# Half-Yearly Financial Report

30 June 2014

RIT Capital Partners plc

# Contents

# Company Highlights

## 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.

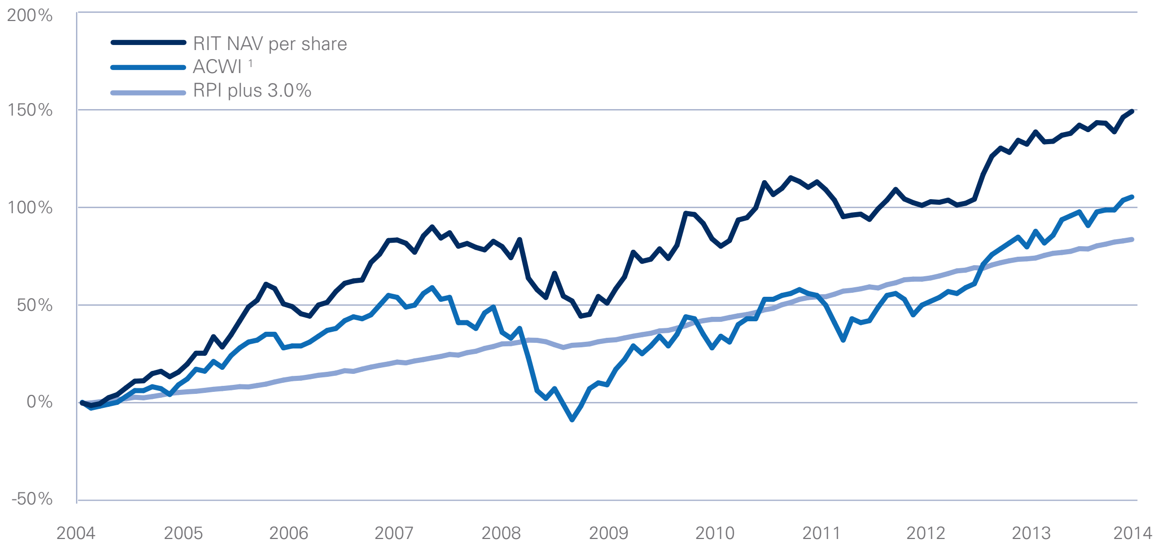
## Investment Policy
To invest in a widely diversified, international portfolio across a range of asset classes, both quoted and unquoted; to allocate part of the portfolio to exceptional managers in order to ensure access to the best external talent available.

# Financial Summary

| | 30 June 2014 | 31 December 2013 | Change |
|---|---|---|---|
| Net Assets | £2,173m | £2,146m | £27m |
| NAV per share | 1,401p | 1,384p | 17p |
| Share price | 1,316p | 1,260p | 56p |
| Discount | -6.1% | -9.0% | 2.9% |
| First interim dividend paid | 14.7p | 14.0p | 5.0% |
| Second interim dividend declared/paid | 14.7p | 14.0p | 5.0% |
| Total Dividend | 29.4p | 28.0p | 5.0% |
| Gearing | 13.8% | 5.2% | 8.6% |
| **NAV per share total return** | | | **2.4%** |
| **Share price total return** | | | **5.6%** |
| RPI plus 3.0% per annum | | | 2.6% |
| MSCI All Country World Index [1] | | | 4.1% |

| Percentage Changes to Date | 6 Months | 1 Year | 5 Years | 10 Years |
|---|---|---|---|---|
| NAV per share total return | 2.4% | 6.7% | 65.6% | 150.1% |
| RPI plus 3.0% per annum | 2.6% | 5.7% | 39.2% | 84.4% |
| MSCI All Country World Index [1] | 4.1% | 15.0% | 89.4% | 105.7% |

**10 Year Performance**




[1] The MSCI All Country World Index (ACWI) we have adopted is a total return index based on 50% of the ACWI measured in Sterling and 50% measured in local currencies.

# Chairman's Statement

**Lord Rothschild, OM GBE**

Your Company's net asset value at the end of June was 1,401 pence per share, an all-time high. This represents a total return, including the 14.7 pence interim dividend, of 2.4% for the half year. Over the same period, the share price total return (including the dividend) was 5.6%.

Given current stock market valuations, further market appreciation will continue to be influenced by central bank policy of creating money and maintaining low interest rates. We have become uncomfortable in participating in liquidity fuelled markets and are sceptical as to whether the current degree of investor complacency can be maintained. We continue to search assiduously for investment opportunities that are likely to benefit from structural tailwinds at attractive valuations and which are not conditional on short-term monetary policies. The search however has become increasingly challenging. Almost every asset class is highly priced by historical standards at a time when the precarious geo-political situation in the Middle East and Russia could undermine the fragile economic recovery which central bank policy has helped to bring about.

Our individual stock portfolio now constitutes about 20% of our NAV and has outperformed equity markets over the period. In the first part of the year we took advantage of temporary weaknesses to increase our holdings in emerging market-related and Japanese securities. We avoided some of the sharp falls in technology and growth stocks by reducing exposure in advance of the correction.

Returns from our externally managed equity fund portfolio were positive with a fairly wide dispersion as some of the most significant winners of 2013 have underperformed in 2014. We continue to concentrate our holdings into a reduced number of talented managers, giving us greater focus and allowing a more meaningful impact to our NAV.

Our private investment portfolio had a reasonably positive period with agreed realisations of Metron, Chart Show and, more recently, Martin Currie. In addition there were modest increases in value in our unquoted funds and directly held investments.

Absolute Return and Credit investments now account for approximately 15% of our assets. Through investing in exceptional managers, we are well positioned to capture current structural inefficiencies in credit markets. Our objective is for this asset class to deliver high single digit returns. We have taken advantage of the current low level of interest rates to put in place borrowings of £400 million. In the first six months of the year these investments have generated returns considerably higher than our borrowing costs and profits earned, subject to credit risk, will provide a significant offset against our operating costs.

