0.59	3.78
Kelvin Hudson & Helen Green*	9,301,619	–	6.02	–
Lady Rothschild*	4,942,827	–	3.20	–
Legal & General Group plc	5,978,909	–	3.87	–
Lord Rothschild*	11,004,274	–	7.12	–
Saffery Champness Partnership*	–	11,964,484	–	7.74
S.J.P. Trustee Company Limited*	5,238,607	–	3.39	–

*Some or all of these holdings form part of Lord Rothschild's interests disclosed below under Directors' Interests.

As at 28 May 2009, the above table remained unchanged save for the interest of Legal & General Group plc, which had reduced the number of its voting rights held to 5,997,409 (3.88%).

DIRECTORS' INTERESTS

The interests of the Directors at 31 March 2009 in the ordinary shares of the Company are shown below with comparatives as at 31 March 2008 or subsequent date of appointment where applicable.

	31 March 2009		
Ordinary shares of £1 each	Beneficial	Non-beneficial	% of Share capital
Lord Rothschild	20,078,145	6,439,934	17.17
Charles Bailey	10,500	–	0.01
Mikael Breuer-Weil	15,000	–	0.01
Duncan Budge	40,139	10,000	0.03
John Cornish	8,281	–	0.01
John Elkann	–	–	–
James Leigh-Pemberton	–	–	–
Michael Marks	–	–	–
Sandra Robertson[1]	–	–	–
Nathaniel Rothschild	4,185,874	–	2.71
Ian Wace[1]	–	–	–

[1] appointed on 17 July 2008

	31 March 2008		
Ordinary shares of £1 each	Beneficial	Non-beneficial	% of Share capital
Lord Rothschild	20,076,937	6,439,934	17.13
Charles Bailey	10,500	–	0.01
Mikael Breuer-Weil	–	–	–
Duncan Budge	40,139	10,000	0.03
John Cornish	8,281	–	0.01
John Elkann	–	–	–
David Haysey[1]	5,000	–	–
Andrew Knight[1]	–	–	–
James Leigh-Pemberton	–	–	–
Michael Marks	–	–	–
Nathaniel Rothschild	6,174,078	–	3.99
Michael Sofaer[2]	–	–	–

[1] director until 17 July 2008

[2] director until 20 November 2008

The above information is presented in compliance with the Listing Rules of the FSA, which require disclosure of directors' beneficial and non-beneficial share interests, as opposed to their control of voting rights as is the case for major holders under the FSA's Disclosure and Transparency Rules, as explained above. Components of the interests of Lord Rothschild and Nathaniel Rothschild are held by family trusts. Accordingly, the names of the respective trustees are disclosed under Major Holders of Voting Rights, where any individual trust controls 3% or more of the Company's voting rights, whereas the directors themselves are disclosed under Directors' Interests.

Between the end of the year and the date of this Report, there were no changes in the Directors' interests.

Requests from the Chairman for permission to deal in the ordinary shares of the Company are considered by the Board of Directors. Requests from other Directors and employees of the Group 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 Secretary.

Except as stated below, under "Management and Administration" and in note 28 to the financial statements (as regards Lord Rothschild and Nathaniel Rothschild), 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 within the terms set out in the Listing Rules of the Financial Services Authority.

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

MANAGEMENT AND ADMINISTRATION

Details of the current external investment managers who operated segregated accounts for the Company at 31 March 2009 are shown below. The investment strategy of these managers is to invest mainly in listed securities which are included under the "Quoted Investments" section of the portfolio.

Investment Manager	Area of expertise	Funds under management (including cash) 31 March 2009 £ million
Meditor Capital Management	European equities	32.6
Select Equity	Global large-cap equities	32.2
Findlay Park	Small to medium sized US companies	29.9
Tontine Overseas Associates	US equities	29.8
Morant Wright Management	Japanese equities	25.6
Horizon Investment Management	Asian equities	24.7
S Squared	Technology equities	21.4
Baker Steel	Equities (gold and precious metals)	19.9
Veritas Asset Management	Asian equities	19.6
Summit Water	Equities (water industry focus)	16.7
PAW Capital Partners	Technology equities	15.0
Uttrup Investment Management	European equities	15.0
Cycladic Capital	European equities	14.7
RXZ Investimentos	Brazilian equities	14.4
EFG-Hermes	Middle Eastern/North African equities	12.4
Hazel Capital	Clean technology global equities	11.4
Cedar Rock Capital	Global equities	8.7
Others (less than £2 million)		1.7
Total		**345.7**

Funds under management comprise investments, liquidity and other assets. The investment managers charge fees based on a percentage of the funds under management (in the range from 0.5% to 1.5% per annum) and, in certain cases, performance fees are charged where the increase in the value of the funds exceeds specified hurdles.

None of the other amounts listed in the table above is invested in other funds managed by the investment managers themselves and therefore there is no double-counting of investment management fees. The investment management agreements can be terminated with notice periods of between one and three months. Apart from the right to receive accrued fees, the investment management agreements do not provide for any other payment on termination.

The performance of each of the investment managers is reviewed regularly by the executive Directors and the Board as a whole. The terms of the contracts between the Company and those managers are also reviewed to ensure that they are still appropriate. In the opinion of the Directors, the continuing appointment of the investment managers listed above gives the Company access to the expertise of managers who specialise in particular asset classes or geographical areas and is therefore in the best interests of shareholders.

The majority of the remainder of the investment portfolio is managed by the Company's executive management.

Additional details of the fees paid to Atticus Global are shown below, as a member of that firm's senior management is a Director of the Company.

Atticus Global
Atticus Global, Ltd is an offshore fund and its strategy is to invest primarily in event-driven, arbitrage and longer-term value-orientated situations. The investment management of the fund is provided by Atticus Management Limited. Nathaniel Rothschild, a director of the Company, is Co-Chairman and an owner of Atticus Management Limited.

The Company pays an annual performance fee of 10% of the appreciation in value in any one year. Payment of this fee is conditional on the growth in value of the assets under management exceeding 6% per annum and is subject to a "loss carry forward" arrangement. Fees amounting to £nil were payable in respect of the year ended 31 March 2009 (31 March 2008: £141,786).

During the year, the Company served notice of redemption on this investment.

ANNUAL GENERAL MEETING

The Company's Annual General Meeting will be held on 23 July 2009 at 11.00 am at the Royal Automobile Club, 89 Pall Mall, London SW1Y 5HS. The Notice is set out on pages 91 to 92 of this document, with Explanatory Notes relating to each of the proposed resolutions on pages 95 to 98.

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 (31 March 2008: nil).

POLITICAL CONTRIBUTIONS AND CHARITABLE DONATIONS

During the year ended 31 March 2009, the Company made no charitable donations or political contributions.

INDEPENDENT AUDITORS

A resolution to re-appoint PricewaterhouseCoopers LLP as auditors to the Company will be proposed at the Annual General Meeting.

DISCLOSURE OF INFORMATION TO AUDITORS

With regard to the preparation of the Annual Report and Accounts of the Company for the year ended 31 March 2009, the Directors have confirmed to the auditors that:

- so far as they are aware, there is no relevant audit information of which the auditors are unaware; and
- they have taken the steps appropriate as Directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

By Order of the Board

J. Rothschild Capital Management Limited
Secretary
3 June 2009

The Directors present their Corporate Governance Report for the year ended 31 March 2009. Apart from certain matters reported below, the Directors believe that the Company has complied with the Combined Code on Corporate Governance published in 2006 by the Financial Reporting Council (the "Code") for the period under review.

The contents of this report are intended to address the subjects required under the Code, as well as providing a description of the Company's governance environment in general terms.

THE BOARD OF DIRECTORS

The Company is an investment trust managed by its Board of Directors (the "Board") currently comprising eleven Directors, three of whom are executive Directors including the Chairman, one of whom is a non-independent non-executive Director and the remaining seven are independent non-executive Directors as determined by the Board. The full membership of the Board and the biographical details of each of the Directors are set out on pages 19 and 20.

The Board has a formal Schedule of Reserved Matters, which may be viewed on the Company's website – www.ritcap.co.uk. This is designed to prescribe the responsibilities of the Board in managing the Company's business within a framework of prudent and effective controls to facilitate assessment and management of risk.

The Board is responsible for setting the Company's strategic aims and ensuring that the necessary resources are in place to these ends, delegating as appropriate to the Company's executive management. In general terms, the executive management of the Company is responsible for the implementation and execution of the Board's strategic directives relating to investment management, the Company's governance and administration.

The Board met formally on four occasions in the year ended 31 March 2009. Lord Rothschild, Mr Bailey, Mr Budge, Mr Breuer-Weil, Mr Cornish, Mr Leigh-Pemberton, Mr Marks and Mr Rothschild attended each meeting; Mr Elkann attended three meetings. Ms Robertson and Mr Wace were appointed as Directors during the year and Mr Wace was present at the three meetings he was entitled to attend, with Ms Robertson attending two of the three meetings she was entitled to attend.

The non-executive Directors participate in discussions regarding the Company's strategy and performance. They also meet on one occasion each year without any executive directors present to consider the conclusions of the annual Board evaluation exercise and the performance of the Chairman. In addition, there are four permanent committees. The composition of the committees is set out on page 20. Each committee has its own Terms of Reference which may be viewed on the Company's website.

The permanent committees are as follows:

The Audit Committee

The Audit Committee comprises three non-executive Directors, all of whom are independent of the Company. It is chaired by Charles Bailey, a former Senior Partner at Price Waterhouse, who is also the chairman of the audit committees of two other public companies, and whom the Board considers has appropriate financial experience.

Mr Bailey has indicated his intention to resign his Chairmanship of the Audit Committee, whilst remaining a member. His resignation as Chairman will take place on 30 June 2009 and the Committee will thereafter be chaired by John Cornish. As the former Head of Investment Trusts at Deloitte and a director of four other investments trusts, the Board considers that he has the appropriate experience for the role.

The Committee meets at least twice each year to review the Company's interim and annual financial statements, to consider reports thereon from the external audit process and to review any issues arising with the Company's management. It may meet on additional occasions should the need arise. The Committee also monitors the adequacy of the Group's accounting policies and financial reporting, which are discussed with the external auditors.

The Audit Committee also considers the external auditors' independence, objectivity and the cost effectiveness of the audit process. The Committee monitors the level of non-audit services provided to the Company by the auditors, assessing their objectivity in providing such services and ensuring that the independence of the audit team from the Company was not compromised. Non-audit services provided by PricewaterhouseCoopers LLP in the year ended 31 March 2009 were primarily in relation to taxation services.

The Committee also meets on separate occasions to review the effectiveness of the Company's system of internal controls at least annually by reference to reports prepared and compiled by management. The remaining matters in the Audit Committee's Terms of Reference are considered as and when necessary.

The Audit Committee is responsible for monitoring the Company's whistleblowing procedures for staff to follow in the event that they might have any concerns about possible improprieties in matters of financial reporting or other matters. The procedures in place provide for staff to have direct recourse to the Audit Committee, through its Chairman.

The current membership of the Committee is set out on page 20. The Committee met formally on three occasions in the year ended 31 March 2009. Mr Bailey and Mr Cornish attended all three meetings. Mr Leigh-Pemberton attended two meetings.

The Nominations Committee
The Nominations Committee comprises three Directors, two of whom are independent and non-executive and the third is Lord Rothschild, who is the Chairman of the Committee. The Committee meets at least once a year on a formal basis, and on additional occasions as required. Its remit, as set out in its Terms of Reference, includes the leading of the process for appointments to the Board, to ensure that appointments are made on merit and against objective criteria and to review the suitability of those Directors who are retiring by rotation to stand for re-election. The Committee also monitors the composition of the Board on an ongoing basis, with a view to succession planning and the maintenance of an appropriate balance of skills and experience within the Company and on the Board.

The current membership of the Committee is set out on page 20. The Committee met formally on one occasion in the year ended 31 March 2009. All three members of the Committee attended this meeting.

The Remuneration and Conflicts Committee
The Remuneration and Conflicts Committee comprises three non-executive Directors, all of whom are independent. The Committee meets at least once each year on a formal basis, and on additional occasions as may be required. Its primary responsibilities include the creation and maintenance of remuneration policies designed to attract, retain and motivate directors appropriately for a self-managed investment trust. This includes the review of the total remuneration packages of the executive Directors, ensuring an appropriate balance between fixed and performance-related elements. This exercise is conducted in part by reference to other companies of similar size and business objectives. The Remuneration and Conflicts Committee seeks the advice of Towers Perrin, remuneration consultants, as and when appropriate. The Committee is also responsible for monitoring the fees paid to the non-executive Directors, by reference to the roles and time commitment of each individual concerned, although the final determination of the fees payable to non-executive directors is a matter for the Board of Directors as a whole.

It is also the responsibility of the Committee to determine the policy for the pension arrangements of the executive Directors and to monitor and pre-approve any arrangements entered into between the Company and any of its Directors, or their connected interests, to ensure that any conflicts of interest are avoided or pre-approved and managed appropriately.

The current membership of the Committee is set out on page 20. The Committee met formally on one occasion in the year ended 31 March 2009. All three members of the Committee attended this meeting.

The Valuation Committee
The Valuation Committee comprises four Directors, three of whom are non-executive and one is an executive Director. The Committee meets at least twice each year and additionally as may be required. Its principal responsibility is to review the Company's unlisted investments so that they are presented in the annual and half-yearly accounts at a fair valuation.

The full membership of the Committee is set out on page 20. The Committee met formally on two occasions in relation to the year ended 31 March 2009. All four members of the Committee attended these meetings.

CHAIRMAN WITH EXECUTIVE RESPONSIBILITIES

Lord Rothschild is both Chairman of the Board and an executive Director. The Board recognises that this is at variance with the recommendations of the Code, which are concerned with the potential problems of combining the running of the Board with the executive responsibility for the running of the Company. The Board believes that the current arrangements are appropriate for a self-managed investment trust and are in the best interests of the Company and its shareholders on an ongoing basis. The Company has in place a structure of permanent board committees, described above, designed to devolve responsibility and control of certain key areas of Board responsibility away from the Chairman. The Audit Committee and the Remuneration and Conflicts Committee are both comprised entirely of independent non-executive Directors. Whilst the Nominations Committee is chaired by Lord Rothschild and a member of the Valuation Committee is an executive Director, independent non-executive Directors represent a majority of their number in both cases. The Board is therefore of the view that the Company is not at risk from a concentration of power caused by the Chairman having executive responsibilities and believes that Lord Rothschild is well qualified for both roles.

As Chairman, Lord Rothschild is responsible for the leadership of the Board and its effectiveness in dealing with the matters reserved for its decision. This includes ensuring that Directors are properly briefed on issues arising at board meetings. He is also responsible for ensuring effective communication with shareholders and for facilitating the full and effective contribution of the non-executive Directors.

BOARD BALANCE AND INDEPENDENCE

As described above, the Board is comprised of eleven Directors of whom three are executive, one is non-executive but not independent and seven are non-executive and determined by the Board as independent. This balance is intended to limit the scope for an individual, or a small group of individuals, to dominate the Board's decision-making. More than half of the Board, excluding the Chairman, therefore comprises non-executive Directors determined by the Board to be independent.

The size and composition of the Board is considered to be suitable for the Company's size and business, whilst not being so large as to be unwieldy.

Of the seven non-executive Directors determined by the Board to be independent, one does not meet the independence criteria set out in the Code, in that he has served on the Board more than nine years since the date of his first election. Mr Bailey, the Senior Independent Director, the long serving Director concerned, brings relevant experience and knowledge to the Board without which its effectiveness would be reduced. The Board believes that an in-depth knowledge of the Company's business derived from long service is an advantage, particularly in the circumstances of a self-managed investment trust and recommends the re-election of Mr Bailey at the forthcoming annual general meeting.

APPOINTMENTS TO THE BOARD

The Nominations Committee is responsible for the process of appointment of new directors to the Board. The Board, through the Nominations Committee, recognises the need to consider, on an ongoing basis, the appointment of new directors to bring fresh impetus and objectivity. Such appointments will be made on merit and ability to devote such time as is necessary to the position, as described in each Director's letter of appointment. The Committee will also be mindful of succession planning and board balance when recommending future appointments to the Board. Neither open advertising nor external search consultancies were used in respect of the two non-executive Director appointments made during the year, as the Board and Nominations Committee identify and assess candidates on the basis of their potential contribution to the Company.

Non-executive directors are not appointed for specified terms. Since periodic re-election requirements are in place, neither the Nominations Committee nor the Board consider that such contractual limitations would be in the best interests of the Company as a self-managed investment trust.

Appropriate training on listed company governance and on the Company is provided to new directors on their first appointment.

CORPORATE GOVERNANCE REPORT

INFORMATION AND PROFESSIONAL DEVELOPMENT

The Chairman is responsible for ensuring that the Directors receive accurate, timely and clear information through the Company Secretary, J. Rothschild Capital Management Limited. This is effected through regular oral and written communication, including detailed papers provided for each of the Company's scheduled board meetings. Such communication is intended to update Directors' knowledge and familiarity with the Company and its business, to enable them to fulfil their respective roles on the Board or its committees. The Directors have access to the Company Secretary for advice and services. The Chairman, the Nominations Committee and the Company Secretary have formulated a full, formal and tailored induction process for new directors on their joining the Board.

All Directors are entitled to take independent professional advice, including legal advice, at the Company's expense where they judge it necessary to discharge their responsibilities as Directors, up to a maximum of £25,000 per annum.

The Company Secretary is responsible for ensuring that Board procedures and applicable rules and regulations are complied with and for advising the Board, through the Chairman, on corporate governance matters.

PERFORMANCE EVALUATION

The Code requires the Company to report on the means by which performance evaluation of the Board, its committees and its individual Directors has been conducted. The Board has determined that the completion of a confidential questionnaire by each of the Directors covering the processes, efficiency and composition of each of the Board, its committees and the Directors, followed by discussion of the summarised responses is the most appropriate for the Company's circumstances. This exercise was conducted between February and March 2009, when the responses were evaluated and considered by the Board and separately by the non-executive Directors in a meeting without any executive Directors being present.

RE-ELECTION OF DIRECTORS

The Company has complied with the Code requirements for each Director to stand for re-election at least once every three years and that any non-executive Director serving more than nine years since first elected should stand for re-election annually.

The Directors retiring by rotation and standing for re-election at the forthcoming Annual General Meeting are as set out in the Notice of Meeting on page 91, and the summary of AGM business contained in the Explanatory Notes on page 95.

Following the performance evaluation of the Board described above, it is confirmed that the performance of each Director, including those standing for re-election, continues to be satisfactory and that each continues to demonstrate commitment in the role. The re-election of those Directors standing at the forthcoming annual general meeting is therefore recommended by the Board.

RELATIONS WITH SHAREHOLDERS

The Board and executive management 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 Audit Committee, the Remuneration and Conflicts Committee, the Nominations Committee and the Valuation Committee will be available to answer any questions from shareholders.

Apart from when the Company is in a close period, its net asset value is disclosed on a monthly basis to the London Stock Exchange to enable shareholders and analysts to follow the progress of the Company. The Company also maintains a website at www.ritcap.co.uk where shareholders have access to the latest monthly financial data released by the Company, together with historical information and financial statements.

ACCOUNTABILITY AND AUDIT

Statement of the Directors' Responsibilities

Company law requires the Directors to prepare financial statements for each financial year in accordance with International Financial Reporting Standards as adopted by the European Union which give a true and fair view of the state of affairs of the Company and the Group and of the income 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 and, as regards the Group financial statements, Article 4 of the International Accounting Standards Regulation. 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. The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Internal Control

The Board of Directors is responsible for the Group's system of internal control although it has delegated the supervision of the system to the Audit Committee. 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 system of internal control is reviewed annually. The Board considers that the necessary procedures have been implemented to satisfy the requirements of the Financial Services Authority with respect to the Turnbull guidance "Internal Control: Guidance for Directors on the Combined Code" issued in September 1999 and revised in 2005.