A challenge in the period under review has been currency allocation. We increased our Sterling exposure to a level higher than at any time in recent history; however its appreciation since the start of the year has affected your Company's NAV given the global nature of our investments. In US Dollar terms our NAV return was 5.7% compared to 2.4% in Sterling. Mindful of the Bank of England's continued hawkish stance we will maintain our relatively high level of exposure to Sterling, a portion of which is held through options as we see risks ahead which may cause a reversal of the currency's upward trend.

During these complex and fragile times, our priority remains capital preservation and creating the foundations for longer term growth. We do this by continuing to search out assets which reflect our belief in investment fundamentals while we strive to identify compelling special situations.

# Chairman's Statement

**Dividend**
Following the first interim dividend of 14.7 pence paid in April, we have declared a second interim dividend of the same amount. This will be paid on 24 October to shareholders registered on 3 October and will provide shareholders with a total dividend in 2014 of 29.4 pence per share, a 5.0% increase over 2013.

**Board and Management**
As we announced at our AGM, we welcome the appointment of John Makinson to our Board as a non-executive Director. John is the Chairman of Penguin Random House, having previously been the Chairman and CEO of the Penguin Group. He served on the Board of Pearson for many years and as Managing Director of the Financial Times.

On management, Francesco Goedhuis has demonstrated exceptional skills and leadership qualities. His colleagues and I welcome his appointment as Chief Executive of J Rothschild Capital Management. Your Board is confident that he and the team around him have the talent, determination and skills to create value for our shareholders in the years ahead.

Rothschild

**Rothschild**
**14 August 2014**

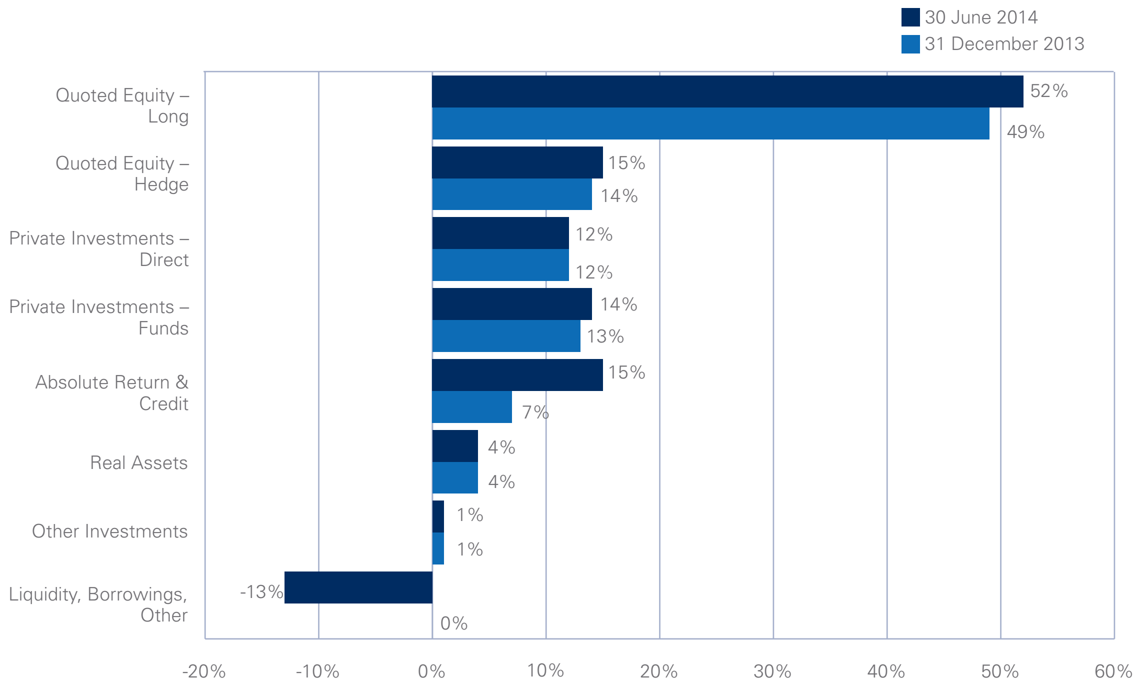
**Contribution to Total Return, 6 months to 30 June 2014**

| | 30 June 2014 % Net Assets | Return on Capital% [1] | Contribution to Total Return % |
|---|---|---|---|
| Quoted Equity – Long | 52.2% | 4.2% | 1.8% |
| Quoted Equity – Hedge | 15.3% | 2.7% | 0.4% |
| Private Investments – Direct | 11.7% | 4.6% | 0.6% |
| Private Investments – Funds | 13.6% | 10.3% | 1.4% |
| Absolute Return & Credit | 14.9% | 4.0% | 0.5% |
| Real Assets | 4.3% | 9.3% | 0.4% |
| Currency [2] | 0.5% | – | -1.7% |
| Liquidity, Borrowings and Other | -12.5% | – | -1.0% |
| **Total** | **100.0%** | | **2.4%** |