The Board, through the Audit Committee, reviews the need to establish a separate internal audit function annually. The Audit Committee reviewed the role of the Company's Compliance Officer with specific regard to the monitoring and evaluation of the Company's internal controls. These are considered to amount to a proportion of an internal audit function. The precise scope and depth of the remit will continue to be reviewed and, as appropriate, expanded. A clear and direct reporting line between the Compliance Officer and the Chairman of the Audit Committee and Senior Independent Director has been established to maximise the independence of the Compliance Officer from executive management.

The Compliance Officer also monitors the compliance of external managers with the terms of their investment management agreements as well as reviewing their internal control procedures.

The Board has reviewed the effectiveness of the key systems of internal control in operation during the financial period and up to the date of this report 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 who meet 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 management as appropriate. Timetables are agreed for implementing any required improvements to systems and progress against these timetables is monitored. 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. Further information relating to risk management is contained in Note 26 to the financial statements.

The system of internal control and risk management is embedded into the operations of the Company, and the action taken to mitigate any weaknesses is carefully monitored.

Social, Environmental and Ethical ('SEE') Responsibility
The Board is responsible for investment strategy and related questions of SEE policy. It has delegated the supervision of SEE related matters to the Audit Committee, and day-to-day responsibility resides with executive management. As an investment trust, the Board considers that the Company's direct SEE impact is low. However, SEE risk is considered on a case-by-case basis where management believes that investments made internally, as opposed to those made by external managers, would create an SEE risk exposure. Potential SEE risk is also considered in the selection of external investment managers.

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.

STATEMENT ON GOING CONCERN
The Directors confirm that they are satisfied that the Company and the Group have adequate resources, an appropriate financial structure and suitable management arrangements in place to continue to adopt the going concern basis in preparing the financial statements.

DIRECTORS' REMUNERATION REPORT

This report details the remuneration paid to the Company's Directors including the Chairman, Lord Rothschild, the Chief Operating Officer, Duncan Budge and the Investment Director, Mikael Breuer-Weil, for the year ended 31 March 2009.

AUDITED SECTIONS OF THE DIRECTORS' REMUNERATION REPORT

The following sections of the Report have been audited: the Directors' remuneration table, the sections on the long-term incentive plan and pension contributions, and the executive Director's pension table.

REMUNERATION AND CONFLICTS COMMITTEE

The remuneration packages of individual executive Directors are determined by the Remuneration and Conflicts Committee which comprises Charles Bailey as Chairman, John Cornish and James Leigh-Pemberton all of whom are considered by the Board to be independent, non-executive Directors. Lord Rothschild, Duncan Budge and Mikael Breuer-Weil 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 and Conflicts Committee is also responsible for the operation of the long-term incentive plan for executive Directors.

Remuneration Policy

The Company complied in the year under review with the provisions relating to Remuneration Committees incorporated in the Combined Code issued in 2006 (the "Code").

The Remuneration and Conflicts 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. The Remuneration and Conflicts Committee aims to compare remuneration packages of similar financial institutions to the Company and models its decisions on the median position of those institutions. In setting policy and making decisions, the Remuneration and Conflicts Committee gives full consideration to the provisions on the design of performance-related remuneration set out in Schedule A of the Code.

Directors' Remuneration

Year to 31 March 2009 Director	Salaries and fees £	Bonuses £	Other benefits £	Total remuneration 2008-2009 £
Lord Rothschild	401,567	279,246	115,073*	795,886
Charles Bailey	45,000	–	–	45,000
Mikael-Breuer-Weil[1]	165,830	221,514	–	387,344
Duncan Budge	295,271	205,593	148,436*	649,300
John Cornish	28,125	–	–	28,125
John Elkann	20,000	–	–	20,000
David Haysey[2]	67,490	93,521	756	161,767
Andrew Knight[2]	7,875	–	–	7,875
James Leigh-Pemberton	27,000	–	–	27,000
Michael Marks	20,000	–	–	20,000
Sandra Robertson[3]	16,292	–	–	16,292
Nathaniel Rothschild	20,000	–	–	20,000
Michael Sofaer[4]	–	–	–	–
Ian Wace[3]	14,167	–	–	14,167
	1,128,617	799,874	264,265	2,192,756

*Other benefits include payments in lieu of pension contributions – see below

[1] non-executive director to 17 July 2008; executive director from 17 July 2008

[2] director until 17 July 2008

[3] appointed 17 July 2008

[4] director until 20 November 2008 – director's fees waived

DIRECTORS' REMUNERATION REPORT

Year to 31 March 2008

Director	Salaries and fees £	Bonuses £	Other benefits £	Total remuneration 2008-2009 £
Lord Rothschild	386,122	335,806	117,881*	839,809
Charles Bailey	45,000	–	–	45,000
Mikael-Breuer-Weil	20,000	–	–	20,000
Duncan Budge	283,914	247,182	142,383*	673,479
John Cornish[1]	6,500	–	–	6,500
John Elkann	20,000	–	–	20,000
David Haysey	216,315	251,096	2,718	470,129
Christopher Hohn[2]	6,667	–	–	6,667
Andrew Knight	27,000	–	–	27,000
James Leigh-Pemberton	27,000	–	–	27,000
Michael Marks	20,000	–	–	20,000
Sandra Robertson	–	–	–	–
Nathaniel Rothschild	20,000	–	–	20,000
Michael Sofaer	–	–	–	–
Ian Wace	–	–	–	–
	1,078,518	834,084	262,982	2,175,584

*Other benefits include payments in lieu of pension contributions – see below

[1] appointed 1 January 2008

[2] director until 19 July 2007

Basic Salary, Salary Supplements and Bonus

Basic salaries for the executive Directors are reviewed annually by the Remuneration and Conflicts Committee and the last review was at 31 March 2009. For the current year, to 31 March 2010, the executive Directors' basic salaries remain unchanged from the previous year.

Lord Rothschild received a salary supplement of 20% of his basic salary, amounting to £80,313 in the year ended 31 March 2009 (31 March 2008: £77,224). This is included in the 'other benefits' figure disclosed above. The supplement is equivalent to the value of his pension contributions foregone since his election to opt out from the Company's pension scheme following advice received ahead of the pension tax reforms that came into force on 6 April 2006. The salary supplement shall continue to be paid at the same proportion to salary in future. For similar reasons, Mr Budge elected for the Group to cease making contributions on his behalf into the defined benefit section of the RITCP Pension and Life Assurance Scheme, with effect from 6 April 2006. From that date Mr Budge has received a salary supplement equivalent to 42% of his basic salary, or £124,014 for the year ended 31 March 2009 (31 March 2008: £119,244).

The Board of Directors, on the recommendation of the Remuneration and Conflicts Committee, has adopted an Executive Bonus Plan. The Plan provides that each executive Director, and such other participants as may be determined by the Remuneration and Conflicts Committee, shall be entitled to an annual bonus. The amount payable under the Executive Bonus Plan is calculated by reference to the Company's three-year moving average outperformance (in terms of increase in the net asset value per share, with dividends reinvested) over the three most relevant total return indices. The indices are currently the FTSE All-Share Total Return Index, the Investment Trust Net Assets Total Return Index and the Morgan Stanley Capital International Total Return World Index (expressed in Sterling). The percentage of salary payable as a bonus rises on a straight line basis from 0% to 100%, if the average annual outperformance is between 0% and 7%. Thereafter, the percentage of salary payable as a bonus to Lord Rothschild and Mr Budge rises from 100% in a straight line to the maximum bonus payable under the Plan of 125%, if the average annual outperformance is between 7% and 10%. Mr Breuer-Weil, as Investment Director, is entitled to an annual bonus of twice the amount produced by the same calculation, so that his maximum bonus under the plan is 250% of annual salary.

The bonuses payable under the Plan to Lord Rothschild, Mr Budge and Mr Breuer-Weil in respect of the year ended 31 March 2009 amounted to £278,246 (31 March 2008: £334,806), £204,593 (31 March 2008: £246,182) and £221,014 (31 March 2008: £nil) respectively. Mr Breuer-Weil's bonus was calculated on a pro rata basis to reflect his appointment as Investment Director on 17 July 2008. Mr Haysey received a bonus under the Plan of which £93,521 was in respect of the part of the year ended 31 March 2009 up to his resignation as a Director on 17 July 2008 (31 March 2008: £250,096). In addition to the bonus entitlements under the Executive Bonus Plan, Lord Rothschild and Mr Budge both received a £1,000 bonus which was paid to the Group's employees in December 2008 (31 March 2008: £1,000). Mr Breuer-Weil, having been appointed during the year, received a bonus of £500 in December 2008.

Long-term Incentive Plan

The adoption of a Share Appreciation Rights plan (the "SAR Plan") was last approved by shareholders on 17 July 2008. Under the SAR Plan, participants are entitled to elect to receive a cash bonus. 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. For directors of the Company and certain other senior executives, this is, however, conditional on any increase in the share price, plus dividends paid, exceeding the increase in the Retail Price Index plus 3% per annum for the three year period between the date of grant and the third anniversary thereof.

As at 31 March 2009 the amount accrued in respect of the SAR Plan participations of the Company's executive Directors was £1,867,133 (31 March 2008: £4,715,629). The lowest closing price of the Company's shares during the year was 753.5p and the highest was 1,217p. Should a participant leave his 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.

The following grants of Share Appreciation Rights were made to the Company's executive Directors during the year. All grants were made on 13 March 2009:

Director	Notional no. of RITCP shares	Grant price	Date from which first exercisable	Expiry date
Lord Rothschild	201,792	796.0p	13 March 2012	12 March 2019
Mikael Breuer-Weil	84,786	796.0p	13 March 2012	12 March 2019
Duncan Budge	111,283	796.0p	13 March 2012	12 March 2019

The following Share Appreciation Rights held by the Company's executive Directors lapsed unexercised having failed to meet the performance criteria during the year:

Director	Date of grant	Notional no. of RITCP shares	Grant price	Date lapsed
Lord Rothschild	15 March 2006	121,827	985.0p	15 March 2009
Duncan Budge	15 March 2006	81,218	985.0p	15 March 2009

The following Share Appreciation Rights held by the Company's executive Directors vested during the year:

Director	Date of grant	Notional no. of RITCP shares	Grant price	Date vested
Lord Rothschild	19 July 2005	152,672	786.0p	19 July 2008
Duncan Budge	19 July 2005	101,781	786.0p	19 July 2008

No Share Appreciation Rights were exercised by the Company's executive Directors during the year ended 31 March 2009.

DIRECTORS' REMUNERATION REPORT

The following Share Appreciation Rights granted to the Company's executive Directors were outstanding on 31 March 2009:

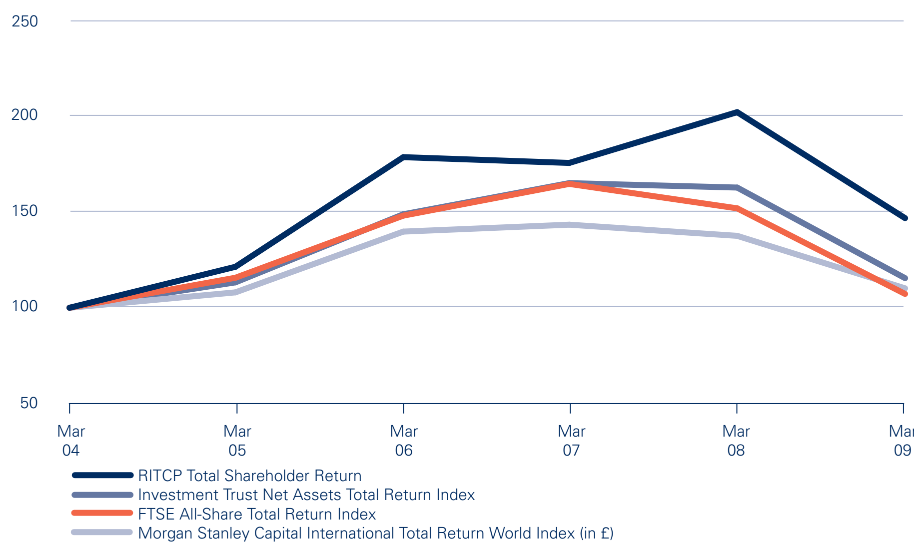
	Outstanding at 31 March 2009	Grant price	Date from which first exercisable	Expiry date
Lord Rothschild	152,672	786.0p	19 July 2008	18 July 2015
	127,795	939.0p	15 March 2010	14 March 2017
	137,654	1,122.0p	27 March 2011	26 March 2018
	201,792	796.0p	13 March 2012	12 March 2019
Mikael Breuer-Weil	28,129	1,133.0p	19 August 2011	18 August 2018
	84,786	796.0p	13 March 2012	12 March 2019
Duncan Budge	262,467	381.0p	26 March 2006	25 March 2013
	101,781	786.0p	19 July 2008	18 July 2015
	95,846	939.0p	15 March 2010	14 March 2017
	75,912	1,122.0p	27 March 2011	26 March 2018
	111,283	796.0p	13 March 2012	12 March 2019

No sums were paid to the Directors in the year ended 31 March 2009 pursuant to exercises of Share Appreciation Rights (31 March 2008: £nil).

Performance Graph

In accordance with The Directors' Remuneration Report Regulations 2002, a performance graph which measures the Company's total shareholder return (calculated by reference to the Company's share price, including dividend reinvestment) against that of a broad equity market index is shown below. For this purpose the Committee considers that the Morgan Stanley Capital International Total Return World Index (in Sterling), the FTSE All-Share Total Return Index and the Investment Trust Net Assets Total Return Index are the most suitable indices for comparative purposes. The graph below therefore compares the Company's total shareholder return to that of these three indices over the last 5 years.

TOTAL SHAREHOLDER RETURN AGAINST RELEVANT INDICES



Pension Contributions

The policy of the Remuneration and Conflicts Committee 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. Lord Rothschild and Duncan Budge are members of the RITCP Pension and Life Assurance Scheme, ("the Scheme"). However, on their receiving advice ahead of the implementation of new pensions legislation in April 2006, contributions to the Scheme on their behalf ceased with effect from 31 December 2005 and 6 April 2006 respectively.

The Company paid pension contributions to a personal pension scheme amounting to £33,745 for Mikael Breuer-Weil, (31 March 2008: not applicable) and £13,498 for Mr Haysey (31 March 2008: £43,263) who are not members of the RITCP Scheme, during the year ended 31 March 2009.

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

Executive Director's Pension

Duncan Budge is the only executive Director who is a member of the defined benefit section of the Company's pension scheme. The table below gives details of the movements in his potential benefits and transfer values during the year.

	£
Accrued benefit at 31 March 2008 (£ per annum)	129,147
Change in accrued benefit due to inflation (£ per annum)	9,714
Accrued benefit at 31 March 2009 (£ per annum)	138,861
Transfer value at 31 March 2008	2,100,930
Increase in transfer value	847,781
Transfer value at 31 March 2009	2,948,711

The table below shows the Director's accrued pension position at the end of the financial year (a) had he left service on 31 March 2008 and (b) had he left service on 31 March 2009.

	£
Total accrued pension at 31 March 2009, assuming Director left service on 31 March 2008 (£ per annum)	138,861
Increase in accrued pension during the year (£ per annum)	–
Total accrued pension at 31 March 2009, on Director's leaving Scheme (£ per annum)	138,861
Transfer value of the increase in accrued pension during the year (£)	–

The transfer value is a liability of the pension scheme rather than an amount due to be paid to the executive Director or a liability of the Company.

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, which limit the aggregate fees payable to non-executive Directors to £300,000 per annum. Non-executive Directors do not take part in discussions on their own remuneration. The Board, on the recommendation of the Remuneration and Conflicts Committee, applied the following structure for the determination of the annual fees of the non-executive directors throughout the year:

Basic fee	£20,000
Committee membership fees:	
Audit Committee	£3,000
Nominations Committee	£1,000
Remuneration and Conflicts Committee	£3,000
Valuation Committee	£3,000
Committee Chairmanship fee (per committee)	£5,000

The non-executive Directors each have letters of appointment that are subject to termination upon one month's written notice on either side.

Directors' Service Contracts

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

Lord Rothschild, Duncan Budge and Mikael Breuer-Weil each have service agreements with J. Rothschild Capital Management Limited.

Lord Rothschild's service agreement is dated 29 April 1996, but was initially with an associated company and originally dated 20 October 1993. The agreement can be terminated, *inter alia*, by either party giving the other not less than twelve months' written notice. It provides for benefits in kind in line with normal company practice, including pension provision, private health insurance and a company car. The agreement is currently on a rolling one year basis. The agreement does not specify compensation payable in the event of early termination.

Duncan Budge's service agreement is dated 29 August 1996, but was originally with an associated company and dated 6 August 1985. The agreement can be terminated, *inter alia*, by either party giving the other not less than twelve months' written notice and will automatically terminate on his 60th birthday. It provides for benefits in kind in line with normal company practice, including pension provision, life assurance, permanent health insurance, private health insurance and a company car. The agreement does not specify compensation payable in the event of early termination.

Mikael Breuer-Weil's service agreement is dated 9 December 2008. It can be terminated, *inter alia*, by either party giving not less than twelve months' written notice. It provides for benefits in kind in line with normal company practice including pension provision, life assurance, permanent health insurance, private health insurance and a company car. The agreement does not specify compensation in the event of early termination.

When considering the size of any proposed termination payment, the Committee would take into account a number of factors including the health, length of service, age and the performance of the relevant executive, including the duty to mitigate his own loss, with a broad aim to avoid rewarding poor performance while dealing fairly with cases where the departure is due to other reasons, such as illness.

Executive Directors' External Non-executive Directorships

Lord Rothschild served as the Senior Independent Director of British Sky Broadcasting Group plc until 29 September 2008 and received £35,000 (year ended 31 March 2008: £66,053) for his services. Such fees were retained by Lord Rothschild.

Lord Rothschild was a non-executive director of RHJ International until 15 September 2008 and received €50,000 (31 March 2008: €100,000) for his services. He also received a fee of €12,500 (31 March 2008: €25,000) for being a member of the nomination and remuneration committee. These fees were retained by Lord Rothschild.

Lord Rothschild was a director of Blackstone Group Management L.L.C. until 9 July 2008. He received US$25,000 (31 March 2008: US$100,000) and was granted 10,000 deferred restricted common units under the Company's 2007 Equity Incentive Plan in respect of his services as a director. The retainer and any proceeds of the deferred restricted common units were retained by Lord Rothschild.

Mr Budge is a non-executive director of The World Trust Fund, a Luxembourg incorporated investment company whose shares are listed on the London Stock Exchange. RITCP's interests are represented by Mr Budge, who is entitled to fees of £25,000 per annum in respect of his non-executive directorship. These fees are retained by Mr Budge.

No other fees are paid to the executive Directors in respect of external non-executive directorships.

Termination Payments and Payments to Third Parties

No payments were made to a Director of the Company for termination of employment nor were any payments made to third parties for Directors' services during the year.

On behalf of the Board of Directors

Charles Bailey
3 June 2009
Chairman, Remuneration and Conflicts Committee

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF RIT CAPITAL PARTNERS PLC

We have audited the consolidated and parent company financial statements (the ''financial statements'') of RIT Capital Partners plc for the year ended 31 March 2009 which comprise the Consolidated Income Statement, the Consolidated and Parent Company Balance Sheets, the Consolidated and Parent Company Statements of Changes in Equity, the Consolidated and Parent Company Cash Flow Statements and the related notes. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors' responsibilities for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

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

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985 and, as regards the group financial statements, Article 4 of the IAS Regulation. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. The information given in the Directors' Report includes that specific information presented in the Chairman's Statement and the Investment Review that is cross referred from the Business Review section of the Directors' Report.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We review whether the Corporate Governance Report reflects the Company's compliance with the nine provisions of the Combined Code 2006 specified for our review by the Listing Rules of 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 form an opinion on the effectiveness of the group's corporate governance procedures or its risk and control procedures.

We read other information listed on the contents page contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Chairman's Statement, the Investment Review, the Directors' Report, the unaudited part of the Directors' Remuneration Report and the Corporate Governance Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 and the part of the Directors' Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts and the part of the Directors' Remuneration Report to be audited are free from material

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF RIT CAPITAL PARTNERS PLC

misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Directors' Remuneration Report to be audited.

OPINION

In our opinion:

- the consolidated financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the group's affairs as at 31 March 2009 and of its loss and cash flows for the year then ended;
- the parent company financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 1985, of the state of the parent company's affairs as at 31 March 2009 and of its cash flows for the year then ended;
- the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985 and, as regards the group financial statements, Article 4 of the IAS Regulation; and
- the information given in the Directors' Report is consistent with the financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors

Hays Galleria, 1 Hays Lane, London SE1 2RD
3 June 2009

Notes:

(a) The financial statements are published on the RIT Capital Partners plc website www.ritcap.co.uk. The maintenance and integrity of the website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

(b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

For the year ended 31 March 2009	Notes	Revenue return £ million	Capital return £ million	Total £ million
Income				
Investment income	1	56.6	–	56.6
Other income	1	1.9	–	1.9
Losses on dealing investments held at fair value		(18.7)	–	(18.7)
Total income		39.8	–	39.8
Losses on portfolio investments held at fair value	22	–	(381.2)	(381.2)
Other capital items	22	–	58.1	58.1
		39.8	(323.1)	(283.3)
Expenses				
Administrative expenses	3	(15.1)	1.3	(13.8)
Investment management fees	5	(7.1)	(0.5)	(7.6)
Loss before finance costs and tax		17.6	(322.3)	(304.7)
Finance costs	6	(12.7)	–	(12.7)
Loss before tax		4.9	(322.3)	(317.4)
Taxation	7	(1.7)	1.4	(0.3)
Loss for the year		**3.2**	**(320.9)**	**(317.7)**
Earnings per ordinary share	9	**2.1p**	**(207.3)p**	**(205.2)p**

The total column of this statement represents the Group's Income Statement, prepared in accordance with International Financial Reporting Standards (IFRS). The supplementary revenue return and capital return columns are both prepared under guidance published by the Association of Investment Companies. All items in the above statement derive from continuing operations.

The notes on pages 55 to 88 form part of these financial statements.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2008	Notes	Revenue return £ million	Capital return £ million	Total £ million
Income				
Investment income	1	45.6	–	45.6
Other income	1	3.2	–	3.2
Profits on dealing investments held at fair value		57.4	–	57.4
Total income		106.2	–	106.2
Gains on portfolio investments held at fair value	22	–	42.6	42.6
Other capital items	22	–	(22.1)	(22.1)
		106.2	20.5	126.7
Expenses				
Administrative expenses	3	(14.6)	(3.5)	(18.1)
Investment management fees	5	(5.6)	(2.3)	(7.9)
Profit before finance costs and tax		86.0	14.7	100.7
Finance costs	6	(13.3)	–	(13.3)
Profit before tax		72.7	14.7	87.4
Taxation	7	(4.1)	(4.7)	(8.8)
Profit for the year		**68.6**	**10.0**	**78.6**
Earnings per ordinary share	9	**44.2p**	**6.4p**	**50.6p**

The total column of this statement represents the Group's Income Statement, prepared in accordance with IFRS. The supplementary revenue return and capital return columns are both prepared under guidance published by the Association of Investment Companies. All items in the above statement derive from continuing operations.

The notes on pages 55 to 88 form part of these financial statements.

CONSOLIDATED BALANCE SHEET

	Notes	31 March 2009 £ million	31 March 2008 £ million
Non-current assets			
Investments held at fair value	11	1,593.2	1,878.6
Investment property	11	28.5	32.6
Property, plant and equipment	13	0.4	0.4
Derivative financial instruments	26	–	4.8
Retirement benefit asset	27	–	1.4
Deferred tax asset	15	0.3	–
		1,622.4	1,917.8
Current assets			
Dealing investments held at fair value	16	11.3	1.9
Sales for future settlement		14.7	20.1
Derivative financial instruments	26	6.0	29.7
Other receivables	14	13.5	19.2
Tax receivable		0.9	0.6
Cash at bank	14	98.5	152.1
		144.9	223.6
Total assets		1,767.3	2,141.4
Current liabilities			
Bank loans and overdrafts		(0.1)	(98.9)
Purchases for future settlement		(19.5)	(29.0)
Derivative financial instruments	26	–	(8.8)
Tax payable		(1.8)	(3.2)
Other payables	17	(4.9)	(7.1)
		(26.3)	(147.0)
Net current assets		118.6	76.6
Total assets less current liabilities		1,741.0	1,994.4
Non-current liabilities			
Derivative financial instruments	26	(13.7)	(4.7)
Bank loans	18	(369.3)	(284.9)
Provisions	19	(7.0)	(13.1)
Retirement benefit liability	27	(0.5)	–
Deferred tax liability	15	–	(1.7)
		(390.5)	(304.4)
Net assets		**1,350.5**	**1,690.0**
Equity attributable to equity holders			
Called up share capital	20	154.5	154.8
Capital redemption reserve	21	35.7	35.4
Cash flow hedging reserve		(13.7)	0.1
Foreign currency translation reserve	24	0.6	(0.2)
Capital reserve	22	1,166.9	1,490.4
Revenue reserve	23	6.5	9.5
Total shareholders' equity		**1,350.5**	**1,690.0**
Net asset value per ordinary share		**874.3p**	**1,091.6p**

The financial statements were approved by the Board of Directors and authorised for issue on 3 June 2009. They were signed on the Board's behalf by:

Rothschild
Director

Duncan Budge
Director

The notes on pages 55 to 88 form part of these financial statements.

BALANCE SHEET OF THE PARENT COMPANY

	Notes	31 March 2009 £ million	31 March 2008 £ million
Non-current assets			
Investments held at fair value	11	1,580.5	1,846.5
Investment property	11	28.5	32.6
Investments in subsidiary undertakings	12	75.8	111.5
Derivative financial instruments	26	–	4.8
Deferred tax asset	15	0.1	–
		1,684.9	1,995.4
Current assets			
Sales for future settlement		14.6	19.6
Derivative financial instruments	26	1.9	5.6
Other receivables	14	12.3	18.5
Tax receivable		0.9	0.6
Cash at bank	14	89.9	131.5
		119.6	175.8
Total assets		1,804.5	2,171.2
Current liabilities			
Bank loans and overdrafts		–	(98.8)
Purchases for future settlement		(11.1)	(26.3)
Derivative financial instruments	26	–	(8.8)
Other payables	17	(3.8)	(4.9)
Amounts owed to group undertakings	28	(105.9)	(94.8)
		(120.8)	(233.6)
Net current liabilities		(1.2)	(57.8)
Total assets less current liabilities		1,683.7	1,937.6
Non-current liabilities			
Derivative financial instruments	26	(13.7)	(4.7)
Bank loans	18	(369.3)	(284.9)
Provisions	19	(6.8)	(12.9)
Deferred tax liability	15	–	(1.6)
		(389.8)	(304.1)
Net assets		**1,293.9**	**1,633.5**
Equity attributable to equity holders			
Called up share capital	20	154.5	154.8
Capital redemption reserve	21	35.7	35.4
Cash flow hedging reserve		(13.7)	0.1
Capital reserve	22	1,092.4	1,432.0
Revenue reserve	23	25.0	11.2
Total shareholders' equity		**1,293.9**	**1,633.5**

The financial statements were approved by the Board of Directors and authorised for issue on 3 June 2009. They were signed on the Board's behalf by:

Rothschild
Director

Duncan Budge
Director

The notes on pages 55 to 88 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2009	Share capital £ million	Capital redemption reserve £ million	Cash flow hedging reserve £ million	Foreign currency translation reserve £ million	Capital reserve £ million	Revenue reserve £ million	Total £ million
Balance at 31 March 2008	154.8	35.4	0.1	(0.2)	1,490.4	9.5	1,690.0
Loss for the year	–	–	–	–	(320.9)	3.2	(317.7)
Cash flow hedges							
Losses taken to equity	–	–	(13.8)	–	–	–	(13.8)
Transferred to the income statement for the year	–	–	–	–	–	–	–
Exchange movements arising on consolidation	–	–	–	0.8	–	–	0.8
Ordinary dividend paid	–	–	–	–	–	(6.2)	(6.2)
Purchase of own shares	(0.3)	0.3	–	–	(2.6)	–	(2.6)
Balance at 31 March 2009	**154.5**	**35.7**	**(13.7)**	**0.6**	**1,166.9**	**6.5**	**1,350.5**

Year ended 31 March 2008	Share capital £ million	Capital redemption reserve £ million	Cash flow hedging reserve £ million	Foreign currency translation reserve £ million	Capital reserve £ million	Revenue reserve £ million	Total £ million
Balance at 31 March 2007	156.2	34.0	5.4	(0.2)	1,494.5	(54.3)	1,635.6
Profit for the year	–	–	–	–	10.0	68.6	78.6
Cash flow hedges							
Losses taken to equity	–	–	(4.1)	–	–	–	(4.1)
Transferred to the income statement for the year	–	–	(1.2)	–	–	–	(1.2)
Exchange movements arising on consolidation	–	–	–	–	–	–	–
Ordinary dividend paid	–	–	–	–	–	(4.8)	(4.8)
Purchase of own shares	(1.4)	1.4	–	–	(14.1)	–	(14.1)
Balance at 31 March 2008	**154.8**	**35.4**	**0.1**	**(0.2)**	**1,490.4**	**9.5**	**1,690.0**

The notes on pages 55 to 88 form part of these financial statements.

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2009	Share capital £ million	Capital redemption reserve £ million	Cash flow hedging reserve £ million	Capital reserve £ million	Revenue reserve £ million	Total £ million
Balance at 31 March 2008	154.8	35.4	0.1	1,432.0	11.2	1,633.5
Loss for the year	–	–	–	(337.0)	20.0	(317.0)
Cash flow hedges						
Losses taken to equity	–	–	(13.8)	–	–	(13.8)
Transferred to the income statement for the year	–	–	–	–	–	–
Ordinary dividend paid	–	–	–	–	(6.2)	(6.2)
Purchase of own shares	(0.3)	0.3	–	(2.6)	–	(2.6)
Balance at 31 March 2009	**154.5**	**35.7**	**(13.7)**	**1,092.4**	**25.0**	**1,293.9**

Year ended 31 March 2008	Share capital £ million	Capital redemption reserve £ million	Cash flow hedging reserve £ million	Capital reserve £ million	Revenue reserve £ million	Total £ million
Balance at 31 March 2007	156.2	34.0	5.4	1,385.0	5.0	1,585.6
Profit for the year	–	–	–	61.1	11.0	72.1
Cash flow hedges						
Losses taken to equity	–	–	(4.1)	–	–	(4.1)
Transferred to the income statement for the year	–	–	(1.2)	–	–	(1.2)
Ordinary dividend paid	–	–	–	–	(4.8)	(4.8)
Purchase of own shares	(1.4)	1.4	–	(14.1)	–	(14.1)
Balance at 31 March 2008	**154.8**	**35.4**	**0.1**	**1,432.0**	**11.2**	**1,633.5**

The notes on pages 55 to 88 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

	Notes	Year ended 31 March 2009 £ million	Year ended 31 March 2008 £ million
Cash inflow from Operating Activities	25	14.8	60.0
Investing Activities:			
Purchase of property, plant and equipment	13	(0.3)	(0.2)
Sale of property, plant and equipment		–	–
Net cash outflow from Investing Activities		(0.3)	(0.2)
Financing Activities:			
Buy-back of ordinary shares		(2.6)	(14.1)
Increase in term loans		–	74.5
Equity dividend paid	8	(6.2)	(4.8)
Net cash (outflow)/inflow from Financing Activities		(8.8)	55.6
Increase in cash and cash equivalents in the year		5.7	115.4
Cash and cash equivalents at the start of the year		130.0	10.8
Effect of foreign exchange rate changes		13.9	3.8
Cash and cash equivalents at the year end		**149.6**	**130.0**
Reconciliation:			
Cash at bank		98.5	152.1
Money market funds (included in portfolio investments)		51.2	76.8
Bank loans and overdrafts		(0.1)	(98.9)
Cash and cash equivalents at the year end		**149.6**	**130.0**

The notes on pages 55 to 88 form part of these financial statements.

PARENT COMPANY CASH FLOW STATEMENT

	Notes	Year ended 31 March 2009 £ million	Year ended 31 March 2008 £ million
Cash inflow from Operating Activities	25	27.0	77.5
Net cash outflow from Investing Activities		–	–
Financing Activities:			
Buy-back of ordinary shares		(2.6)	(14.1)
Increase in term loans		–	74.5
Equity dividend paid	8	(6.2)	(4.8)
Net cash (outflow)/inflow from Financing Activities		(8.8)	55.6
Increase in cash and cash equivalents in the year		18.2	133.1
Cash and cash equivalents at the start of the year		109.0	(27.9)
Effect of foreign exchange rate changes		13.9	3.8
Cash and cash equivalents at the year end		**141.1**	**109.0**
Reconciliation:			
Cash at bank		89.9	131.5
Money market funds (included in portfolio investments)		51.2	76.3
Bank loans and overdrafts		–	(98.8)
Cash and cash equivalents at the year end		**141.1**	**109.0**

The notes on pages 55 to 88 form part of these financial statements.

BASIS OF ACCOUNTING

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union, and those parts of the Companies Act 1985 applicable to companies reporting under IFRS.

The Group has adopted the following standards and interpretations for the first time in these financial statements:

IFRS 8	Operating Segments
IFRIC 8	Scope of IFRS 2
IFRIC 11	IFRS 2 Group and Treasury Share Transactions
IFRIC 14	IAS 19 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IAS 23	(Amendment) Borrowing Costs

The first-time application of these did not result in any changes to the Group's financial statements.

At the date of authorisation of these financial statements, the following Standards and Interpretations were in issue but not yet effective:

IAS 39	(Amendment), 'Financial instruments: Recognition and measurement'
IAS 1	(Revised), 'Presentation of financial statements'
IAS 1	(Amendment), 'Presentation of financial statements'
IFRS 1	(Amendment), 'First-time adoption of IFRS', and IAS 27, 'Consolidated and separate financial statements'
IFRS 2	(Amendment), 'Share-based payment'
IFRS 3	(Revised), 'Business combinations'
IAS 27	(Revised), 'Consolidated and separate financial statements'
IAS 19	(Amendment), 'Employee benefits'

The Directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Group.

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments and investment properties. The principal accounting policies adopted are set out below. Where the presentational guidance set out in the Statement of Recommended Practice ("SORP"), Financial Statements of Investment Trust Companies, issued by the Association of Investment Companies ("AIC") in January 2009 is consistent with the requirements of IFRS, the Directors have sought to prepare the financial statements on a basis which complies with the recommendation of the SORP.

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 March each year. The financial statements of the subsidiaries are prepared as of the same reporting date using consistent accounting policies. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

PRESENTATION OF INCOME STATEMENT

In order to reflect better the activities of an investment trust company, and in accordance with guidance issued by the AIC, supplementary information which analyses the income statement between items of a revenue and capital nature has been presented within the income statement. In accordance with the Company's status as an investment trust, net capital profits may not be distributed by way of dividend. Additionally, the net revenue is the measure the Directors believe appropriate in assessing the Company's compliance with certain requirements set out in Section 842 of the Taxes Act 1988.

GROUP ACCOUNTING POLICIES

INCOME

Dividend income from investments is recognised when the shareholder's right to receive payment has been established and this is normally the ex-dividend date. Provision is made for any dividends not expected to be received.

Where the Group has elected to receive dividends in the form of additional shares rather than cash, the amount of the cash dividend foregone is recognised as income. The excess, if any, in the value of shares received over the amount of the cash dividend foregone is recognised as a gain in the income statement.

UK dividend income is recorded at the amount receivable without any attributable tax credit. Overseas dividend income is shown gross of withholding tax.

Interest income is accrued on a time basis, by reference to the principal outstanding at the effective interest rate applicable, which is the rate that discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Underwriting commission is recognised as earned.

EXPENSES

All expenses and interest costs are accounted for on an accruals basis. In respect of the analysis between revenue and capital items presented within the income statement, all expenses have been presented as revenue items except those items listed below:

- Expenses are allocated to capital where a direct connection with the maintenance or enhancement of the value of the investments can be demonstrated. Expenses are allocated to revenue where there is an indirect connection.
- Investment management fees are considered to be indirect costs and are therefore allocated to revenue. Performance fees are allocated to capital as they arise as a result of the capital performance of the relevant investment portfolio.
- The Group has in force certain incentive arrangements whereby fees payable are based entirely on the increase in the values of certain investments. The cost of these incentive arrangements is considered to be a direct cost of enhancing the value of these investments and is therefore allocated to capital.
- The Group has in force long-term incentive arrangements for the 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 allocate the costs of these arrangements in their entirety to capital.
- The Group has an Executive Bonus Plan for the executive Directors whereby they receive a bonus calculated by reference to the Company's three-year moving average outperformance over three key total return indices. The amount of the bonus depends principally on the capital performance of the Group and therefore the Directors consider it appropriate to charge the whole of the bonus to capital.
- Expenses which are incidental to the disposal of an investment are deducted from the disposal proceeds of the investment.
- Costs incurred in connection with aborted portfolio investment transactions are also allocated to capital.

FINANCE COSTS

Finance costs are accounted for on an effective yield basis. Since these costs are considered to be an indirect cost of maintaining the value of the investments they are allocated in full to revenue.

FOREIGN CURRENCIES

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates, i.e. its functional currency. For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Pounds Sterling ("Sterling") which is the functional currency of the Company, and the presentational currency of the Group. Transactions in currencies other than Sterling are recorded at the rate of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items and non-monetary assets and liabilities that are fair valued and are denominated in foreign currencies are re-translated at the rates prevailing on the balance sheet date. Gains and losses arising on re-translation are included in net profit or loss for the period in respect of those investments which are classified as fair value through profit or loss. All foreign exchange gains and losses, except those arising from the translation of foreign subsidiaries, are recognised in the income statement. In accordance with IAS 21, a foreign currency translation reserve has been established in respect of the exchange movements arising on consolidation since 31 March 2004.

TAXATION

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not subject to tax or are not deductible for tax purposes. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Investment trusts which have approval under Section 842 of the Taxes Act 1988 are not subject to tax on capital gains. In view of the Company's status as an investment trust, and its intention to continue meeting the conditions required to obtain approval for the foreseeable future, the Company has not provided current or deferred tax on any capital gains or losses arising on the revaluation or disposal of investments.

The carrying amount of the deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

INVESTMENTS

Investments are recognised and derecognised on the trade date where a purchase or sale is made under a contract whose terms require delivery within the timeframe established by the market concerned, and are initially measured at fair value.

All of the Group's investments are defined by IFRS as investments designated at fair value through profit or loss ("FVPL") but are also described in these financial statements as investments held at fair value.