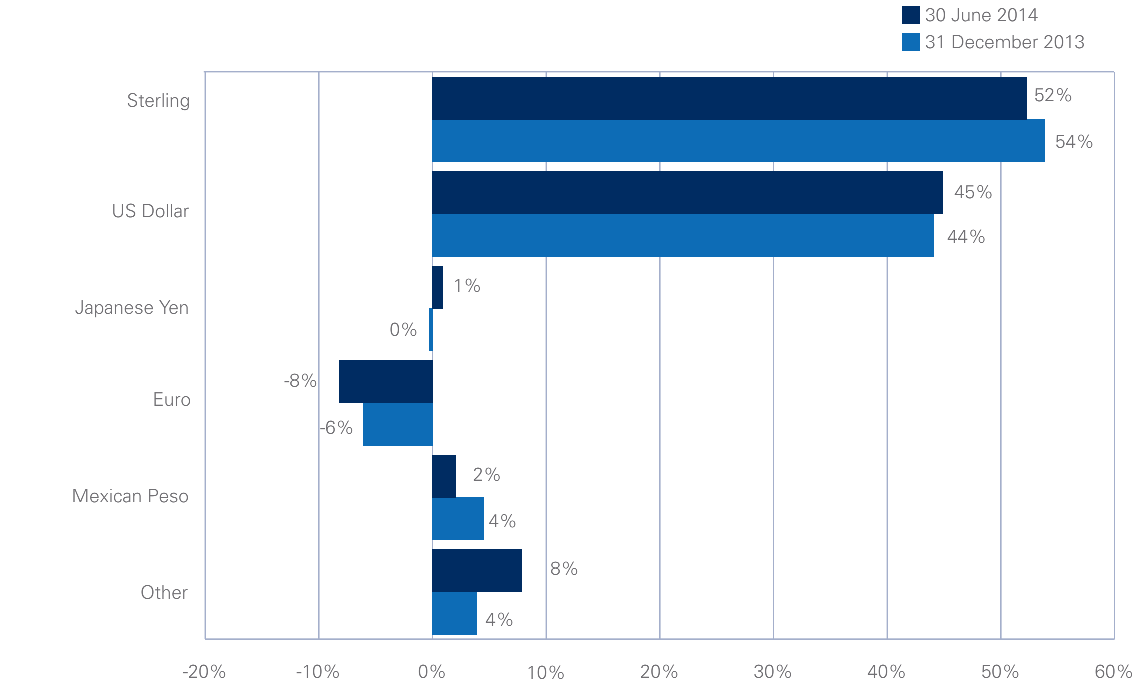
[1] Category returns exclude the impact of currency translation.
[2] The currency contribution includes the impact of currency translation and gains/(losses) from currency forwards and options.

# Investment Portfolio

### Net Asset Value by Asset Category (%)



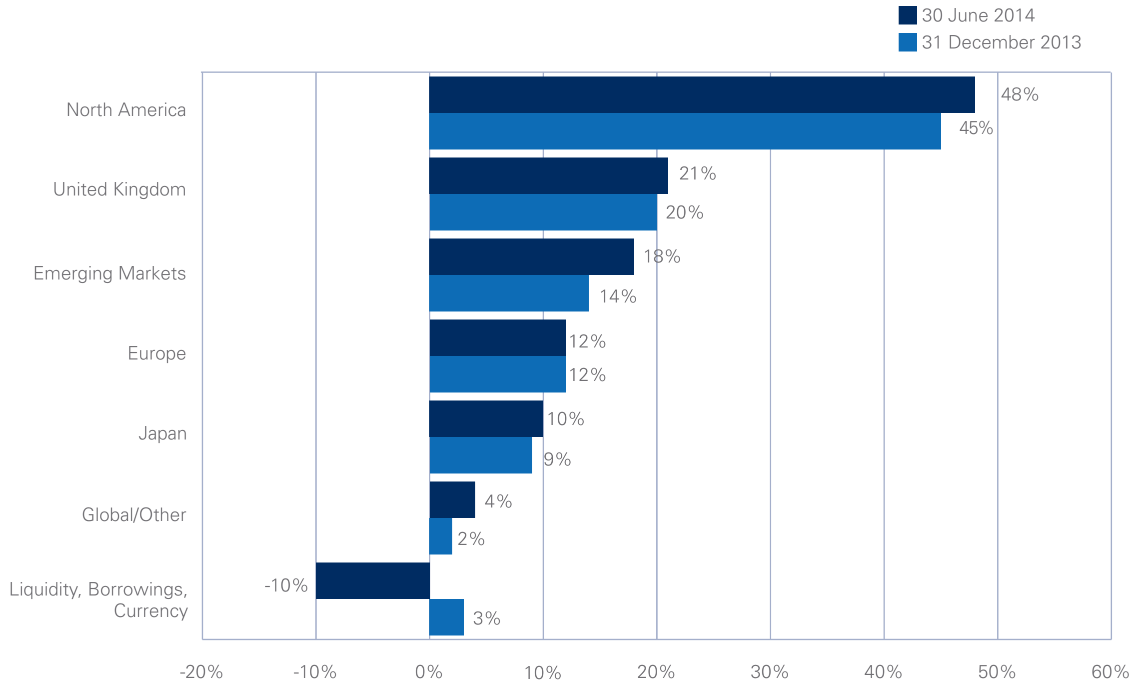

### Net Asset Value by Currency (%)




Note: This graph excludes exposure from currency options.

# Investment Portfolio

### Net Asset Value by Geography (%)




Note: Includes long and short equity exposure from futures but excludes exposure from government bond futures.