All investments are designated upon initial recognition as held at fair value and, except as noted below, are measured at subsequent reporting dates at fair value. Fair value is either the bid price or the last traded price, depending on the convention of the exchange on which the investment is quoted. Investments in hedge funds and long equity funds are valued at the closing price, the bid price or the single price as appropriate, released by the relevant investment manager. Changes in the fair value of all investments held at fair value are recognised in the income statement. On disposal, realised gains and losses are also recognised in the income statement. Transaction costs, including bid-offer spreads, are included within gains on investments held at fair value.

In respect of unquoted instruments, or where the market for a financial instrument is not active, fair value is established by using valuation techniques, which may include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same and discounted cash flow analysis. Where there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, that technique is utilised. Where no reliable fair value can be estimated for such unquoted equity instruments, they are carried at cost, subject to any provision for impairment.

Where securities are designated upon initial recognition as fair value through profit or loss, gains and losses arising from changes in fair value are included in net profit or loss for the period as a capital item.

Foreign exchange gains and losses arising on investments held at fair value are included within the changes in their fair values.

The gains and losses on financial assets designated at fair value through profit or loss exclude any related interest income, dividend income and interest expense. These items are disclosed separately in the financial statements.

Investment properties are measured initially at cost, including related transaction costs. After initial recognition at cost, investment properties are carried at their fair values based on the professional valuation made as of each reporting date. Valuation surpluses and deficits arising in the period are included in the income statement. The gain or loss arising on the disposal of a property is determined as the difference between the sales proceeds and the carrying amount of the asset at the beginning of the period and is recognised in the income statement.

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 fair value. The movements in fair value of trading positions are included in the revenue return column of the income statement. Securities sold short are valued at their offer prices in accordance with IAS 39.

SUBSIDIARIES

Investments in subsidiaries in the financial statements of the parent are carried at cost less any provision for impairment made in accordance with IAS 36, Impairment of assets. Impairment tests are carried out twice each year as at 30 September and 31 March.

CASH AND CASH EQUIVALENTS

Cash at bank in the balance sheet comprises cash balances and deposits held at call and short notice with banks. Bank overdrafts that are repayable on demand and which form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purposes of the cash flow statement. Short-term highly liquid investments with original maturities of three months or less are also included as a component of cash and cash equivalents for the purposes of the cash flow statement.

PROVISIONS

A provision is recognised in the balance sheet when the Group has a constructive or legal obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

SHARE-BASED PAYMENTS

In accordance with IFRS 2, Share-based payment, a charge is required for all share-based payments which includes the long-term incentives provided under the Company's Share Appreciation Rights Plan ("SARs"). The cost of granting these SARs to employees and Directors is recognised through the income statement. The Company has used the binomial option valuation model and the resulting value is amortised through the income statement over the vesting periods of the relevant SARs. The charge is reversed if it appears likely that the performance criteria will not be met, with any changes to fair value recognised in the profit or loss for the period.

PROPERTY, PLANT AND EQUIPMENT

Tangible fixed assets are shown at cost less depreciation. Depreciation is provided on all property, plant and equipment. 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.

PENSIONS

J. Rothschild Capital Management Limited, a wholly-owned subsidiary undertaking, is a participating employer in the Group's 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.

The Group accounts for its defined benefit retirement scheme by reference to IAS 19, Employee Benefits. For the defined benefit retirement scheme, the cost of benefits accruing during the year in respect of current and past service is charged to the income statement and allocated to revenue. The expected return on the scheme's assets, actuarial gains and losses and the increase in the present value of the scheme's liabilities arising from the passage of time are also recognised in the income statement. An actuarial valuation of the defined benefit retirement scheme is undertaken every three years as at 1 January and is updated as at each 31 March and 30 September during the intervening valuation dates. The valuation is carried out using the projected unit method of funding basis. The income statement also includes costs incurred in respect of defined contribution schemes and these costs comprise the contributions payable in the year.

OTHER RECEIVABLES

Other receivables do not carry any interest and are short-term in nature: they are accordingly stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

BANK BORROWINGS

Interest-bearing bank loans and overdrafts are recorded initially at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the income statement using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

OTHER PAYABLES

Other payables are not interest-bearing and are stated at their nominal value.

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

The Group's activities expose it to the financial risks of changes in foreign currency exchange rates and interest rates. From time to time, the Group uses foreign exchange forward contracts and interest rate swap contracts to hedge these exposures. The dealing subsidiary may also use derivative financial instruments for trading purposes.

The Group has adopted trade date accounting. Accordingly, derivative financial instruments are recognised on the date the Group enters into the relevant contract, and are derecognised on the date which it commits to their sale.

Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised directly in equity and any ineffective portion is recognised immediately in the income statement. The amount in equity is released to income when the forecast transaction impacts profit or loss.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement as they arise. If capital in nature, the associated change in value is presented as a capital item in the income statement.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in equity for cash flow hedges is retained in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to net profit or loss in the period.

GROUP ACCOUNTING POLICIES

Derivatives embedded in other financial instruments or non-financial host contracts are treated as separate derivatives when their economic characteristics and risks are not closely related to those of the host contracts and the financial instrument is not classified at fair value through profit or loss.

ALLOCATION TO CAPITAL

All expenses and interest payable are accounted for on an accruals basis. In respect of the analysis between revenue and capital items presented within the income statement and the statement of changes in equity, all expenses have been presented as revenue items except as listed below:

The following are presented as realised capital items:

- gains and losses on the realisation of investments
- realised exchange differences of a capital nature
- expenses, together with the related taxation effect, allocated to capital in accordance with the above policies
- realised gains and losses on transactions undertaken to hedge an exposure of a capital nature
- the cost of purchasing ordinary shares for cancellation.

The following are presented as unrealised capital items:

- 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.

CRITICAL ACCOUNTING ASSUMPTIONS AND JUDGEMENTS

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting assumptions. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas requiring a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are discussed below.

Unquoted investments

Unquoted investments are valued at fair value in accordance with IFRS having regard to International Private Equity and Venture Capital Valuation Guidelines as recommended by the British Venture Capital Association. The principles which the Group applies are set out on page 51. This determination requires significant management judgement.

Retirement benefit obligation

The determination of the pension cost and the defined benefit obligation of the Group's defined benefit pension scheme depends on the selection of certain assumptions, which include the discount rate, inflation rate, salary growth, longevity and the expected return on scheme assets. Any changes in these assumptions will impact the carrying amount of the pension obligation. The expected return on scheme assets is determined on a uniform basis, taking into consideration long-term historical returns, asset allocation and future estimates of long-term investment returns. The Group determines the appropriate discount rate at the end of each year; this is the interest rate that is used to calculate the present value of the estimated future cash outflows expected to be required to settle the pension obligation. Differences arising from actual experience or future changes in assumptions will be reflected in subsequent accounting periods.

Deferred tax asset

Management judgement is required in determining the deferred tax assets and liabilities to be recognised in the financial statements. In particular, judgement is used when assessing the extent to which deferred tax assets should be recognised, with consideration given to the timing and level of future taxable income.

Long-term incentive plan

The carrying amount of the provision in respect of the long-term incentive plan depends on a number of assumptions which are set out in note 19.

1. INVESTMENT INCOME

	Year ended 31 March 2009 £ million	Year ended 31 March 2008 £ million
Income from listed investments:		
Dividends	14.7	20.1
Interest	14.1	6.5
Income from unlisted investments:		
Dividends	25.7	4.3
Interest	2.5	1.6
Income from investment properties	1.7	1.7
Interest receivable	(2.1)	11.4
	56.6	**45.6**

The interest receivable loss of £2.1 million reflects both a lower level of market interest rates received, as well as a £4.4 million reduction in the value of an interest receivable asset. This asset related to the repayment of VAT, previously charged on investment management fees, which HM Revenue and Customs has accepted should not have been paid. The adjustment reduces the interest component of this asset to an amount which is now believed to be recoverable.

OTHER INCOME

	Year ended 31 March 2009 £ million	Year ended 31 March 2008 £ million
Share of partnership income	0.2	2.0
Other fee income	1.7	1.2
	1.9	**3.2**

2. BUSINESS AND GEOGRAPHICAL SEGMENTS

The Group operates from the UK and is engaged in a single business segment of investing in equity and debt securities, issued by companies operating and generating revenue worldwide, and therefore the Group only has a single business segment and a single geographical segment. Accordingly no segmental reporting is provided.

3. ADMINISTRATIVE EXPENSES

Administrative expenses include the following:

	Year ended 31 March 2009 £ million	Year ended 31 March 2008 £ million
Staff costs (see note 4 below)	7.4	9.8
Auditors' remuneration – audit fees	0.1	0.1
Auditors' remuneration – other	0.1	–
Depreciation	0.2	0.1

Administrative expenses for the year ended 31 March 2009 include £1.2 million (31 March 2008: £1.1 million) 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. The net administrative expenses for the year ended 31 March 2009 are £12.6 million (31 March 2008: £17.0 million). The total audit fee amounts to £118,000 (31 March 2008: £132,000) of which £117,000 (31 March 2008: £114,000) relates to the audit of the parent company's consolidated accounts. Other fees of £65,000 (31 March 2008: £30,000) were payable to the auditors in respect of taxation and reporting on related party matters.

Details of the transaction costs incurred on the purchase and sale of investments are set out below.

	Year ended 31 March 2009 £ million	Year ended 31 March 2008 £ million
Purchases	1.8	2.5
Sales	1.7	3.6
	3.5	**6.1**

Transaction costs, including bid-offer spreads, are included within gains on investments held at fair value.

4. STAFF COSTS

	Year ended 31 March 2009 £ million	Year ended 31 March 2008 £ million
Wages and salaries	5.8	5.0
Executive bonus plan	1.1	0.8
Social security costs	0.8	0.7
Long-term incentive plan (Note 19)	(2.9)	2.5
Pension costs-defined benefit scheme (Note 27)	2.1	0.4
Pension costs-defined contribution plans (Note 27)	0.5	0.4
	7.4	**9.8**

The above figures include Directors' emoluments, details of which are shown in the Directors' Remuneration Report on pages 33 to 38. They include the movement in the provision for the Group's long-term incentive plan and the amounts payable under the Executive Bonus Plan which are charged to capital reserve.

The average number of employees during the year was 83 (31 March 2008: 75). Included in this figure are 23 people employed in respect of the banqueting business of Spencer House and the related security function (31 March 2008: 23). Also included are the 8 non-executive Directors (31 March 2008: 9).

5. INVESTMENT MANAGEMENT FEES

Details of the current investment managers who operate segregated accounts are shown in the Directors' Report on page 24.

6. FINANCE COSTS

	Year ended 31 March 2009		Year ended 31 March 2008	
	Group £ million	Company £ million	Group £ million	Company £ million
Interest payable on bank borrowings	12.4	12.4	14.4	14.3
Interest rate swap receipts	–	–	(1.2)	(1.2)
Amortisation of issue costs of bank loans	0.3	0.3	0.1	0.1
	12.7	**12.7**	**13.3**	**13.2**

7. TAXATION

	Year ended 31 March 2009 Revenue £ million	Capital £ million	Total £ million
UK corporation tax charge	–	–	–
Adjustment in respect of prior years	(0.1)	–	(0.1)
Overseas taxation	2.4	–	2.4
Double taxation relief	–	–	–
Current tax charge	2.3	–	2.3
Deferred tax credit	(0.6)	(1.4)	(2.0)
Adjustment in respect of prior years	–	–	–
Taxation charge	**1.7**	**(1.4)**	**0.3**

	Year ended 31 March 2008 Revenue £ million	Capital £ million	Total £ million
UK corporation tax charge	0.3	2.4	2.7
Adjustment in respect of prior years	–	–	–
Overseas taxation	1.8	0.4	2.2
Double taxation relief	–	(0.1)	(0.1)
Current tax charge	2.1	2.7	4.8
Deferred tax charge	2.0	2.0	4.0
Adjustment in respect of prior years	–	–	–
Taxation charge	**4.1**	**4.7**	**8.8**

The deferred tax credit in the current year and charge in the prior year relate to the origination and reversal of timing differences.

The tax charge for the year differs from the standard rate of corporation tax in the UK of 28% (31 March 2008: 30%). The differences are explained below:

	Year ended 31 March 2009			Year ended 31 March 2008		
	Revenue £ million	Capital £ million	Total £ million	Revenue £ million	Capital £ million	Total £ million
(Loss)/profit before tax	4.9	(322.3)	(317.4)	72.7	14.7	87.4
Tax at the standard UK corporation tax rate of 28% (31 March 2008: 30%)	1.3	(90.2)	(88.9)	21.8	4.4	26.2
Effect of:						
Capital items exempt from corporation tax	–	88.8	88.8	–	0.1	0.1
UK dividend income not taxable	(0.8)	–	(0.8)	(1.8)	–	(1.8)
Double tax relief not available	1.8	–	1.8	1.3	0.2	1.5
Expenses not deductible for tax purposes	(0.1)	–	(0.1)	–	–	–
Current losses not utilised	–	–	–	–	–	–
Past losses now utilised	–	–	–	(16.9)	–	(16.9)
Other items	(0.4)	–	(0.4)	(0.3)	–	(0.3)
Prior year credit	(0.1)	–	(0.1)	–	–	–
Total tax charge	**1.7**	**(1.4)**	**0.3**	**4.1**	**4.7**	**8.8**

The tax charge in the capital column primarily relates to (i) valuation changes in respect of taxable investments in non-qualifying offshore funds and (ii) tax deductible expenses, including investment management performance fees, charges arising under the Group's long-term incentive plan and the cost of the Executive Bonus Plan.

8. DIVIDEND

	2009 Pence per share	2008 Pence per share	2009 £ million	2008 £ million
Final dividend paid	**4.0**	**3.1**	**6.2**	**4.8**

The above amounts were recognised as distributions to equity holders in the relevant periods. In addition, the Directors have proposed a final dividend in respect of the financial year ended 31 March 2009 of 7.5p per share which will absorb £11.6 million of shareholders' funds. It will be paid on 29 July 2009 to shareholders on the register at 19 June 2009. The proposed final dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

The dividend payable in respect of the year ended 31 March 2009, which is the basis on which the requirements of Section 842 of the Taxes Act 1988 are considered, amounts to £11.6 million (31 March 2008: £6.2 million).

9. EARNINGS PER ORDINARY SHARE

The earnings per ordinary share for the year ended 31 March 2009 is based on the net loss of £317.7 million (31 March 2008: net profit of £78.6 million) and the weighted average number of ordinary shares in issue during the period of 154.8 million (31 March 2008: 155.2 million).

The earnings per ordinary share figure detailed above can be further analysed between revenue and capital as set out below:

	Year ended 31 March 2009 £ million	Year ended 31 March 2008 £ million
Net revenue profit	3.2	68.6
Net capital (loss)/profit	(320.9)	10.0
	(317.7)	**78.6**

	Pence per share	Pence per share
Revenue earnings per ordinary share	2.1	44.2
Capital earnings per ordinary share	(207.3)	6.4
	(205.2)	**50.6**

10. NET ASSET VALUE PER ORDINARY SHARE

The net asset value per ordinary share as at 31 March 2009 of 874.3p (31 March 2008: 1,091.6p) is based on the net assets attributable to the equity shareholders of £1,350.5 million (31 March 2008: £1,690.0 million) and the number of ordinary shares in issue at 31 March 2009 of 154.5 million (31 March 2008: 154.8 million).

11. INVESTMENTS

	31 March 2009 Group £ million	31 March 2009 Company £ million	31 March 2008 Group £ million	31 March 2008 Company £ million
Listed investments at market value:				
Listed in UK	84.7	84.2	89.3	87.6
Listed overseas	321.5	320.0	569.1	569.1
Government securities and other liquidity	466.5	466.5	448.0	447.5
	872.7	870.7	1,106.4	1,104.2
Unlisted investments	749.0	738.3	804.8	774.9
	1,621.7	**1,609.0**	**1,911.2**	**1,879.1**
Portfolio investments	1,593.2	1,580.5	1,878.6	1,846.5
Investment property	28.5	28.5	32.6	32.6
Fair value of investments	**1,621.7**	**1,609.0**	**1,911.2**	**1,879.1**

Unlisted investments comprise unquoted investments, hedge funds, long equity funds, unquoted funds, money market funds and investment property

Investment properties were valued at 31 March 2009 by Jones Lang LaSalle in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors on the basis of open market value.

Investment movements:

Group	Quoted £ million	Hedge Funds £ million	Long Equity Funds £ million	Unquoted Invest-ments: Direct £ million	Unquoted Invest-ments: Funds £ million	Other securities £ million	Investment Property £ million	Total £ million
Cost at 31 March 2008	635.5	67.0	193.0	233.5	139.1	441.6	25.2	1,734.9
Appreciation/(depreciation) at 31 March 2008	22.9	12.7	26.7	68.0	32.2	6.4	7.4	176.3
Valuation at 31 March 2008	658.4	79.7	219.7	301.5	171.3	448.0	32.6	1,911.2
Reclassifications	1.8	–	0.5	(1.8)	–	(0.5)	–	–
Additions	1,076.8	2.8	212.6	64.7	73.1	592.2	–	2,022.2
Disposals	(1,227.2)	(63.9)	(112.2)	(36.6)	(23.2)	(579.9)	–	(2,043.0)
Revaluation	(103.7)	(7.6)	(72.5)	(70.2)	(17.3)	6.7	(4.1)	(268.7)
Valuation at 31 March 2009	**406.1**	**11.0**	**248.1**	**257.6**	**203.9**	**466.5**	**28.5**	**1,621.7**
Cost at 31 March 2009	**488.7**	**13.3**	**305.2**	**258.0**	**191.0**	**459.5**	**25.2**	**1,740.9**
Appreciation/(depreciation) at 31 March 2009	**(82.6)**	**(2.3)**	**(57.1)**	**(0.4)**	**12.9**	**7.0**	**3.3**	**(119.2)**

Other securities comprise government securities and investments in money market funds.

NOTES TO THE FINANCIAL STATEMENTS

	Quoted £ million	Hedge Funds £ million	Long Equity Funds £ million	Company Unquoted Invest-ment: Direct £ million	Unquoted Invest-ment: Funds £ million	Other securities £ million	Investment Property £ million	Total £ million
Cost at 31 March 2008	633.7	65.6	192.8	225.8	138.2	441.0	25.2	1,722.3
Appreciation/(depreciation) at 31 March 2008	23.0	(7.5)	26.5	72.3	28.6	6.5	7.4	156.8
Valuation at 31 March 2008	656.7	58.1	219.3	298.1	166.8	447.5	32.6	1,879.1
Reclassifications	1.8	–	–	(1.8)	–	–	–	–
Additions	1,073.1	2.8	212.5	64.7	73.1	592.2	–	2,018.4
Disposals	(1,224.0)	(49.1)	(111.5)	(35.0)	(23.1)	(579.9)	–	(2,022.6)
Revaluation	(103.4)	(4.6)	(72.5)	(71.4)	(16.6)	6.7	(4.1)	(265.9)
Valuation at 31 March 2009	**404.2**	**7.2**	**247.8**	**254.6**	**200.2**	**466.5**	**28.5**	**1,609.0**
Cost at 31 March 2009	**486.4**	**12.8**	**305.1**	**258.0**	**190.1**	**459.5**	**25.2**	**1,737.1**
Appreciation/(depreciation) at 31 March 2009	**(82.2)**	**(5.6)**	**(57.3)**	**(3.4)**	**10.1**	**7.0**	**3.3**	**(128.1)**

Details of investments in which the Group had either an interest of over 20%, or a material interest of between 3% and 20% at 31 March 2009, of the nominal value of the allotted shares of any class are as follows:

Name	Incorporated	Class of share capital	% Held
Access Point Medical	USA	B Preferred Shares	66.7
Cortiva Group	USA	Series A1 Preferred Stock	29.6
		Series B1 Preferred Stock	28.3
		Common Stock	49.4
The Economist Newspaper	UK	Ordinary Shares	5.0
KRI	Poland	B Ordinary Shares	40.3
Martin Currie (Holdings)	Bermuda	B Ordinary Shares	19.0
		B1 Ordinary Shares	19.0
Mondis Technology	UK	Class A Shares	49.9
Mondis Technology (Guernsey)	Guernsey	Ordinary Shares	49.9
Purepower Group	UK	Preferred Shares	100.0
Step Luxco	Luxembourg	A Shares	13.2
UK Specialist Hospitals	UK	A Ordinary Shares	50.0
		Deferred Shares	38.9
PayPoint	UK	Ordinary Shares	9.0
Robin Hood Holdings	UK	Ordinary Shares	8.5

Details of investments in which the Group had a material interest of over 20% at 31 March 2009 of the nominal value of the allotted shares of any class are as follows:

Name	Incorporated	Class of share capital	% Held
Harbourmaster Capital Holdings	Jersey	B1 Ordinary Shares	66.5

11. INVESTMENTS (CONTINUED)

Details of interests of 10% or more in any class of share or unit in an investment fund, or holdings which are material are as follows:

Name	% Held	Market Value (£m)
Africa Emerging Markets Fund	72.2	15.1
Ardsley Investments	66.7	0.5
Atticus Global	100.0	4.6
Blumberg Capital	56.5	6.9
CF Egerton Sterling Investment Fund	39.6	18.9
CLSA Water Fund	100.0	23.2
Cycladic Capital Management:		
Ordinary Shares	35.0	–
Preference Shares	100.0	–
Cycladic Archipelago Fund	100.0	1.2
Darwin Private Equity I LP	23.8	7.6
Genus Capital	44.0	9.2
Lansdowne UK Strategic Investment Fund		
N1 GBP£ Ordinary Shares	52.9	12.0
N2 GBP£ Ordinary Shares	43.2	7.6
Media Technology Ventures IV-B	34.9	1.2
Ninth Wave Emerging Opportunity Fund	99.6	10.7
PK Investment Management	78.0	18.6
Pivot Point Capital	9.9	13.3
SCI Asian Ventures	100.0	–
Summit Water Development	13.3	13.5
Tesaun Investments	39.9	–
Tinicum Capital Partners I	88.5	0.1
Titan Partners	23.0	30.6
Uttrup Financial Advisors	12.5	15.0
Caxton-Iseman (Propane)	10.5	11.3
Vietnam Resources Investments (Holdings)	11.6	10.0
The World Trust Fund	19.4	12.1
21st Century Communications	42.8	0.1
Strategic Recovery Fund	11.8	1.6
FVP Offshore III	100.0	1.1

The Directors do not consider that any of the portfolio investments held at fair value fall within the definition of an associated company as the Group does not exercise significant influence over their operating and financial policies. In a number of cases the Group owns more than 50% of a particular class of shares issued by an investee company or partnership interests totalling more than 50%. The Group does not hold more than 50% of the voting rights of any of its investee companies or partnerships. As such, holding more than 50% of a particular class of shares does not give the Group control of any the investee companies or partnerships within the meaning of International Accounting Standard 27.

NOTES TO THE FINANCIAL STATEMENTS

12. INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

	Shares £ million	Loans £ million	Total £ million
Carrying value at 31 March 2008	109.0	2.5	111.5
Additions	–	–	–
Provision for impairment	(36.9)	–	(36.9)
Exchange movement in year	0.2	1.0	1.2
Carrying value at 31 March 2009	**72.3**	**3.5**	**75.8**

At 31 March 2009 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.

Investments in group undertakings are stated at cost less a provision for impairment where appropriate. During the year ended 31 March 2009, the dealing subsidiary, RIT Capital Partners Securities Limited, generated losses of £36.9 million (31 March 2008: profits of £56.3 million) and the carrying value of the investment in the subsidiary was reduced to its net asset value of £37.3 million (31 March 2008: increased to £74.2 million).

The Directors consider that to give full particulars of all subsidiary undertakings would lead to a statement of excessive length. A full list of subsidiary undertakings at 31 March 2009 will be annexed to the Company's next annual return.

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
The Successor Investment Funds	The capital of the company is represented by shares of no par value and is equal to the net asset value of the company
Administration and Services	
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	£90,000,000 divided into 90,000,000 Ordinary Shares of £1 each

13. PROPERTY, PLANT AND EQUIPMENT

Group	Cost £ million	Depreciation £ million	Net book value £ million
Plant, equipment and vehicles			
At 31 March 2008	1.0	(0.6)	0.4
Additions	0.3	–	0.3
Disposals	(0.3)	0.2	(0.1)
Charge for depreciation	–	(0.2)	(0.2)
At 31 March 2009	**1.0**	**(0.6)**	**0.4**

14. OTHER CURRENT ASSETS

	31 March 2009		31 March 2008	
	Group £ million	Company £ million	Group £ million	Company £ million
Trade debtors	3.3	3.0	6.0	5.7
Amounts owed by related parties (all trading balances)	0.6	0.2	0.4	0.2
Prepayments and accrued income	9.6	9.1	12.8	12.6
	13.5	**12.3**	**19.2**	**18.5**

There is nothing included in prepayments and accrued income falling due after more than one year (31 March 2008: £0.5 million).

The Directors consider that the carrying amount of other receivables approximates their fair value.

Cash at bank comprises bank balances and cash held by the Group including short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value.

15. DEFERRED TAX ASSET/(LIABILITY)

The movement on deferred tax during the year is shown below:

	Year ended 31 March 2009		Year ended 31 March 2008	
	Group £ million	Company £ million	Group £ million	Company £ million
Balance at start of year	(1.7)	(1.6)	2.3	2.9
Credit/(charge) to capital reserve	1.3	1.4	(2.0)	(2.7)
Credit/(charge) to revenue reserve	0.7	0.3	(2.0)	(1.8)
Balance at end of year	**0.3**	**0.1**	**(1.7)**	**(1.6)**

	Year ended 31 March 2009 Group £ million	Year ended 31 March 2009 Company £ million	Year ended 31 March 2008 Group £ million	Year ended 31 March 2008 Company £ million
Analysis of deferred tax (liability)/asset:				
Unutilised tax losses	–	–	0.7	0.5
Deferred management fees	0.7	0.7	1.4	1.4
Long-term incentive plan	0.4	0.4	1.1	1.1
Pension contributions	–	–	–	–
Other timing differences	(0.2)	(0.2)	(3.6)	(3.6)
Unrealised profit on offshore funds	–	–	(0.3)	(0.3)
Accelerated capital allowances	(0.7)	(0.8)	(0.6)	(0.7)
Deferred tax re retirement benefit liability/asset	0.1	–	(0.4)	–
Balance at end of year	**0.3**	**0.1**	**(1.7)**	**(1.6)**

The dealing subsidiary has tax losses amounting to £15.7 million at 31 March 2009 (31 March 2008: £1.1 million). No deferred tax asset has been recognised in respect of these losses because of uncertainty as to the timing and magnitude of future taxable profits arising from the same trade.

At the balance sheet date, the aggregate amount of potential deferred tax on temporary timing differences associated with the undistributed earnings of foreign subsidiaries for which deferred tax liabilities have not been recognised was £1.3 million (31 March 2008: £0.5 million). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

16. DEALING INVESTMENTS

	31 March 2009 Group £ million	31 March 2009 Company £ million	31 March 2008 Group £ million	31 March 2008 Company £ million
Dealing investments	**11.3**	**–**	**1.9**	**–**

Dealing investments are stated at fair value.

17. OTHER PAYABLES

	31 March 2009 Group £ million	31 March 2009 Company £ million	31 March 2008 Group £ million	31 March 2008 Company £ million
Accruals and deferred income	4.6	3.6	6.0	4.2
Amounts payable to related parties	0.2	0.1	0.3	0.1
Other creditors	0.1	0.1	0.8	0.6
	4.9	**3.8**	**7.1**	**4.9**

The carrying value of the Group's other payables approximates their fair value.

18. BANK LOANS FALLING DUE AFTER MORE THAN ONE YEAR

	31 March 2009 Group £ million	31 March 2009 Company £ million	31 March 2008 Group £ million	31 March 2008 Company £ million
Unsecured loans repayable between 2-7 years not by instalments				
€150 million repayable on 1 August 2012	138.8	138.8	119.5	119.5
US$148.7 million repayable on 17 May 2010	103.8	103.8	74.8	74.8
¥17.9 billion repayable on 17 May 2010	126.7	126.7	90.6	90.6
	369.3	**369.3**	**284.9**	**284.9**

In August 2005 the Company completed a €150 million seven year loan at a variable interest rate equal to Euro LIBOR plus a margin of 0.70% per annum. At the same time, as part of its interest rate management strategy, the Company entered into an interest rate swap for a notional principal amount of €150 million maturing in 2012. As a result of the swap, the Company receives interest on a variable basis and pays interest fixed at a rate of 3.73% per annum. In May 2007 the Company drew down a new three-year £150 million multi-currency term loan from one of its banks; 50% of this loan is presently denominated in US Dollars and the balance is in Yen. As part of its interest rate management strategy, the Company has entered into two interest rate swaps for notional principal amounts of $148.7 million and ¥17.9 billion respectively, which terminate in 2010 and 2013. As a result of these swaps, the Company receives interest on a variable basis and pays interest fixed at rates of 4.41% and 1.75% respectively per annum.

19. PROVISIONS FOR LIABILITIES AND CHARGES

Group

	31 March 2008 £ million	Additional provision £ million	Amounts reversed £ million	Amounts utilised £ million	31 March 2009 £ million
Nature of provision:					
Indemnity	2.0	–	–	–	2.0
Investments	5.1	2.5	(2.2)	(2.9)	2.5
Property	0.2	–	–	–	0.2
Long-term incentive plan	5.8	–	(2.9)	(0.6)	2.3
	13.1	**2.5**	**(5.1)**	**(3.5)**	**7.0**

Company

	31 March 2008 £ million	Additional provision £ million	Amounts reversed £ million	Amounts utilised £ million	31 March 2009 £ million
Nature of provision:					
Indemnity	2.0	–	–	–	2.0
Investments	5.1	2.5	(2.2)	(2.9)	2.5
Long-term incentive plan	5.8	–	(2.9)	(0.6)	2.3
	12.9	**2.5**	**(5.1)**	**(3.5)**	**6.8**

Unless otherwise stated, it is anticipated that all of the above provisions will be settled more than twelve months after the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

19. PROVISIONS FOR LIABILITIES AND CHARGES (CONTINUED)

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 2009 and 2027 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.

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 £0.2 million as at 31 March 2009 (31 March 2008: £0.2 million).

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 be equal to the increase, since the date of grant of the relevant SARs, in the Company's share price multiplied by the notional number of shares, provided the relevant performance conditions are met; 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:

	31 March 2009 £ million	31 March 2008 £ million
Date of grant		
26 March 2003	1.3	2.3
31 March 2003	–	–
25 March 2004	–	0.1
30 March 2005	–	0.1
19 July 2005	0.1	1.0
31 August 2005	–	0.5
7 October 2005	–	0.1
15 March 2006	–	0.6
29 December 2006	–	–
15 March 2007	–	0.9
27 March 2008	–	0.1
13 March 2009	0.3	–
Intrinsic value of all SARs	1.7	5.7
IFRS 2 adjustment to provision	0.6	0.1
Carrying amount of SAR provision	**2.3**	**5.8**
Intrinsic value of those SARs which had vested as at 31 March	**1.5**	**2.5**

The Company has used a binomial option valuation model to estimate the fair value of the SARs. The inputs to the model included the following: expected volatility of 22%, dividends of 4.0p per share per annum, contractual life of ten years, and a risk-free interest rate of 4.5%. Expected volatility has been estimated based on relevant historic data in respect of RITCP's share price. The expected volatility and risk-free interest rate for the year ended 31 March 2008 were 20% and 4.5% respectively. The vesting requirements are set out in detail in the section headed Long-term Incentive Plan in the Directors' Remuneration Report on page 35. To allow for the effects of early exercise, it was assumed that the majority of the SARs, in terms of value, would be exercised three and a half years after the relevant vesting dates.

During the year ended 31 March 2009, the Company granted 760,816 SARs (31 March 2008: 336,791) and the weighted average fair value of those SARs was £1.68 (31 March 2008: £3.23). The Company recognised total income of £2.9 million (31 March 2008: expenses of £2.5 million) arising from the SAR long-term incentive plan.

20. CALLED UP SHARE CAPITAL

	31 March 2009 £ million	31 March 2008 £ million
Authorised		
320 million Ordinary Shares of £1 each	320.0	320.0
Allotted, issued and fully paid		
154,466,062 Ordinary Shares of £1 each (31 March 2008: 154,822,582)	**154.5**	**154.8**

The Company has one class of ordinary shares which carry no right to fixed income.

21. CAPITAL REDEMPTION RESERVE

	Year ended 31 March 2009		Year ended 31 March 2008	
	Group £ million	Company £ million	Group £ million	Company £ million
Balance at start of year	35.4	35.4	34.0	34.0
Movement during the year	0.3	0.3	1.4	1.4
Balance at end of year	**35.7**	**35.7**	**35.4**	**35.4**

The capital redemption reserve is not distributable and it represents the cumulative nominal value of shares acquired for cancellation.

22. CAPITAL RESERVE

	Year ended 31 March 2009		Year ended 31 March 2008	
	Group £ million	Company £ million	Group £ million	Company £ million
Balance at start of year	1,490.4	1,432.0	1,494.5	1.385.0
Realised (losses)/gains on disposal of investments	(158.2)	(157.5)	74.9	73.3
Movement on revaluation of investments held at the year end	(271.4)	(270.4)	(61.6)	(67.3)
Movement in impairment provision	–	(36.9)	–	56.3
Performance fees	(0.5)	(0.5)	(2.3)	(2.3)
Other capital items	107.8	126.9	3.7	3.6
Taxation	1.4	1.4	(4.7)	(2.5)
Total capital return	(320.9)	(337.0)	10.0	61.1
Cost of share buy-backs	(2.6)	(2.6)	(14.1)	(14.1)
Balance at end of year	**1,166.9**	**1,092.4**	**1,490.4**	**1,432.0**

NOTES TO THE FINANCIAL STATEMENTS

22. CAPITAL RESERVE (CONTINUED)

Other capital items include profits arising on forward currency contracts, exchange movements, index futures and movements on provisions.

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

	Year ended 31 March 2009 Group £ million	Year ended 31 March 2009 Company £ million	Year ended 31 March 2008 Group £ million	Year ended 31 March 2008 Company £ million
Realised gains/(losses)				
Listed investments	908.7	891.7	1,059.1	1,041.8
Unlisted investments	435.9	405.5	408.4	385.4
	1,344.6	1,297.2	1,467.5	1,427.2
Other	66.2	100.2	(123.4)	(105.8)
	1,410.8	1,397.4	1,344.1	1,321.4
Unrealised (losses)/gains				
Listed investments	(75.6)	(75.3)	29.3	29.4
Unlisted investments	(48.1)	(57.2)	147.0	127.4
	(123.7)	(132.5)	176.3	156.8
Provision for impairment	–	(52.5)	–	(15.6)
Other	(120.2)	(120.0)	(30.0)	(30.6)
	(243.9)	(305.0)	146.3	110.6
Balance at end of year	**1,166.9**	**1,092.4**	**1,490.4**	**1,432.0**

Under the terms of the Company's Articles of Association, sums standing to the credit of capital reserves are distributable only by way of redemption or purchase of any of the Company's own shares, for so long as the Company carries on business as an investment company. Company law states that investment companies may only distribute accumulated "realised" profits.

The Institute of Chartered Accountants in England and Wales, in its technical guidance TECH 01/08, states that profits arising out of a change in fair value of assets, recognised in accordance with accounting standards, may be distributed, provided the change recognised can be readily converted into cash. Securities listed on a recognised stock exchange are generally regarded as being readily convertible into cash and hence unrealised profits in respect of such securities, currently included within the unrealised capital reserve, may be regarded as distributable under company law.

This technical interpretation of the meaning of distributable reserves would, as a consequence, give rise at 31 March 2009 to capital reserves available for distribution of approximately £1,322.1 million after adjusting for net unrealised capital losses on listed investments of £75.3 million.

23. REVENUE RESERVE

	Year ended 31 March 2009 Group £ million	Year ended 31 March 2009 Company £ million	Year ended 31 March 2008 Group £ million	Year ended 31 March 2008 Company £ million
Balance at start of year	9.5	11.2	(54.3)	5.0
Dividend paid	(6.2)	(6.2)	(4.8)	(4.8)
Profit/(loss) for the year	3.2	20.0	68.6	11.0
Balance at end of year	**6.5**	**25.0**	**9.5**	**11.2**

The Group's capital reserve includes an amount of £18.1 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 income statement. The Company's revenue return after tax amounted to £20.0 million (31 March 2008: £11.0 million).

24. FOREIGN CURRENCY TRANSLATION RESERVE

	Year ended 31 March 2009		Year ended 31 March 2008	
	Group £ million	Company £ million	Group £ million	Company £ million
Balance at start of year	(0.2)	–	(0.2)	–
Current year translation adjustment	0.8	–	–	–
Balance at end of year	**0.6**	**–**	**(0.2)**	**–**

The translation reserve comprises exchange differences arising from the translation of the net investments in foreign subsidiaries.

25. RECONCILIATION OF CONSOLIDATED PROFIT BEFORE FINANCE COSTS AND TAXATION TO CASH OUTFLOW FROM OPERATING ACTIVITIES

	Year ended 31 March 2009 £ million	Year ended 31 March 2008 £ million
(Loss)/profit before dividend and interest income, finance costs and taxation	(359.6)	56.8
Dividend income	40.4	24.4
Interest income	14.5	19.5
(Loss)/profit before finance costs and taxation	**(304.7)**	**100.7**
Decrease/(increase) in other debtors	5.0	(12.6)
Decrease in other creditors	(2.2)	(4.5)
Increase in dealing investments	(9.4)	(4.7)
Other movements	130.6	57.5
Purchase of investments held at fair value	(1,894.4)	(2,063.7)
Sale of investments held at fair value	1,725.3	2,045.4
Losses/(gains) on investments held at fair value	381.2	(42.6)
Taxation paid	(3.9)	(2.2)
Interest paid	(12.7)	(13.3)
Net cash inflow from Operating Activities	**14.8**	**60.0**

RECONCILIATION OF PARENT COMPANY PROFIT BEFORE FINANCE COSTS AND TAXATION TO CASH OUTFLOW FROM OPERATING ACTIVITIES

	Year ended 31 March 2009 £ million	Year ended 31 March 2008 £ million
(Loss)/profit before dividend and interest income, finance costs and taxation	(358.7)	48.7
Dividend income	40.3	24.4
Interest income	13.8	18.5
(Loss)profit before finance costs and taxation	**(304.6)**	**91.6**
Decrease/(increase) in other debtors	6.2	(13.3)
(Decrease)/increase in other creditors	(1.0)	0.8
Other movements	137.0	206.7
Purchase of investments held at fair value	(1,897.6)	(2,150.5)
Sale of investments held at fair value	1,685.0	2,048.8
Losses/(gains) on investments held at fair value	416.4	(91.5)
Taxation paid	(1.7)	(1.9)
Interest paid	(12.7)	(13.2)
Net cash inflow from Operating Activities	**27.0**	**77.5**

Other movements comprise foreign exchange movements and movements on provisions.