# Investment Portfolio

**Investment Portfolio as at 30 June 2014**

| Investment Holdings | Country/Region | Industry/Description | Value of Investment £ million | % of NAV |
|---|---|---|---|---|
| **Quoted Equity – Long** | | | | |
| *Stocks:* | | | | |
| Samsung Electronics | Republic of Korea | Communication equipment | 57.8 | 2.6% |
| Kingfisher | United Kingdom | Home improvement retail | 45.4 | 2.1% |
| Trian Partners SPV (Pepsi & Mondelez) | United States | Consumer staples | 41.4 | 1.9% |
| Roche Holdings | Switzerland | Pharmaceuticals | 31.4 | 1.4% |
| PS V International Fund (Air Products) | United States | Industrial gases | 30.7 | 1.4% |
| Experian | United Kingdom | IT consulting & other services | 30.4 | 1.4% |
| Qualcomm | United States | Communication equipment | 27.6 | 1.3% |
| Resona Holdings | Japan | Regional banks | 27.5 | 1.3% |
| Anheuser-Bush InBev | Belgium | Brewers | 25.4 | 1.2% |
| United Technologies Corp | United States | Aerospace & defence | 21.5 | 1.0% |
| McGraw Hill Financial | United States | Specialised financial | 21.1 | 1.0% |
| Other Stocks | | | 66.1 | 3.0% |
| *Total Stocks* | | | 426.3 | 19.6% |
| *Funds:* | | | | |
| Findlay Park [1] | United States | All-cap, value bias | 74.1 | 3.4% |
| BBLS Fund | United States | Biotechnology | 73.6 | 3.4% |
| Lansdowne Developed Markets Strategic | Developed Markets | All-cap, diversified | 69.2 | 3.2% |
| Morant Wright [1] | Japan | Small/mid-cap, value bias | 69.0 | 3.2% |
| RIT PK Japan Fund | Japan | All-cap, diversified | 62.1 | 2.9% |
| Cedar Rock Capital Fund | Developed Markets | Large/mid-cap, diversified | 58.1 | 2.7% |
| BlackRock Frontiers [1] | Emerging Markets | All-cap, value bias | 51.6 | 2.4% |
| Viking Long Fund III | Global | All-cap, diversified | 51.3 | 2.4% |
| Titan Partners | United States | Large-cap, growth bias | 49.3 | 2.3% |
| Findlay Park Mexico [1] | Mexico | All-cap, diversified | 32.2 | 1.4% |
| Horizon Capital [1] | Asia | All-cap, diversified | 29.1 | 1.3% |
| Other Funds | | | 87.1 | 3.9% |
| *Total Funds* | | | 706.7 | 32.5% |
| *Derivatives:* | | | | |
| Topix Index Futures | Japan | Long, 2.0% notional | 1.0 | 0.1% |
| GS Custom Financials Basket [2] | United States | Long equities, 2.8% notional | 0.9 | 0.0% |
| Other Derivatives | | | (0.8) | (0.0%) |
| *Total Derivatives* | | | 1.1 | 0.1% |
| **Total Quoted Equity – Long** | | | **1,134.1** | **52.2%** |
| **Quoted Equity – Hedge** | | | | |
| BlackRock European Hedge Fund | Europe | All-cap, diversified | 62.3 | 2.9% |
| Gaoling | Asia | All-cap, China bias | 53.7 | 2.5% |
| Tekne Offshore | Global | All-cap, technology bias | 45.6 | 2.1% |
| Brant Point | United States | Small/mid-cap, growth bias | 42.2 | 1.9% |
| Palestra Capital Offshore Fund | United States | Large-cap, diversified | 42.0 | 1.9% |
| Three Corner | Global | All-cap, financial bias | 38.8 | 1.8% |
| GLG Technology Fund | Global | All-cap, technology bias | 26.0 | 1.2% |
| Other Quoted Equity – Hedge | | | 22.1 | 1.0% |
| **Total Quoted Equity – Hedge** | | | **332.7** | **15.3%** |

[1] These funds are segregated accounts, managed externally on behalf of the Group.

[2] This is a total return swap over a basket of 7 stocks managed internally, with the largest investment, MGIC Investment Corporation having a notional exposure of 1.2%.

# Investment Portfolio

**Investment Portfolio as at 30 June 2014**

| Investment Holdings | Country/Region | Industry/Description | Value of Investment £ million | % of NAV |
|---|---|---|---|---|
| **Private Investments – Direct** | | | | |
| Infinity Data Systems | United Kingdom | Data centres | 43.7 | 2.0% |
| Rockefeller & Co | United States | Financial services | 29.2 | 1.4% |
| Williams & Glyn's | United Kingdom | Financial services | 27.8 | 1.3% |
| Dropbox | United States | Cloud technology | 20.1 | 0.9% |
| Helios Towers | Africa | Cellular communication infrastructure | 19.7 | 0.9% |
| Tamar Energy | United Kingdom | Renewable energy | 15.5 | 0.7% |
| EDRRIT | United Kingdom | Financial services | 14.0 | 0.6% |
| Chart Show | United Kingdom | Digital broadcaster | 14.0 | 0.6% |
| Other Private Investments – Direct | | | 69.6 | 3.3% |
| **Total Private Investments – Direct** | | | **253.6** | **11.7%** |
| **Private Investments – Funds** | | | | |
| Augmentum I | United Kingdom | International growth capital | 40.7 | 1.9% |
| Hony Capital Funds | China | Chinese private equity | 30.7 | 1.4% |
| Darwin Private Equity I | United Kingdom | UK mid-market private equity | 29.0 | 1.3% |
| Xander Funds | India | Indian real estate private equity | 26.4 | 1.2% |
| Summit Water Development | United States | Water rights | 15.2 | 0.7% |
| Thrive Capital Partners III | United States | US private equity | 11.7 | 0.5% |
| Crestview Partners Funds | United States | US private equity | 10.6 | 0.5% |
| Bessemer VII | United States | US private equity | 8.5 | 0.4% |
| Tinicum Capital Partners | United States | US private equity | 8.4 | 0.4% |
| Gobi Fund II | China | Chinese private equity | 7.4 | 0.3% |
| Other Private Investments – Funds | | | 107.3 | 5.0% |
| **Total Private Investments – Funds** | | | **295.9** | **13.6%** |
| **Absolute Return & Credit** | | | | |
| Blackstone/GSO Global Dynamic Credit | Global | Diversified loans | 58.7 | 2.7% |
| Blue Mountain Credit Alternatives Fund | Global | Fixed income, relative value | 39.1 | 1.8% |
| Brevan Howard Credit Value Fund | Global | Opportunistic credit, long bias | 36.1 | 1.7% |
| Farmstead Fund | Global | Distressed and special situations | 35.0 | 1.6% |
| Attestor Value Fund | Europe | Distressed and special situations | 34.4 | 1.6% |
| Pine River Fixed Income Fund | Global | Fixed income, relative value | 33.1 | 1.5% |
| JPS Credit Opportunities | Global | Fixed income, relative value | 32.4 | 1.5% |
| TSE Capital | Global | Macro strategy | 18.4 | 0.9% |
| Virgin America Senior Notes | United States | Credit co-investment | 13.1 | 0.6% |
| Other Absolute Return & Credit | | | 22.7 | 1.0% |
| **Total Absolute Return & Credit** | | | **323.0** | **14.9%** |
| **Real Assets** | | | | |
| Spencer House | United Kingdom | Investment property | 32.0 | 1.5% |
| Other Investment Property | United Kingdom | Investment property | 23.4 | 1.1% |
| BlackRock Gold & General Fund | Global | Gold and precious metal equities | 21.2 | 1.0% |
| Other Real Assets | | | 15.9 | 0.7% |
| **Total Real Assets** | | | **92.5** | **4.3%** |
| **Other Investments** | | | | |
| Japan 10 Year Government Bond Futures | Japan | Short, 5.8% notional | (0.4) | (0.0%) |
| Other | – | Currency forwards & options | 11.7 | 0.5% |
| **Total Other Investments** | | | **11.3** | **0.5%** |
| **Total Investments** | | | **2,443.1** | **112.5%** |

# Investment Portfolio

**Investment Portfolio as at 30 June 2014**

| Investment Holdings | Country/Region | Industry/Description | Value of Investment £ million | % of NAV |
|---|---|---|---|---|
| **Liquidity** | | | | |
| Liquidity | – | Various liquidity balances | 117.8 | 5.4% |
| **Total Liquidity** | | | **117.8** | **5.4%** |
| **Borrowings** | – | | | |
| Commonwealth Bank of Australia loan | – | Multi-currency credit facility | (195.0) | (9.0%) |
| National Australia Bank loan | – | Multi-currency credit facility | (191.2) | (8.8%) |
| Interest Rate Swap | – | Floating to fixed | (1.0) | (0.0%) |
| **Total Borrowings** | | | **(387.2)** | **(17.8%)** |
| Other assets/(liabilities) | | | (1.1) | (0.1%) |
| **Total Net Asset Value** | | | **2,172.6** | **100.0%** |

# Consolidated Income Statement (unaudited)

| For the six months ended 30 June 2014 | Notes | Revenue return £ million | Capital return £ million | Total £ million |
|---|---|---|---|---|
| **Income** | | | | |
| Investment income | | 13.6 | – | 13.6 |
| Other income | | 0.9 | – | 0.9 |
| **Total income** | | 14.5 | – | 14.5 |
| Gains/(losses) on portfolio investments held at fair value | | – | 48.5 | 48.5 |
| Exchange gains/(losses) on monetary items and borrowings | | – | 6.6 | 6.6 |
| | | 14.5 | 55.1 | 69.6 |
| **Expenses** | | | | |
| Administrative expenses | | (8.2) | (1.0) | (9.2) |
| Investment management fees | | (1.9) | (0.3) | (2.2) |
| **Profit/(loss) before finance costs and tax** | | 4.4 | 53.8 | 58.2 |
| Finance costs | | (6.4) | – | (6.4) |
| **Profit/(loss) before tax** | | (2.0) | 53.8 | 51.8 |
| Taxation | | – | – | – |
| **Profit/(loss) for the period** | 2 | **(2.0)** | **53.8** | **51.8** |
| **Earnings per ordinary share – basic** | 2 | **(1.3p)** | **34.8p** | **33.5p** |
| **Earnings per ordinary share – diluted** | 2 | **(1.3p)** | **34.7p** | **33.4p** |

The total column of this statement represents the Group's Consolidated 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 14 to 19 are an integral part of these condensed interim financial statements.

# Consolidated Statement of Comprehensive Income (unaudited)

| For the six months ended 30 June 2014 | Revenue return £ million | Capital return £ million | Total £ million |
|---|---|---|---|
| **Profit/(loss) for the period** | **(2.0)** | **53.8** | **51.8** |
| **Other comprehensive income/(expense) that will not be subsequently reclassified to profit or loss:** | | | |
| Actuarial gain/(loss) in defined benefit pension plan | (0.4) | – | (0.4) |
| **Total comprehensive income/(expense) for the period** | **(2.4)** | **53.8** | **51.4** |

# Consolidated Income Statement (unaudited)

| For the six months ended 30 June 2013 (restated) | Notes | Revenue return £ million | Capital return £ million | Total £ million |
|---|---|---|---|---|
| **Income** | | | | |
| Investment income | | 11.5 | – | 11.5 |
| Other income | | 2.3 | – | 2.3 |
| **Total income** | | 13.8 | – | 13.8 |
| Gains/(losses) on portfolio investments held at fair value | | – | 257.1 | 257.1 |
| Exchange gains/(losses) on monetary items and borrowings | | – | (0.7) | (0.7) |
| | | 13.8 | 256.4 | 270.2 |
| **Expenses** | | | | |
| Administrative expenses | | (10.4) | (1.0) | (11.4) |
| Investment management fees | | (1.7) | (0.7) | (2.4) |
| **Profit/(loss) before finance costs and tax** | | 1.7 | 254.7 | 256.4 |
| Finance costs | | (2.5) | – | (2.5) |
| **Profit/(loss) before tax** | | (0.8) | 254.7 | 253.9 |
| Taxation | | (0.5) | (0.4) | (0.9) |
| **Profit/(loss) for the period** | **2** | **(1.3)** | **254.3** | **253.0** |
| **Earnings per ordinary share – basic** | **2** | **(0.8p)** | **164.1p** | **163.3p** |
| **Earnings per ordinary share – diluted** | **2** | **(0.8p)** | **164.0p** | **163.2p** |

The total column of this statement represents the Group's Consolidated 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 14 to 19 are an integral part of these condensed interim financial statements.