26. FINANCIAL INSTRUMENTS

As an investment trust, financial instruments make up the vast majority of the Group's financial position and generate its performance. The Group holds investments in a variety of financial instruments in order to meet its investment objective to deliver long-term capital growth while preserving shareholders' capital. Asset allocation is determined by the executive Directors under the authority of the Board. The assets and liabilities include the following financial instruments:

- investments including equity and non-equity shares, partnership interests and fixed income securities which are held in accordance with the Group's investment objectives. The investments are designated at fair value through profit or loss ("FVPL");
- cash, liquid resources and short-term debtors and creditors that arise directly from the Group's investment activities;
- long-term borrowings used to enhance returns; and
- derivative transactions undertaken by the Group to manage market risks and currency risks.

The nature and extent of the financial instruments outstanding at the balance sheet date and the risk management policies employed by the Group are discussed below.

26.1 Categories of financial assets and financial liabilities

Financial Assets	Group As at 31 March 2009 Loans & receivables £ million	FVPL (initial recognition) £ million	FVPL (held for trading) £ million	Other Assets £ million	Total £ million
Portfolio investments	–	1,593.2	–	–	1,593.2
Investment property	–	–	–	28.5	28.5
Property, plant and equipment	–	–	–	0.4	0.4
Derivative financial instruments	–	6.0	–	–	6.0
Retirement benefit asset	–	–	–	–	–
Deferred tax asset	–	–	–	0.3	0.3
Dealing investments	–	–	11.3	–	11.3
Sales for future settlement	14.7	–	–	–	14.7
Other receivables	10.3	–	–	3.2	13.5
Tax receivable	–	–	–	0.9	0.9
Cash at bank	98.5	–	–	–	98.5
Total Assets	**123.5**	**1,599.2**	**11.3**	**33.3**	**1,767.3**

Financial Assets	Group As at 31 March 2008 Loans & receivables £ million	FVPL (initial recognition) £ million	FVPL (held for trading) £ million	Other Assets £ million	Total £ million
Portfolio investments	–	1,878.6	–	–	1,878.6
Investment property	–	–	–	32.6	32.6
Property, plant and equipment	–	–	–	0.4	0.4
Derivative financial instruments	–	34.5	–	–	34.5
Retirement benefit asset	–	–	–	1.4	1.4
Deferred tax asset	–	–	–	–	–
Dealing investments	–	–	1.9	–	1.9
Sales for future settlement	20.1	–	–	–	20.1
Other receivables	9.7	–	–	9.5	19.2
Tax receivable	–	–	–	0.6	0.6
Cash at bank	152.1	–	–	–	152.1
Total Assets	**181.9**	**1,913.1**	**1.9**	**44.5**	**2,141.4**

26. FINANCIAL INSTRUMENTS (CONTINUED)

Financial Assets	Company As at 31 March 2009 Loans & receivables £ million	FVPL (initial recognition) £ million	Other Assets £ million	Total £ million
Portfolio investments	–	1,580.5	–	1,580.5
Investment property	–	–	28.5	28.5
Investment in subsidiary undertakings	–	–	75.8	75.8
Derivative financial instruments	–	1.9	–	1.9
Deferred tax asset	–	–	0.1	0.1
Amounts owed by group undertakings	–	–	–	–
Sales for future settlement	14.6	–	–	14.6
Other receivables	9.1	–	3.2	12.3
Tax receivable	–	–	0.9	0.9
Cash at bank	89.9	–	–	89.9
Total Assets	**113.6**	**1,582.4**	**108.5**	**1,804.5**

Financial Assets	Company As at 31 March 2008 Loans & receivables £ million	FVPL (initial recognition) £ million	Other Assets £ million	Total £ million
Portfolio investments	–	1,846.5	–	1,846.5
Investment property	–	–	32.6	32.6
Investment in subsidiary undertakings	–	–	111.5	111.5
Derivative financial instruments	–	10.4	–	10.4
Deferred tax asset	–	–	–	–
Amounts owed by group undertakings	–	–	–	–
Sales for future settlement	19.6	–	–	19.6
Other receivables	9.0	–	9.5	18.5
Tax receivable	–	–	0.6	0.6
Cash at bank	131.5	–	–	131.5
Total Assets	**160.1**	**1,856.9**	**154.2**	**2,171.2**

Financial Liabilities	Group As at 31 March 2009 Amortised Cost £ million	FVPL (initial recognition) £ million	Other Liabilities £ million	Total £ million
Bank loans and overdrafts:				
due within one year	0.1	–	–	0.1
due after more than one year	369.3	–	–	369.3
Purchases for future settlement	19.5	–	–	19.5
Tax payable	–	–	1.8	1.8
Other payables	4.9	–	–	4.9
Provisions	–	–	7.0	7.0
Derivative financial instruments	–	13.7	–	13.7
Deferred tax liability	–	–	–	–
Retirement benefit liability	–	–	0.5	0.5
Total Liabilities	**393.8**	**13.7**	**9.3**	**416.8**

Financial Liabilities	Group As at 31 March 2008 Amortised Cost £ million	FVPL (initial recognition) £ million	Other Liabilities £ million	Total £ million
Bank loans and overdrafts:				
due within one year	98.9	–	–	98.9
due after more than one year	284.9	–	–	284.9
Purchases for future settlement	29.0	–	–	29.0
Tax payable	–	–	3.2	3.2
Other payables	7.1	–	–	7.1
Provisions	–	–	13.1	13.1
Derivative financial instruments	–	13.5	–	13.5
Deferred tax liability	–	–	1.7	1.7
Retirement benefit liability	–	–	–	–
Total Liabilities	**419.9**	**13.5**	**18.0**	**451.4**

26. FINANCIAL INSTRUMENTS (CONTINUED)

Financial Liabilities	Company As at 31 March 2009 Amortised Cost £ million	FVPL (initial recognition) £ million	Other Liabilities £ million	Total £ million
Bank loans and overdrafts:				
due within one year	–	–	–	–
due after more than one year	369.3	–	–	369.3
Purchases for future settlement	11.1	–	–	11.1
Tax payable	–	–	–	–
Other payables	3.8	–	–	3.8
Amounts owed to group undertakings	105.9	–	–	105.9
Provisions	–	–	6.8	6.8
Derivative financial instruments	–	13.7	–	13.7
Deferred tax liability	–	–	–	–
Total Liabilities	**490.1**	**13.7**	**6.8**	**510.6**

Financial Liabilities	Company As at 31 March 2008 Amortised Cost £ million	FVPL (initial recognition) £ million	Other Liabilities £ million	Total £ million
Bank loans and overdrafts:				
due within one year	98.8	–	–	98.8
due after more than one year	284.9	–	–	284.9
Purchases for future settlement	26.3	–	–	26.3
Tax payable	–	–	–	–
Other payables	4.9	–	–	4.9
Amounts owed to group undertakings	94.8	–	–	94.8
Provisions	–	–	12.9	12.9
Derivative financial instruments	–	13.5	–	13.5
Deferred tax liability	–	–	1.6	1.6
Total Liabilities	**509.7**	**13.5**	**14.5**	**537.7**

The Group's policy for determining the fair value of investments (including unquoted investments) is set out on page 51.

In relation to debtors, creditors and short-term borrowings the carrying amount is a reasonable approximation of fair value.

The fair value of the term loans was estimated by discounting the future contractual cash flows at the current market interest rates available to the Group for similar financial instruments. As at 31 March 2009 this amounted to £383.0 million (31 March 2008: £349.3 million).

No financial assets or liabilities were reclassified during 2009 or 2008 by the Group or the Company.

26.2 Financial Risk Management

The main risks arising from the Group's financial instruments are market risk, credit risk and liquidity risk. The identification, mitigation and monitoring of these risks is undertaken by the executive management under the authority of the Board and the Audit Committee, and is described in more detail below.

The objectives, policies and processes for managing risks have not changed since the previous accounting period. The risk management processes of the Company are aligned with those of the Group as a whole and it is at the Group level that the majority of the risk management procedures are performed. Where relevant and materially different to the Group position, Company specific risk exposures are explained alongside those of the Group.

a. Market Risk

The fair value or future cash flows of a financial instrument held by the Group may fluctuate as a result of changes in market prices. This market risk comprises three types of risk:

- Price Risk (b. below)
  The risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk)
- Interest Rate Risk (c. below)
  The risk that fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates
- Currency Risk (d. below)
  The risk that fair value or future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates

Management of market risk

Management of market risk is fundamental to the Group's investment objective and the investment portfolio is continually monitored to ensure an appropriate balance of risk and reward.

Exposure to any one entity is monitored by the executive Directors and senior management. The Company complies with the requirement of the relevant tax legislation for an investment trust not to invest more than 15% of the total value of its investments in the securities of any one group at the time of the initial acquisition, or subsequent purchase.

From time to time, the Group may seek to reduce or increase its exposure to stock markets by taking positions in index futures and options relating to one or more stock markets. These instruments are used for the purpose of hedging some or all of the existing exposure within the Group's investment portfolio to those particular markets or to enable increased exposure when deemed appropriate.

b. Price Risk

Price risk (other than caused by interest rate or currency risk) may affect the value of the quoted and the unquoted investments held by the Group.

Management of price risk

The executive Directors continually monitor the Group's exposure to price risk and take appropriate action to mitigate the risk. The Group has a widely diversified investment portfolio which significantly reduces the exposure to individual asset price risk.

Performance of third party investment managers is regularly reviewed and assessed to ensure compliance with their mandates and that their performance is compatible with the Group's investment objective.

Exposure to price risk

The Group's exposure to pricing risk can be assumed to be equivalent to the investment portfolio, excluding interests in debt securities and including relevant derivatives balances, as set out below:

	31 March 2009 £ million	31 March 2008 £ million
Exposure to price risk	**1,108.0**	**1,397.0**

26. FINANCIAL INSTRUMENTS (CONTINUED)

As at the year end, the Group's exposure to listed equities (after adjusting for index futures) and unquoted investments represented 82.2% of net assets (31 March 2008: 66.8%).

Price Risk Sensitivity Analysis

The sensitivity of the Group's net assets and profit and loss (P/L) in regard to changes in market prices is illustrated below. This is based on an assumed 10% increase in the fair value of the investments and assumes all other variables are held constant. A 10% decrease is assumed to produce an equal and opposite effect.

The sensitivity analysis takes account of the relevant derivative transactions the Group has entered into in order to provide a hedge against such movements.

	31 March 2009 Impact on P/L & Net Assets £ million	31 March 2008 Impact on P/L & Net Assets £ million
Total	**100.5**	**108.8**

c. Interest Rate Risk

The Group 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. Changes in interest rates have a direct impact on the fair value or future cash flows of the following financial assets and liabilities

- Gilts and other government securities
- Money market funds
- Cash and cash equivalents
- Group borrowings
- Certain derivative contracts

Changes in interest rates indirectly affect the fair value of the Group's investments in quoted and unquoted equity securities.

Management of Interest Rate Risk

The executive Directors continually monitor the Group's exposure to interest rate fluctuations. The possible effects on fair value and cash flows that could arise as a result of changes in interest rates are taken into account when making decisions on investments and borrowings.

The Company uses interest rate swaps as cash flow hedges of future interest payments and this has the effect of increasing the proportion of its fixed interest debt.

Exposure to Interest Rate Risk

The Group's exposure of financial assets and liabilities to floating interest rates (giving cash flow interest rate risk when rates are re-set) and fixed interest rates (giving fair value risk), is shown below.

	31 March 2009			31 March 2008		
	Floating Rate £ million	Fixed Rate £ million	Total £ million	Floating Rate £ million	Fixed Rate £ million	Total £ million
Portfolio investments (debt securities)	51.2	415.3	466.5	76.3	398.4	474.7
Derivative financial instruments	–	6.8	6.8	–	–	–
Cash	98.5	–	98.5	152.1	–	152.1
Bank loans and overdrafts:						
due within one year	(0.1)	–	(0.1)	(23.4)	(75.5)	(98.9)
due after more than one year	–	(369.3)	(369.3)	–	(284.9)	(284.9)
Total Exposure	**149.6**	**52.8**	**202.4**	**205.0**	**38.0**	**243.0**

Exposures vary throughout the year as a consequence of changes in the composition of the net assets of the Group arising out of investment, borrowing and risk management processes.

Portfolio investments include direct and indirect (via external managed funds) investments in government securities, money markets, and unquoted debt securities issued by portfolio companies.

Interest received on cash and cash equivalents is at prevailing market rates.

The Group has total borrowings of £369.4 million outstanding at the year end (31 March 2008: £383.8 million). All of the term loans, comprising £369.3 million of this total, incur fixed interest payments (through the operation of interest rate swaps). Further details are provided in note 18.

Interest Rate Risk Sensitivity Analysis

The approximate sensitivity of the Group's net assets and profit and loss in regard to changes in interest rates is illustrated below. This is based on an assumed 200 basis points annualised increase in prevailing interest rates at the balance sheet date applied to the floating rate assets and liabilities and the following assumptions:

- the fair values of assets and liabilities is not affected by a change in interest rates
- funds will be reinvested in similar interest bearing securities on maturity
- all other variables are held constant

A 200 basis points decrease is assumed to produce an equal and opposite impact.

	31 March 2009 Impact on P/L & Net Assets £ million	31 March 2008 Impact on P/L & Net Assets £ million
Total	**3.0**	**4.1**

d. Currency Risk

Consistent with its investment objective, the Group invests in financial instruments and transactions denominated in currencies other than Sterling. As such, the Group's profits and net assets could be significantly affected by currency movements.

Management of Currency Risk

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

Part of the Company's currency exposure in respect of its US Dollar, Euro and Yen investments is also hedged by way of the Company's long-term borrowings denominated in those currencies.

26. FINANCIAL INSTRUMENTS (CONTINUED)

Exposure to Currency Risk

The currency exposure of the Group and Company net assets at the year end is set out below:

Currency	Group 31 March 2009 Net Assets Excluding Currency Forwards £ million	Currency Forwards £ million	Net Exposure £ million
Sterling	549.8	(84.3)	465.5
US Dollar	662.2	(382.7)	279.5
Euro	110.9	38.2	149.1
Norwegian Krone	14.8	109.6	124.4
Canadian Dollar	18.7	92.5	111.2
Australian Dollar	9.4	80.7	90.1
Japanese Yen	(82.7)	149.2	66.5
Singapore Dollar	0.9	36.0	36.9
Swiss Franc	14.9	3.6	18.5
Swedish Krona	1.3	–	1.3
Other	46.9	(39.4)	7.5
Total	**1,347.1**	**3.4**	**1,350.5**

Currency	Group 31 March 2008 Net Assets Excluding Currency Forwards £ million	Currency Forwards £ million	Net Exposure £ million
Sterling	614.5	(618.0)	(3.5)
Euro	165.6	167.8	333.4
Singapore Dollar	3.8	272.3	276.1
US Dollar	702.6	(446.8)	255.8
Swiss Franc	11.5	207.1	218.6
Norwegian Krone	6.1	162.6	168.7
Canadian Dollar	95.0	38.5	133.5
Swedish Krona	4.9	93.4	98.3
Japanese Yen	(32.2)	104.4	72.2
Australian Dollar	12.9	39.3	52.2
Other	75.6	9.1	84.7
Total	**1,660.3**	**29.7**	**1,690.0**

Currency	Company 31 March 2009 Net Assets Excluding Currency Forwards £ million	Currency Forwards £ million	Net Exposure £ million
Sterling	416.5	–	416.5
US Dollar	743.7	–	743.7
Euro	108.4	–	108.4
Canadian Dollar	18.6	–	18.6
Swiss Franc	14.8	–	14.8
Norwegian Krone	14.8	–	14.8
Swedish Krona	1.2	–	1.2
Singapore Dollar	0.9	–	0.9
Japanese Yen	(80.8)	–	(80.8)
Other	55.8	–	55.8
Total	**1,293.9**	**–**	**1,293.9**

Currency	Company 31 March 2008 Net Assets Excluding Currency Forwards £ million	Currency Forwards £ million	Net Exposure £ million
Sterling	578.2	330.0	908.2
US Dollar	705.9	(324.4)	381.5
Euro	165.6	–	165.6
Canadian Dollar	94.9	–	94.9
Swiss Franc	11.4	–	11.4
Norwegian Krone	5.9	–	5.9
Swedish Krona	4.8	–	4.8
Singapore Dollar	3.8	–	3.8
Japanese Yen	(31.0)	–	(31.0)
Other	88.4	–	88.4
Total	**1,627.9**	**5.6**	**1,633.5**

Amounts in the above tables are based on the carrying value of all currency denominated assets and liabilities and the underlying principal amounts of forward currency contracts.

Currency Risk Sensitivity Analysis

The sensitivity of the Group's net assets and profit and loss in regard to changes in key currencies is illustrated below. This is based on an assumed 10% strengthening of Sterling relative to the foreign currencies as at 31 March, and assumes all other variables are held constant. A 10% weakening is assumed to produce an equal and opposite effect.

The sensitivity analysis is based on the net foreign currency assets held at the balance sheet dates and takes account of forward foreign exchange contracts that offset the effects of changes in currency exchange rates.

26. FINANCIAL INSTRUMENTS (CONTINUED)

Currency	31 March 2009 Impact on P/L & Net Assets £ million	31 March 2008 Impact on P/L & Net Assets £ million
Sterling	–	–
US Dollar	(25.4)	(23.3)
Euro	(13.6)	(30.3)
Norwegian Krone	(11.3)	(15.3)
Canadian Dollar	(10.1)	(12.1)
Japanese Yen	(6.0)	(6.6)
Singapore Dollar	(3.4)	(25.1)
Swiss Franc	(1.7)	(19.9)
Swedish Krona	(0.1)	(8.9)
Other	(8.9)	(12.4)
Total	**(80.5)**	**(153.9)**

e. Credit Risk

Counterparty credit risk is the risk that a counterparty to a financial instrument held by the Group will fail to discharge an obligation or commitment that it has entered into with the Group which could result in a loss to the Group.

Management of Credit Risk

This risk is not considered significant and is managed as follows:

- The vast majority of the Group's transactions are settled on a delivery versus payment basis
- Using a large number of brokers.
- Liquid investments (cash and cash equivalents) are divided between a number of different financial institutions.
- The majority of the portfolio investments exposed to credit risk relate to government securities.

A credit exposure could arise in respect of derivative contracts entered into by the Group if the counterparty was unable to fulfil its contractual obligations.

The Group has exposure to certain debt instruments acquired as part of its private equity transactions. The credit risk associated with these instruments is managed as part of the overall investment risk in the relevant portfolio companies and is not considered separately.

Exposure to Credit Risk

The maximum exposure to credit risk at 31 March was:

	31 March 2009 £ million	31 March 2008 £ million
Portfolio investments (debt securities)	466.5	398.3
Derivative financial instruments	28.4	43.3
Other receivables	13.5	18.5
Sales for future settlement	14.7	49.8
Cash at bank	98.5	152.1
Maximum exposure to credit risk	**621.6**	**662.0**

The majority of financial assets exposed to credit risk are the Group's liquidity balances which are mainly held by highly rated banks or in highly rated instruments.

Substantially all of the portfolio investments are held by Bank of New York Mellon as custodian. Bankruptcy or insolvency of the custodian may cause the Group's rights with respect to securities held by the custodian to be delayed, however the custodian's subordinated debt was rated A+ by Fitch in the most recent rating prior to 31 March 2009.

f. Liquidity Risk

Liquidity Risk is the risk that the Group will have difficulty in meeting its obligations in respect of financial liabilities as they fall due.