# Consolidated Statement of Comprehensive Income (unaudited)

| For the six months ended 30 June 2013 (restated) | Revenue return £ million | Capital return £ million | Total £ million |
|---|---|---|---|
| **Profit/(loss) for the period** | **(1.3)** | **254.3** | **253.0** |
| **Other comprehensive income/(expense) that will not be subsequently reclassified to profit or loss:** | | | |
| Actuarial gain/(loss) in defined benefit pension plan | 1.5 | – | 1.5 |
| **Total comprehensive income/(expense) for the period** | **0.2** | **254.3** | **254.5** |

# Consolidated Balance Sheet (unaudited)

| | Notes | 30 June 2014 £ million | 31 December 2013 (restated) £ million | 1 January 2013 (restated) £ million |
|---|---|---|---|---|
| **Non-current assets** | | | | |
| Investments held at fair value | 6 | 2,493.6 | 2,224.9 | 1,943.9 |
| Investment property | | 55.4 | 53.4 | 46.1 |
| Property, plant and equipment | | 0.3 | 0.3 | 0.2 |
| Retirement benefit asset | | 0.5 | 0.5 | – |
| Derivative financial instruments | | 0.4 | 0.4 | – |
| Deferred tax asset | | 1.0 | 1.0 | 2.6 |
| | | 2,551.2 | 2,280.5 | 1,992.8 |
| **Current assets** | | | | |
| Derivative financial instruments | | 21.3 | 27.2 | 25.0 |
| Sales for future settlement | | 0.8 | 0.7 | 66.9 |
| Other receivables | | 26.3 | 110.9 | 25.2 |
| Tax receivable | | 0.4 | 0.2 | 0.5 |
| Cash at bank | | 147.4 | 51.0 | 65.1 |
| | | 196.2 | 190.0 | 182.7 |
| **Total assets** | | 2,747.4 | 2,470.5 | 2,175.5 |
| **Current liabilities** | | | | |
| Borrowings | | (386.0) | (197.4) | (147.8) |
| Purchases for future settlement | | (44.9) | (0.8) | (4.5) |
| Derivative financial instruments | | (7.1) | (5.8) | (20.2) |
| Provisions | | (0.5) | (0.2) | (1.2) |
| Other payables | 6 | (132.3) | (117.4) | (146.8) |
| | | (570.8) | (321.6) | (320.5) |
| **Net current assets/(liabilities)** | | (374.6) | (131.6) | (137.8) |
| **Total assets less current liabilities** | | 2,176.6 | 2,148.9 | 1,855.0 |
| **Non-current liabilities** | | | | |
| Provisions | | (2.4) | (2.4) | (5.4) |
| Finance lease liability | | (0.5) | (0.5) | (0.5) |
| Retirement benefit liability | | – | – | (1.9) |
| Derivative financial instruments | | (1.1) | – | – |
| | | (4.0) | (2.9) | (7.8) |
| **Net assets** | | **2,172.6** | **2,146.0** | **1,847.2** |
| **Equity attributable to owners of the Company** | | | | |
| Share capital | | 155.4 | 155.4 | 155.4 |
| Share premium | | 17.3 | 17.3 | 17.3 |
| Capital redemption reserve | | 36.3 | 36.3 | 36.3 |
| Own shares reserve | | (7.8) | (5.5) | (6.4) |
| Share based payment reserve | | 5.2 | 5.0 | 4.7 |
| Foreign currency translation reserve | | 0.2 | 0.2 | 0.2 |
| Capital reserve | | 1,946.3 | 1,915.2 | 1,609.4 |
| Revenue reserve | | 19.7 | 22.1 | 30.3 |
| **Total shareholders' equity** | | **2,172.6** | **2,146.0** | **1,847.2** |
| **Net asset value per ordinary share – basic** | **3** | **1,403p** | **1,385p** | **1,192p** |
| **Net asset value per ordinary share – diluted** | **3** | **1,401p** | **1,384p** | **1,191p** |

# Consolidated Statement of Changes in Equity (unaudited)

| Period ended 30 June 2014 | Share capital £ million | Share premium £ million | Capital redemption reserve £ million | Own shares reserve £ million | Share based payment reserve £ million | Foreign currency translation reserve £ million | Capital reserve £ million | Revenue reserve £ million | Total equity £ million |
|---|---|---|---|---|---|---|---|---|---|
| Balance at 1 January 2014 | 155.4 | 17.3 | 36.3 | (5.5) | 5.0 | 0.2 | 1,915.2 | 22.1 | 2,146.0 |
| Profit/(loss) for the period | – | – | – | – | – | – | 53.8 | (2.0) | 51.8 |
| Actuarial gain/(loss) in defined benefit pension plan | – | – | – | – | – | – | – | (0.4) | (0.4) |
| **Total Comprehensive income/(expense) for the period** | **–** | **–** | **–** | **–** | **–** | **–** | **53.8** | **(2.4)** | **51.4** |
| Dividends paid (note 4) | – | – | – | – | – | – | (22.7) | – | (22.7) |
| Movement in Own shares reserve | – | – | – | (2.3) | – | – | – | – | (2.3) |
| Movement in Share based payment reserve | – | – | – | – | 0.2 | – | – | – | 0.2 |
| **Balance at 30 June 2014** | **155.4** | **17.3** | **36.3** | **(7.8)** | **5.2** | **0.2** | **1,946.3** | **19.7** | **2,172.6** |