The Group has significant investments in unquoted companies and private equity partnerships which are inherently illiquid. In addition the Group holds investments with other third party organisations which may require notice periods in order to realise.

Management of Liquidity Risk

The Group manages its liquid resources to ensure sufficient cash is available to meet all of its contractual commitments. It monitors the level of short-term funding and balances the need for access to short-term funding with the long-term funding needs of the Group.

Exposure to Liquidity Risk

Liquidity risk is not viewed as significant as a substantial proportion of the Group's net assets are in liquid or readily realisable assets, which could be utilised to meet funding requirements if necessary. The Company holds a significant proportion of its net assets in cash or cash equivalents. In addition, the Company has the power, under its Articles of Association, to take out both short and long-term borrowings.

The Group has existing term facilities totalling £369.3 million (details of which are disclosed in Note 18), as well as access to an undrawn committed short-term debt facility of £104.6 million (31 March 2008: £125.3 million).

The Group's contractual maturities of the financial liabilities at the year end, based on the earliest date on which payment could be required are as follows:

	31 March 2009				31 March 2008			
	3m or less £ million	3-12m £ million	>1 yr £ million	Total £ million	3m or less £ million	3-12m £ million	>1 yr £ million	Total £ million
Current liabilities								
Bank loan/overdraft	0.1	–	–	0.1	23.4	75.5	–	98.9
Other liabilities	24.4	–	–	24.4	44.9	–	–	44.9
Non current liabilities								
Bank loans	–	–	369.3	369.3	–	–	284.9	284.9
Other liabilities	–	–	13.7	13.7	–	–	4.7	4.7
	24.5	**–**	**383.0**	**407.5**	**68.3**	**75.5**	**289.6**	**433.4**
Commitments	**220.2**	**–**	**–**	**220.2**	**196.6**	**–**	**–**	**196.6**
Total	**244.7**	**–**	**383.0**	**627.7**	**264.9**	**75.5**	**289.6**	**630.0**

26.3 Collateral

Collateral is posted by the Group in relation to derivative transactions. These are transacted under ISDA and may require collateral to be posted from time to time. The Group does not hold collateral from other counterparties.

Set out below is the amount of financial assets pledged as collateral.

	31 March 2009 £ million	31 March 2008 £ million
Cash collateral provided by RITCP in relation to derivative contracts	**39.0**	**50.1**

26. FINANCIAL INSTRUMENTS (CONTINUED)

26.4 Derivative Financial Instruments

The Group holds the following derivative instruments:

- Futures and forward contracts relating to foreign currency and market indices
- Options relating to foreign currency, market indices, equities and interest rates
- Swaps relating to interest rates (cash flow hedge)

As explained above, the Group uses derivatives to hedge various risk exposures and also selectively to increase exposure where desired. The notional amount of certain types of financial instruments provides a basis for comparison with instruments recognised on the balance sheet but does not necessarily indicate the amount of future cash flows involved or the current fair value of the derivatives.

The derivative instruments become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in market interest rates, indices, security prices or foreign exchange rates relative to their terms. The aggregate contractual or notional amount of derivative financial instruments on hand, the extent to which instruments are favourable or unfavourable and thus the aggregate fair values of derivative financial assets and liabilities can fluctuate significantly from time to time.

Details of the Group and Company's derivatives (including designated cash flow hedges) unsettled at 31 March are:

	Group			
As at 31 March 2009	Notional Amount £ million	Assets (positive fair value) £ million	Liabilities (negative fair value) £ million	Total Fair Value £ million
Forward currency contracts	1,262.2	16.8	(13.4)	3.4
Currency options	–	7.2	(0.3)	6.9
Equity options/warrants	–	0.2	–	0.2
Interest rate swap (cash flow hedge)	369.4	–	(13.7)	(13.7)
Interest rate options	–	6.8	–	6.8
Index futures	319.9	4.4	(1.8)	2.6
Put options – market indices	–	1.9	–	1.9
Total		**37.3**	**(29.2)**	**8.1**

	Group			
As at 31 March 2008	Notional Amount £ million	Assets (positive fair value) £ million	Liabilities (negative fair value) £ million	Total Fair Value £ million
Forward currency contracts	1,464.8	35.2	(5.6)	29.6
Currency options	277.8	2.0	(0.1)	1.9
Equity options/warrants	–	1.3	–	1.3
Interest rate swap (cash flow hedge)	284.8	4.8	(4.7)	0.1
Interest rate options	–	–	–	–
Index futures	357.3	–	(8.8)	(8.8)
Put options – market indices	–	–	–	–
Total		**43.3**	**(19.2)**	**24.1**

As at 31 March 2009	Company Notional Amount £ million	Assets (positive fair value) £ million	Liabilities (negative fair value) £ million	Total Fair Value £ million
Forward currency contracts	–	–	–	–
Equity options/warrants	–	0.2	–	0.2
Interest rate swaps (cash flow hedge)	369.4	–	(13.7)	(13.7)
Interest rate options	–	2.4	–	2.4
Index futures	294.9	3.7	(1.8)	1.9
Put options – market indices	–	1.9	–	1.9
Total		**8.2**	**(15.5)**	**(7.3)**

As at 31 March 2008	Company Notional Amount £ million	Assets (positive fair value) £ million	Liabilities (negative fair value) £ million	Total Fair Value £ million
Forward currency contracts	330.0	5.6	–	5.6
Equity options/warrants	–	1.3	–	1.3
Interest rate swaps (cash flow hedge)	284.8	4.8	(4.7)	0.1
Interest rate options	–	–	–	–
Index futures	357.3	–	(8.8)	(8.8)
Put options – market indices	–	–	–	–
Total		**11.7**	**(13.5)**	**(1.8)**

26.5 Securities Sold Short

No securities were sold short as at 31 March 2009 (31 March 2008: nil). The losses which may be incurred on a short sale are theoretically unlimited, whereas losses from purchases cannot exceed the total amount invested.

26.6 Capital Management

The Group's primary objectives in relation to the management of capital are:

- to ensure its ability to continue as a going concern
- to maximise the long-term capital growth for its shareholders through an appropriate balance of equity capital and gearing

The Company is subject to externally imposed capital requirements:

- the Company's articles restrict borrowings to a cap of five times share capital and reserves, and additionally prohibit the distribution of capital profits as a dividend
- The Company's borrowings are subject to covenants limiting the total exposure based on a cap of borrowings as a percentage of adjusted net asset value.

All these conditions were met during this and the previous financial year.

26. FINANCIAL INSTRUMENTS (CONTINUED)

In addition, one of the Company's subsidiaries is subject to capital requirements imposed by the Financial Services Authority and that subsidiary must ensure that it has sufficient capital to meet the requirements as set out by the Financial Services Authority. The subsidiary was in compliance with those capital requirements throughout the year.

The Group's capital at 31 March comprises:

	31 March 2009 £ million	31 March 2008 £ million
Equity share capital	154.5	154.8
Retained earnings and other reserves	1,196.0	1,535.2
Net asset value	1,350.5	1,690.0
Bank loans (term loans)	369.3	360.4
Total Capital	**1,719.8**	**2,050.4**
Debt as a % total capital	21.5%	17.6%

There have been no significant changes to the Group's capital management objectives, policies and processes in the year, nor has there been any change in what the Group considers to be its capital.

27. PENSION COMMITMENTS

J. Rothschild Capital Management Limited has pension commitments in respect of its participation in the RITCP Pension and Life Assurance Scheme. The Scheme consists of a defined benefit section which is closed to new members. During the year the defined contribution section of the scheme was transferred to an external provider. The assets of the Scheme are held in a separate trustee administered fund.

The Group has adopted the revised version of International Accounting Standard 19, Employee Benefits ("IAS 19"), published in December 2004. Actuarial gains and losses are recognised in full in the income statement in the period in which they occur. The retirement benefit asset recognised in the balance sheet represents the fair value of the Scheme's assets as reduced by the present value of the defined benefit obligation. The cost of providing benefits is determined using the projected unit method.

The employer contribution rate to the Scheme for the year ended 31 March 2009 was 47% of pensionable salaries (31 March 2008: 47%).

It is estimated that the contributions payable to the Scheme during the year ending 31 March 2010 will be £0.8 million (31 March 2009: £0.2 million).

In accordance with the requirements of IAS 19 this note discloses the main financial assumptions made in valuing the liabilities of the defined benefit scheme and the fair value of the assets held. The full actuarial valuation of the scheme which was carried out as at 1 January 2008 was updated to 31 March 2009 by a qualified independent actuary.

The main financial assumptions are shown in the following tables:

	At 31 March 2009	At 31 March 2008
Discount rate	6.60%	6.00%
Rate of increase in salaries	4.00%	4.25%
Rate of increase in payment of all pensions	4.00%	4.00%
Inflation assumption	3.10%	3.40%

The mortality assumptions employed as at 31 March 2009 are based on the tables set out below and include allowance for future improvements in life expectancy (by projecting past improvement rates to calendar year 2030 for current active members and deferred pensioners, and to calendar year 2010 for current pensioners).

Member status	Pre-Retirement	Post-Retirement
Active	AM/FC 00	PNM/FA 2000 year of birth tables allowing for medium cohort projections and a 1% per annum underpin
Deferred	AM/FC 00	PPNM/FA 2000 year of birth tables allowing for medium cohort projections and a 1% per annum underpin
Pensioners	N/A	PNM/FA 2000 year of birth tables allowing for medium cohort projections and a 1% per annum underpin

It is assumed that 70% of members are married as at the date of death.

As at 31 March 2009, the expected rate of return on the Scheme's assets was 8.5% per annum (31 March 2008: 8.9% per annum). This rate is equal to the weighted average of the long-term expected rates of return on each of the asset classes that the Scheme was invested in at 31 March 2009. The fair value of the assets held by the defined benefit scheme, the long-term expected rate of return on each class of assets and the value of the scheme's liabilities assessed on the assumptions described above are shown in the following table:

	Long-term rate of return expected at 31 March 2009	Value at 31 March 2009 £ million	Long-term rate of return expected at 31 March 2008	Value at 31 March 2008 £ million
Equities	9.00%	7.2	9.00%	9.8
Alternative investments	8.00%	3.4	9.00%	3.4
Corporate bonds	5.00%	0.2	5.25%	0.2
Cash	3.00%	0.2	4.00%	0.1
Fair value of the Scheme's assets		11.0		13.5
Present value of the Scheme's liabilities		(11.5)		(12.1)
(Deficit)/surplus in the Scheme		**(0.5)**		**1.4**

The fair value of the assets of the defined contribution section of the Scheme, representing investments providing money purchase benefits, together with the related liabilities, have both been excluded from the figures disclosed above. Due to the transfer out, these assets and liabilities amounted to nil as at 31 March 2009 (31 March 2008: £6.1 million).

The defined benefit section of the Scheme does not invest in the Company's ordinary shares (31 March 2008: nil) or in any property occupied by the Group, or any other assets used by the Group (31 March 2008: nil). The money purchase section of the Scheme did not hold ordinary shares in the Company as at 31 March 2009 (31 March 2008: £0.8 million).

The retirement benefit cost comprises the following:

	Year ended 31 March 2009 £ million	Year ended 31 March 2008 £ million
Defined benefit scheme		
Employer's current service cost	0.3	0.3
Interest on pension liabilities	0.7	0.7
Expected return on Scheme assets	(1.2)	(1.3)
Actuarial losses/(gains)	2.3	0.7
	2.1	0.4
Personal pension schemes	0.5	0.4
Total expense recognised in the income statement	**2.6**	**0.8**

27. PENSION COMMITMENTS (CONTINUED)

The above expense is included in administrative expenses in the income statement. The actual return on Scheme assets was negative £2.0 million (31 March 2008: positive £0.8 million).

Five year history

	31 March 2009 £ million	31 March 2008 £ million	31 March 2007 £ million	31 March 2006 £ million	31 March 2005 £ million
Fair value of the Scheme's assets	11.0	13.5	14.4	13.6	11.1
Present value of the Scheme's liabilities	(11.5)	(12.1)	(12.7)	(12.2)	(10.4)
(Deficit)/surplus in the Scheme	**(0.5)**	**1.4**	**1.7**	**1.4**	**0.7**

The analysis of experience gains and losses is as follows:

	31 March 2009 £ million	31 March 2008 £ million	31 March 2007 £ million	31 March 2006 £ million	31 March 2005 £ million
Experience gains/(losses) on Scheme liabilities	(0.4)	0.1	(0.3)	0.2	0.7
Experience (losses)/gains on Scheme assets	(3.2)	(2.1)	(0.3)	1.8	–

Reconciliation of the fair value of the Scheme's assets	31 March 2009 £ million	31 March 2008 £ million
Opening fair value of the Scheme's assets	13.5	14.4
Expected return on Scheme assets	1.2	1.3
Actuarial losses	(3.2)	(2.1)
Employer's contributions	0.2	0.2
Benefits paid and other disbursements	(0.7)	(0.3)
Closing fair value of the Scheme's assets	**11.0**	**13.5**

Reconciliation of the present value of the defined benefit obligation	31 March 2009 £ million	31 March 2008 £ million
Opening defined benefit obligation	12.1	12.7
Employer's current service cost	0.3	0.3
Interest on pension liabilities	0.7	0.7
Experience (gains)/losses arising on Scheme liabilities	0.4	(0.1)
Changes in assumptions underlying the Scheme liabilities	(1.3)	(1.2)
Benefits paid and other disbursements	(0.7)	(0.3)
Closing defined benefit obligation	**11.5**	**12.1**

28. RELATED PARTY TRANSACTIONS

In the normal course of its business, the Group has entered into a number of transactions with parties related to Lord Rothschild and Mr Nathaniel Rothschild. These are described below:

Transactions with parties related to Lord Rothschild
The Group has arrangements with a number of related parties including:

- a company governed by a charitable trust over which Lord Rothschild has significant influence but no beneficial interest;
- a partnership in which Lord Rothschild has a majority interest; and
- a company over which Lord Rothschild has significant influence but no beneficial interest.

The Group has cost-sharing arrangements with related parties covering the provision and receipt of administrative as well as investment advisory and support services. Under these arrangements the Group paid £804,840 (year ended 31 March 2008: £1,822,103) and received £452,571 (year ended 31 March 2008: £376,177).

Certain related parties occupy office space in St James's Place, which is owned or leased by the Group. The rent, rates and services charged by the Group for the year ended 31 March 2009 amounted to £680,946 (year ended 31 March 2008: £780,647).

During the year, the Group contributed £54,261 in respect of rent, rates and services towards the cost of the Chairman's office which is located in property owned by a related party (year ended 31 March 2008: £56,518).

Certain activities of the Group are carried out in properties owned by related parties. The Group paid rent of £181,603 in the year ended 31 March 2009 (year ended 31 March 2008: £134,346).

The balance due by the Group to the parties related to Lord Rothschild at 31 March 2009 was £190,349 (31 March 2008: £302,404).

During the year, Lord Rothschild purchased a used car from the Company for its independently verified market value of £41,000.

Transactions with parties related to Mr Nathaniel Rothschild
Related parties occupy office space at 27 St James's Place, which is owned by the Group. The rent, rates and services charged by the Group for the year ended 31 March 2009 were £148,118 (year ended 31 March 2008: £148,382).

The Group's investment management transactions with Atticus Global, Ltd, an offshore fund and related party, are described on page 25, in view of Nathaniel Rothschild's interests in Atticus Management Limited, the investment manager of this fund.

The balance due by the Group to the parties related to Mr. Nathaniel Rothschild at 31 March 2009 was £22,503 (31 March 2008: £21,871).

Other

The Company does not hold any security in respect of the above balances due from related parties.

Subsidiary Companies
J. Rothschild Capital Management Limited, a wholly-owned subsidiary of the Company, provides administrative services to the Company and is also its corporate secretary. During the year ended 31 March 2009, the charge for these administrative services amounted to £11.5 million (year ended 31 March 2008: £5.9 million).

Amounts due from subsidiaries and amounts due to subsidiaries are disclosed on the face of the Company's balance sheet.

NOTES TO THE FINANCIAL STATEMENTS

The significant balances outstanding between the Company and its subsidiaries are shown below:

	Amounts owed by subsidiaries		Amounts owed to subsidiaries	
	31 March 2009 £ million	31 March 2008 £ million	31 March 2009 £ million	31 March 2008 £ million
RIT Capital Partners Securities Limited	–	–	(25.9)	(35.0)
Atlantic and General Investment Trust Limited	–	–	(44.2)	(44.7)
J. Rothschild Capital Management Limited	–	–	(15.1)	(9.8)
RIT Capital Partners Associates Limited	–	–	(16.3)	(2.0)
RIT Capital Partners Media Inc.	–	–	(3.3)	(2.4)
Other	–	–	(1.1)	(0.9)
	–	**–**	**(105.9)**	**(94.8)**

Additional loans to subsidiaries are disclosed in Note 12; these mainly comprise amounts due from RIT Capital Partners Associates Limited.

RITCP Pension and Life Assurance Scheme

The Group's pension scheme is deemed to be a related party of the Company pursuant to IAS 24. Details of the pension contributions made during the year are disclosed in Note 27. There were no amounts owing to or by the pension scheme to the Company, or any subsidiary, at 31 March 2009 (31 March 2008: £nil)

Directors and key management personnel

Details of the remuneration and benefits attributable to Directors and key management personnel are set out below.

	Year ended 31 March 2009 £ million	Year ended 31 March 2008 £ million
Salaries	2.0	1.7
Bonus	1.2	1.0
Benefits in kind	0.1	0.1
Long-term incentive plan (IFRS 2 basis per Note 19)	(2.4)	2.0
Pension expense	1.4	0.3
	2.3	**5.1**

In the case of members of the defined benefit pension scheme, the pension cost is represented by the increase in the transfer value of the pension rights during the year. For defined contribution members, the cost is equal to the annual amount of the employer's pension contribution.

29. CONTINGENCIES, GUARANTEES AND FINANCIAL COMMITMENTS

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

	31 March 2009		31 March 2008	
	Group £ million	Company £ million	Group £ million	Company £ million
Commitments to provide additional funds (principally unquoted funds)	**220.2**	**220.2**	**196.6**	**196.6**

HISTORICAL INFORMATION

	Diluted net assets £ million	Diluted net assets per share p	Mid-market share price p	Premium/ (discount) %	Earnings per share p	Dividend per share p
2 August 1988	280.5	105.9	81.5	(23.0)	n/a	n/a
31 March 1989	344.4	134.2	114.0	(15.1)	29.3	1.65
31 March 1990	334.0	131.0	97.0	(26.0)	(2.5)	2.64
31 March 1991	318.0	131.7	92.0	(30.1)	0.7	2.44
31 March 1992	305.5	140.7	85.2	(39.4)	6.6	1.15
31 March 1993	385.9	181.1	117.0	(35.4)	40.5	1.15
31 March 1994	468.6	221.6	171.0	(22.8)	41.5	1.51
31 March 1995	450.2	213.4	174.0	(18.5)	(8.1)	1.58
31 March 1996	560.8	283.2	223.0	(21.3)	63.3	1.65
31 March 1997	586.1	303.5	242.5	(20.1)	17.2	1.82
31 March 1998	737.5	384.1	327.0	(14.9)	81.5	2.00
31 March 1999	759.7	398.6	341.0	(14.5)	14.6	2.20
31 March 2000	811.4	509.0	439.0	(13.8)	100.2	3.10
31 March 2001	759.8	484.3	436.5	(9.9)	(28.8)	3.10
31 March 2002	758.3	483.4	424.5	(12.2)	2.2	3.10
31 March 2003	674.7	430.2	371.5	(13.6)	(50.2)	3.10
31 March 2004	981.1	628.2	577.5	(8.1)	195.9	3.10
31 March 2005	1,113.1	712.7	694.0	(2.6)	90.0	3.10
31 March 2006	1,534.7	982.7	1,020.0	3.8	270.3	3.10
31 March 2007	1,635.6	1,047.3	1,000.0	(4.5)	67.0	3.10
31 March 2008	1,690.0	1,091.6	1,147.0	5.1	50.6	4.00
31 March 2009	**1,350.5**	**874.3**	**831.0**	**(5.0)**	**(205.2)**	**7.50**

Notes:

1. 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.
2. Prior to 31 March 2000, the diluted net assets were arrived at on the assumption that all convertible stock was converted at the balance sheet date.
3. The earnings per share is the fully diluted earnings per share, based on the profit after tax and the weighted average fully diluted number of ordinary shares in issue during each period. Where the fully diluted earnings per share exceeded the undiluted earnings per share the latter figure has been shown in accordance with standard accounting practice. At 31 March 2008 and 31 March 2009 diluted net asset value per share and net asset value per share were equivalent.