| Period ended 30 June 2013 (restated) | Share capital £ million | Share premium £ million | Capital redemption reserve £ million | Own shares reserve £ million | Share based payment reserve £ million | Foreign currency translation reserve £ million | Capital reserve £ million | Revenue reserve £ million | Total equity £ million |
|---|---|---|---|---|---|---|---|---|---|
| Balance at 1 January 2013 | 155.4 | 17.3 | 36.3 | (6.4) | 4.7 | 0.2 | 1,609.4 | 30.3 | 1,847.2 |
| Profit/(loss) for the period | – | – | – | – | – | – | 254.3 | (1.3) | 253.0 |
| Actuarial gain/(loss) in defined benefit pension plan | – | – | – | – | – | – | – | 1.5 | 1.5 |
| **Total Comprehensive income/(expense) for the period** | **–** | **–** | **–** | **–** | **–** | **–** | **254.3** | **0.2** | **254.5** |
| Dividends paid (note 4) | – | – | – | – | – | – | (21.7) | – | (21.7) |
| Movement in Own shares reserve | – | – | – | 0.9 | – | – | – | – | 0.9 |
| Movement in Share based payment reserve | – | – | – | – | (0.1) | – | – | – | (0.1) |
| **Balance at 30 June 2013** | **155.4** | **17.3** | **36.3** | **(5.5)** | **4.6** | **0.2** | **1,842.0** | **30.5** | **2,080.8** |

# Consolidated Cash Flow Statement (unaudited)

| | Six months ended 30 June 2014 £ million | Six months ended 30 June 2013 (restated) £ million |
|---|---|---|
| Cash inflow/(outflow) before taxation and interest | (71.3) | 112.1 |
| Taxation received/(paid) | – | (0.1) |
| Interest paid | (4.6) | (2.5) |
| **Net cash inflow/(outflow) from operating activities** | (75.9) | 109.5 |
| | | |
| **Investing activities:** | | |
| Purchase of property, plant and equipment | – | (0.2) |
| **Net cash inflow/(outflow) from investing activities** | – | (0.2) |
| | | |
| **Financing activities:** | | |
| Purchase of ordinary shares by Employee Benefit Trust [1] | (2.8) | – |
| Proceeds/(repayment) of borrowings | 200.0 | (49.8) |
| Equity dividend paid | (22.7) | (21.7) |
| **Net cash inflow/(outflow) from financing activities** | 174.5 | (71.5) |
| | | |
| Increase/(decrease) in cash and cash equivalents in the period | 98.6 | 37.8 |
| **Cash and cash equivalents at the start of the period** | **86.4** | **88.3** |
| Effect of foreign exchange rate changes | (6.4) | 5.8 |
| **Cash and cash equivalents at the period end** | **178.6** | **131.9** |
| | | |
| **Reconciliation:** | | |
| Cash at bank | 147.4 | 105.7 |
| Money market funds (included in portfolio investments) | 31.2 | 26.2 |
| **Cash and cash equivalents at the period end** | **178.6** | **131.9** |

[1] Shares are disclosed in 'Own shares reserve' on the Consolidated Balance Sheet.

# Notes to the Financial Statements

## 1. Basis of Accounting

These condensed financial statements are the half-yearly consolidated financial statements of RIT Capital Partners plc ('the Company') and its subsidiaries (together 'the Group') for the six months ended 30 June 2014. They are prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority, and with International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union, and were approved on 14 August 2014. These half-yearly financial statements should be read in conjunction with the Report and Accounts for the year ended 31 December 2013, which were prepared in accordance with IFRS, as adopted by the European Union, as they provide an update of previously reported information. The half-yearly consolidated financial statements have been prepared in accordance with the accounting policies set out in the notes to the consolidated financial statements for the year ended 31 December 2013 apart from adopting IFRS 10, 'Consolidated Financial Statements', IFRS 11, 'Joint Arrangements', IFRS 12, 'Disclosure of Interests in Other Entities', IAS 27 (revised 2011), 'Separate Financial Statements' and IAS 28 (revised 2011), 'Associates and Joint Ventures' as well as the Investment Entities Amendments to IFRS 10, IFRS 12, IAS 27, and IAS 28 (the 'Amendments'). The amendment to IFRS 10 is effective from 1 January 2014 for investment entities. The Company, possessing all the characteristics required by IFRS 10, considers itself an investment entity. The Group is therefore required to record investments in all of its subsidiaries apart from J Rothschild Capital Management Limited, at their fair value; rather than consolidating these entities on a line by line basis with corresponding elimination of intragroup balances. This is the first time the Group has applied this accounting policy and as a result the comparative figures have been restated. The impact of this change has no effect on net asset value per share or overall earnings per share but will result in further disclosures regarding the non-consolidated subsidiaries in the Report and Accounts for the year ended 31 December 2014.

**Critical Accounting Assumptions and Judgements**

Private Investments – Direct are valued at management's best estimate of 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 inputs into the valuation methodologies adopted include observable historical data such as earnings or cash flow as well as more subjective data such as earnings forecasts or discount rates. As a result of this, the determination of fair value requires significant management judgement.