FINANCIAL CALENDAR

Annual General Meeting	23 July 2009 at 11.00 a.m.
Payment of dividend on ordinary shares Final dividend of 7.5 pence	29 July 2009 to shareholders on the register at 19 June 2009

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 23 July 2009 at 11.00 a.m. The meeting will be held for the following purposes:

Ordinary Business

As ordinary business, to consider and, if thought fit, pass the following resolutions, each of which is proposed as an ordinary resolution:

1. To approve the Directors' Report and Accounts for the year ended 31 March 2009;
2. To approve the Directors' Remuneration Report for the year ended 31 March 2009;
3. To declare a final dividend of 7.5p per ordinary share;
4. To re-elect Charles Bailey as a Director;
5. To re-elect Sandra Robertson as a Director;
6. To re-elect Ian Wace as a Director; and
7. To re-appoint PricewaterhouseCoopers LLP as auditors and to authorise the Directors to determine their remuneration.

Special Business

To consider and, if thought fit, pass the following resolution, which will be proposed as an Ordinary Resolution:

8. THAT

   (a) 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 2010 and 30 September 2010 AND THAT such authority shall for that period relate to relevant securities up to an aggregate nominal amount of £51,488,687;.

   (b) the Directors be generally and unconditionally authorised pursuant to and in accordance with Section 80 of the Companies Act 1985 (the "**1985 Act**") to exercise all the powers of the Company to allot relevant securities (as defined in Section 80(2) of the 1985 Act) comprising equity securities (as defined in the 1985 Act) up to a further nominal amount of £51,488,687 in connection with an offer by way of a rights issue; such authority to expire on whichever is the earlier of the Company's Annual General Meeting in 2010 and 30 September 2010, but so that the Company may make offers and enter into agreements during the relevant period which would, or might, require relevant securities to be allotted after the authority ends.

   For the purposes of this Resolution "**rights issue**" means an offer to:

   (a) ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and

   (b) people who are holders of other equity securities if this is required by the rights of those securities or, if the Directors consider it necessary, as permitted by the rights of those securities, to subscribe further securities by means of the issue of a renounceable letter (or other negotiable document) which may be traded for a period before payment for the securities is due, but subject in both cases, to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates or legal, regulatory or practical problems in, or under the laws of, any territory.

To consider and, if thought fit, pass the following resolutions, which will be proposed as Special Resolutions:

9. THAT subject to the passing of Resolution 8 above:

   (a) 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 1985 Act did not apply to such allotment) be hereby renewed for the period ending on whichever is the earlier of the Company's Annual General Meeting in 2010 and 30 September 2010;

   (b) the Directors be empowered to allot equity securities (as defined in Section 94(2) of the 1985 Act) wholly for cash: pursuant to the authority given by paragraph (b) of Resolution 8 above in connection with a rights issue as if Section 89(1) of the 1985 Act did not apply to such allotment, such power to expire at the Company's Annual General Meeting in 2010 or on 30 September 2010, whichever is the earlier, but so that the Company may make offers and enter into agreements during this period which would, or might, require equity securities to be allotted after the power ends and the Board may allot equity securities under any such offer or agreement as if the power had not ended.

For the purposes of this resolution references to an allotment of equity securities pursuant to Resolution 8 shall include a sale of treasury shares and "**rights issue**" has the same meaning as set out in Resolution 8.

10. THAT the Company be authorised to purchase up to an aggregate of 23,154,462 ordinary shares of £1 each of the Company (or such a number of ordinary shares as represents 14.99 per cent 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;

    (b) not more than 5 per cent 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 2010 (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).

11. THAT with effect from 00.01 a.m. on 1 October 2009:

    (a) the Articles of Association of the Company be amended by deleting all the provisions of the Company's Memorandum of Association which, by virtue of section 28 Companies Act 2006, are to be treated as provisions of the Company's Articles of Association; and

    (b) the Articles of Association produced to the meeting and initialled by the Chairman of the meeting for the purpose of identification be adopted as the Articles of Association of the Company in substitution for, and to the exclusion of, the existing Articles of Association.

12. THAT a general meeting other than an annual general meeting may be called on not less than 14 clear days' notice.

By order of the Board

J. Rothschild Capital Management Limited
Secretary

Registered office:
27 St. James's Place
London SW1A 1NR
3 June 2009

Inspection of documents

Copies of the following documents may be inspected during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the registered office of the Company at 27 St. James's Place, London SW1A 1NR up to and including the date of the AGM and at the Royal Automobile Club, 89 Pall Mall, London, SW1Y 5HS from 15 minutes before the AGM until it ends:

- proposed new articles of association of the Company, and a copy of the existing memorandum and articles of association marked to show the changes being proposed in resolution 11; and
- the executive directors' service contracts and letters of appointment of the non-executive directors.

Notes

1. A member entitled to attend and vote is entitled to appoint a proxy (or proxies) to attend and, on a poll, vote instead of him. A proxy need not be a member of the Company. A member may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by the members.
2. A form of proxy is enclosed. The appointment of a proxy will not prevent a member from subsequently attending and voting at the meeting in person.
3. To be effective the instrument appointing a proxy must either be (a) sent to the Company's registrars – Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY, (b) lodged using the CREST Proxy Voting Service explained in Note 6 below, or (c) lodged electronically through the Company's website – www.ritcap.co.uk. All proxies, however lodged, must be received not less than 48 hours before the time for holding the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) for the taking of the poll at which it is to be used.

   Please note that any power of attorney or other authority under which the instrument is executed (or a duly certified copy of any such power or authority), must accompany the physical instrument appointing a proxy, as these documents cannot be lodged electronically.
4. The right to appoint a proxy does not apply to persons whose shares are held on their behalf by another person and who have been nominated to receive communications from the company in accordance with section 146 of the Companies Act 2006 ("**nominated persons**"). Nominated persons may have a right under an agreement with the member who holds the shares on their behalf to be appointed (or to have someone else appointed) as a proxy. Alternatively, if nominated persons do not have such a right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the person holding the shares as to the exercise of voting rights.
5. Entitlement to attend and vote at the meeting, and the number of votes which may be cast thereat, will be determined by reference to the Company's register of members on 21 July 2009 at 6.00 p.m. or, if the meeting is adjourned, no later than 6.00 p.m. on the date two days prior to the date of the adjourned meeting.
6. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting services provider(s), who will be able to take the appropriate action on their behalf.

   In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID 3RA50) by the latest time for receipt of proxy appointments specified in Note 5 above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

   CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

   The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in the Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

7. In order to facilitate voting by corporate representatives at the AGM, arrangements will be put in place at the meeting so that (i) if a corporate shareholder has appointed the Chairman of the meeting as its corporate representative with instructions to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the Chairman and the Chairman will vote (or withhold a vote) as the designated corporate representative in accordance with those directions, and (ii) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not appointed the Chairman of the meeting as its designated corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives (www.icsa.org.uk) for further details of this procedure. The guidance includes a sample form of representation letter if the Chairman is being appointed as described in (i) above.

RESOLUTION 1 – REPORT AND ACCOUNTS

The Directors of the Company are required by company law to present the accounts, the Directors' report and the auditors' report on the accounts to the meeting.

RESOLUTION 2 – DIRECTORS' REMUNERATION REPORT

The Directors' Remuneration Report Regulations 2002 require that the Directors' Remuneration Report be put to a vote by shareholders. The Report is set out on pages 33 to 38 of the Annual Report and Accounts.

RESOLUTION 3 – DIVIDEND

A final dividend can only be paid after the shareholders at a General Meeting have approved it. A final dividend of 7.5 pence per ordinary share is proposed.

RESOLUTIONS 4 TO 6 – RE-ELECTION OF DIRECTORS

All Directors have to stand for re-election at least once every 3 years, but are eligible for re-election. Directors also adhere to the Board's policy that any non-executive Director who has served as such for nine or more years and who is not retiring by rotation, shall nonetheless stand for re-election at each annual general meeting. Accordingly, Charles Bailey is standing for re-election.

Sandra Robertson and Ian Wace were appointed as Directors since the last Annual General Meeting and, under the Articles of Association, are required to retire and seek re-election by the shareholders. The re-election of each of the Directors standing is recommended by the Board, which confirms, following their annual performance review, that each such Director's performance continues to be satisfactory.

Biographical information on all the directors, including those standing for re-election, is shown on pages 19 and 20 of the Annual Report and Accounts.

RESOLUTION 7 – REAPPOINTMENT AND REMUNERATION OF AUDITORS

Company law requires all companies, at each general meeting at which accounts are laid, to appoint auditors who will remain in office until the next general meeting at which accounts are laid. The Board, having accepted the recommendation of the Audit Committee, propose that PricewaterhouseCoopers LLP be reappointed as the Company's auditors.

RESOLUTION 8 – RENEWAL OF DIRECTORS' AUTHORITY TO ALLOT SHARES

This resolution (which will be proposed as an ordinary resolution) will, if approved, allow the Directors to allot ordinary shares in RIT Capital Partners plc.

The authority in paragraph (a) of Resolution 8 will allow the directors to allot new shares and other 'relevant securities' up to a nominal value of £51,488,687, which is equivalent to approximately 33 per cent of the total issued ordinary share capital of the Company as at 3 June 2009.

The authority in paragraph (b) in Resolution 8 will allow the directors to allot new shares and other relevant securities only in connection with a rights issue up to a further nominal value of £51,488,687, which is equivalent to approximately 33% of the total issued ordinary share capital of the Company, as at 3 June 2009. This is in line with corporate governance guidelines.

There are no present plans to undertake a rights issue or to allot new shares . The directors consider it desirable to have the maximum flexibility permitted by corporate governance guidelines to respond to market developments and to enable allotments to take place to finance business opportunities as they arise.

If the resolution is passed the authority will expire on the earlier of the Company's Annual General Meeting in 2010 or on 30 September 2010.

EXPLANATORY NOTES

RESOLUTION 9 – DISAPPLICATION OF PRE-EMPTION RIGHTS

This special resolution will renew the Directors' authority to allot shares for cash, free from the pre-emption restrictions set out in the Companies Act 1985.

Paragraph (b) of Resolution 9 authorises the Directors to allot new shares pursuant to the authority given in Resolution 8, or sell treasury shares, for cash only in connection with a rights issue without the shares first being offered to existing shareholders in proportion to their existing holding. This is in line with corporate governance guidelines. This authority will expire at the end of the Annual General Meeting in 2010, or on 30 September 2010 if earlier.

The Directors consider the authority in Resolution 9 to be appropriate in order to allow the company flexibility to finance business opportunities or to conduct a pre-emptive offer or rights issue without the need to comply with the strict requirements of the statutory pre-emption provisions. This new power remains in line with the guidelines of the Pre-emption Group, which is supported by the Association of British Insurers and National Association of Pension Funds.

The Directors intend to observe the institutional guidelines in respect of allotment of shares for cash on a non pre-emptive basis (other than pursuant to a rights issue or pre-emptive offer) in excess of an amount equal to 7.5% of the total issued ordinary share capital of the Company within a rolling 3-year period.

RESOLUTION 10 – PURCHASE OF OWN SHARES

This resolution will be proposed as a special resolution and will allow RIT Capital Partners plc to make market purchases of up to 23,154,462 of its own ordinary shares (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 prices not less than £1 per share and not more than 5% above the average of the middle market quotations as derived from the London Stock Exchange Daily Official List for the five business days preceding such a purchase.

The Companies (Acquisition of Own Shares) (Treasury Shares) Regulations 2003 permit companies to hold any of their own shares which they have purchased as Treasury Shares as an alternative to cancelling them. Accordingly, if the Company were to purchase any of its own shares under the authority conferred by this resolution, the Directors may consider holding them as Treasury Shares or the Directors may cancel the shares. Such a decision will be made by the Directors at the time of purchase on the basis of the Company's and shareholders' best interests.

The Directors currently have no intention of exercising the authority conferred in this resolution and will only purchase shares after taking account of the overall financial position of the Company and whether the effect will be to increase net asset value per share, and if it is in the best interests of shareholders as a whole.

RESOLUTION 11 – ADOPTION OF NEW ARTICLES OF ASSOCIATION

It is proposed in this resolution (proposed as a special resolution) to adopt new articles of association (the "**New Articles**") in order to update the Company's current articles of association (the "**Current Articles**") primarily to take account of changes in English company law brought about since the adoption of the Current Articles at the Company's Annual General Meeting in 2008 and by the implementation on 1 October 2009 of the remaining parts of the Companies Act 2006. The resolution adopting the New Articles will only become effective on 1 October 2009.

The principal changes introduced in the New Articles are summarised below. Other changes, which are of a minor, technical or clarifying nature and also some more minor changes which merely reflect changes made by the Act or conform the language of the New Articles with that used in the model articles for public companies set out in The Companies (Model Articles) Regulations 2008, have not been noted. The New Articles showing all the changes to the Current Articles are available for inspection, as noted on page 92 of this document.

Summary of principal changes to the Company's Articles of Association

1. **The Company's objects**
   The provisions regulating the operations of the Company are currently set out in the Company's memorandum and articles of association. The Company's memorandum contains, among other things, the objects clause which sets out the scope of the activities the Company is authorised to undertake. This is drafted to give a wide scope.

   The Act significantly reduces the constitutional significance of a company's memorandum. The Act provides that a memorandum will record only the names of subscribers and the number of shares each subscriber has agreed to take in the company. Under the Act the objects clause and all other provisions which are currently contained in a company's memorandum, for existing companies at 1 October 2009, will be deemed to be contained in a company's articles of association but the company can remove these provisions by special resolution.

   Further the Act states that unless a company's articles provide otherwise, a company's objects are unrestricted. This abolishes the need for companies to have objects clauses. For this reason the Company is proposing to remove its objects clause together with all other provisions of its memorandum which, by virtue of the Act, are to be treated as forming part of the Company's articles of association as of 1 October 2009. Resolution 11(a) confirms the removal of these provisions for the Company. As the effect of this resolution will be to remove the statement currently in the Company's memorandum of association regarding limited liability, the New Articles also contain an express statement regarding the limited liability of the shareholders.

2. **Articles which duplicate statutory provisions**
   Provisions in the Current Articles which replicate provisions contained in the Act are in the main amended to bring them into line with the Act.

3. **Authorised share capital and unissued shares**
   The Act abolishes the requirement for a company to have an authorised share capital and the New Articles reflect this. Directors will still be limited as to the number of shares they can at any time allot because allotment authority continues to be required under the Act, save in respect of employee share schemes.

4. **Redeemable shares**
   At present if a company wishes to issue redeemable shares, it must include in its articles the terms and manner of redemption. The Act enables directors to determine such matters instead provided they are so authorised by the articles. The New Articles contain such an authorisation. The Company has no plans to issue redeemable shares but if it did so the directors would need shareholders' authority to issue new shares in the usual way.

5. **Authority to purchase own shares, consolidate and sub-divide shares, and reduce share capital**
   Under the law currently in force a company requires specific enabling provisions in its articles to purchase its own shares, to consolidate or sub-divide its shares and to reduce its share capital or other undistributable reserves as well as shareholder authority to undertake the relevant action. The Current Articles include these enabling provisions. Under the Act a company will only require shareholder authority to do any of these things and it will no longer be necessary for articles to contain enabling provisions. Accordingly the relevant enabling provisions have been removed in the New Articles.

6. **Provision for employees on cessation of business**
   The Act provides that the powers of the directors of a company to make provision for a person employed or formerly employed by the company or any of its subsidiaries in connection with the cessation or transfer to any person of the whole or part of the undertaking of the company or that subsidiary, may only be exercised by the directors if they are so authorised by the company's articles or by the company in general meeting. The New Articles provide that the directors may exercise this power.

EXPLANATORY NOTES

7. Use of seals

A company currently requires authority in its articles to have an official seal for use abroad. After 1 October 2009 such authority will no longer be required. Accordingly the relevant authorisation has been removed in the New Articles.

The New Articles provide an alternative option for execution of documents (other than share certificates). Under the New Articles, when the seal is affixed to a document it may be signed by one authorised person in the presence of a witness, whereas previously the requirement was for signature by either a director and the secretary or two directors or such other person or persons as the directors may approve.

8. Suspension of registration of share transfers

The Current Articles permit the directors to suspend the registration of transfers. Under the Act share transfers must be registered as soon as practicable. The power in the Current Articles to suspend the registration of transfers is inconsistent with this requirement. Accordingly, this power has been removed in the New Articles.

9. General

Generally the opportunity has been taken to bring clearer language into the New Articles and in some areas to align the definitions and expressions used throughout the New Articles with definitions used in the Act.

10. Untraced shareholders

The Current Articles require the Company to provide notices, documents or information to all members of the Company including members who may have changed their registered addresses but have not informed the Company of such change.

In accordance with the provisions of the Act and in view of wasted expenditure incurred in connection with such undeliverable mail, the New Articles provide that if the Company sends more than one document to a member on separate occasions during a 12-month period and each of them is returned undelivered then that member will not be entitled to receive notices from the Company until he has supplied a new postal or electronic address for the service of notices.

The New Articles contain identical provisions to the Current Articles in respect of payment of dividends.

RESOLUTION 12 – NOTICE OF GENERAL MEETINGS

This resolution (proposed as a special resolution) is required to reflect the proposed implementation in August 2009 of the Shareholder Rights Directive. The Regulations implementing this Directive will increase the notice period for general meetings of the Company to 21 days unless certain requirements are satisfied. The Company is currently able to call general meetings (other than an AGM) on 14 clear days' notice and would like to preserve this ability. In order to be able to do so after August 2009, shareholders must have approved the calling of meetings on 14 clear days' notice. Resolution 12 seeks such approval. The approval will be effective until the Company's next annual general meeting, when it is intended that a similar resolution will be proposed. The Company will also need to meet the requirements for electronic voting under the Directive in order to be able to call a general meeting on 14 clear days' notice.

ADVISERS

SECRETARY AND REGISTERED OFFICE

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

AUDITORS

PricewaterhouseCoopers LLP
Hay's Galleria
1 Hays Lane
London SE1 2RD

SOLICITORS

Linklaters LLP
One Silk Street
London EC2Y 8HQ

REGISTRARS AND TRANSFER OFFICE

Computershare Investor Services PLC
Registrar's Department
The Pavilions
Bridgwater Road
Bristol BS99 6ZY
Telephone: 0870 703 6307

INDIVIDUAL SAVINGS ACCOUNT AND SAVINGS SCHEME ADMINISTRATOR

The Bank of New York Mellon (International) Limited
12 Blenheim Place
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AIC

The Company is a member of the Association of Investment Companies
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