## 2. Earnings Per Ordinary Share (unaudited)

The earnings per ordinary share for the six months ended 30 June 2014 is based on the net profit of £51.8 million (six months ended 30 June 2013: net profit of £253.0 million) and the weighted average number of ordinary shares in issue during the period of 154.8 million (six months ended 30 June 2013: 154.9 million) as shown below:

| | Six months ended 30 June 2014 million | Six months ended 30 June 2013 (restated) million |
|---|---|---|
| Weighted average number of shares in issue | 154.8 | 154.9 |
| Weighted average effect of Share Appreciation Rights | 0.2 | 0.1 |
| | **155.0** | **155.0** |

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

| | Six months ended 30 June 2014 £ million | Six months ended 30 June 2013 (restated) £ million |
|---|---|---|
| Net revenue profit/(loss) | (2.0) | (1.3) |
| Net capital profit/(loss) | 53.8 | 254.3 |
| **Net profit/(loss)** | **51.8** | **253.0** |

# Notes to the Financial Statements

## 2. Earnings Per Ordinary Share (unaudited) (continued)

| | Six months ended 30 June 2014 Pence per share | Six months ended 30 June 2013 Pence per share |
|---|---|---|
| Revenue earnings per ordinary share – basic | (1.3) | (0.8) |
| Capital earnings per ordinary share – basic | 34.8 | 164.1 |
| **Earnings per ordinary share - basic** | **33.5** | **163.3** |

| | Pence per share | Pence per share |
|---|---|---|
| Revenue earnings per ordinary share – diluted | (1.3) | (0.8) |
| Capital earnings per ordinary share – diluted | 34.7 | 164.0 |
| **Earnings per ordinary share - diluted** | **33.4** | **163.2** |

## 3. Net Asset Value Per Ordinary Share – Basic and Diluted (unaudited)

Net asset value per ordinary share is based on the following data:

| | 30 June 2014 | 31 December 2013 (restated) | 1 January 2013 (restated) |
|---|---|---|---|
| Net assets (£ million) | 2,172.6 | 2,146.0 | 1,847.2 |
| Number of shares in issue (million) | 155.4 | 155.4 | 155.4 |
| Own shares (million) | (0.5) | (0.4) | (0.5) |
| | 154.9 | 155.0 | 154.9 |
| Effect of dilutive potential ordinary shares: | | | |
| Share Appreciation Rights (million) | 0.2 | 0.1 | 0.1 |
| **Diluted shares** | **155.1** | **155.1** | **155.0** |

| | 30 June 2014 Pence per share | 31 December 2013 (restated) Pence per share | 1 January 2013 (restated) Pence per share |
|---|---|---|---|
| Net asset value per ordinary share - basic | 1,403p | 1,385p | 1,192p |
| Net asset value per ordinary share - diluted | 1,401p | 1,384p | 1,191p |

## 4. Dividends (unaudited)

| | Six months ended 30 June 2014 | Six months ended 30 June 2013 |
|---|---|---|
| Dividends (£ million) | 22.7 | 21.7 |
| Dividends (Pence per share) | 14.7 | 14.0 |

The Board of Directors declared an interim dividend of 14.7p per ordinary share (£22.7 million) on 5 March 2014. This amount was paid on 29 April 2014. The Board has declared the payment of a second interim dividend of 14.7p per ordinary share (£22.7 million) in respect of the year ending 31 December 2014. This will be paid on 24 October 2014 to shareholders on the register on 3 October 2014.

A more detailed commentary may be found in the Chairman's Statement in the Report and Accounts for the year ended 31 December 2013.

# Notes to the Financial Statements

## 5. Financial Assets & Liabilities (unaudited)

IFRS 13 requires the Group to classify its fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making those measurements. These are as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The vast majority of the Group's financial assets and liabilities and the investment properties are measured at fair value on a recurring basis. The following table analyses within the fair value hierarchy the Group's assets and liabilities at 30 June 2014:

| As at 30 June 2014 | Level 1 £ million | Level 2 £ million | Level 3 £ million | Total £ million |
|---|---|---|---|---|
| Financial assets at fair value through profit and loss: | | | | |
| Quoted Equity – Stocks | 588.5 | 5.7 | – | 594.2 |
| Quoted Equity – Investment Funds | 3.3 | 830.3 | 6.8 | 840.4 |
| Private Investments – Direct | – | – | 385.0 [1] | 385.0 |
| Private Investments – Funds | – | – | 294.7 | 294.7 |
| Absolute Return & Credit | – | 252.2 | 69.1 | 321.3 |
| Real Assets | – | 26.8 | – | 26.8 |
| Liquidity | 31.2 | – | – | 31.2 |
| Derivative financial instruments | – | 21.7 | – | 21.7 |
| **Total financial assets at fair value through profit and loss** | **623.0** | **1,136.7** | **755.6** | **2,515.3** |
| Non-financial assets measured at fair value: | | | | |
| Investment Property | – | – | 55.4 | 55.4 |
| **Total non-financial assets measured at fair value** | **–** | **–** | **55.4** | **55.4** |
| Financial liabilities at fair value through profit and loss: | | | | |
| Derivative financial instruments | – | (8.2) | – | (8.2) |
| **Total financial liabilities at fair value through profit and loss** | **–** | **(8.2)** | **–** | **(8.2)** |
| **Total net assets measured at fair value** | **623.0** | **1,128.5** | **811.0** | **2,562.5** |

### Movements in Level 3 assets

| Period ended 30 June 2014 | Opening Balance £ million | Reclass-ifications £ million | Purchases £ million | Sales £ million | Realised gains through profit & loss £ million | Unrealised gains through profit & loss £ million | Closing Balance £ million |
|---|---|---|---|---|---|---|---|
| Quoted Equity – Investment Funds | 1.7 | 5.0 | 0.4 | – | – | (0.3) | 6.8 |
| Private Investments – Direct | 377.2 | – | 2.2 | (3.1) | 3.9 | 4.8 | 385.0 |
| Private Investments – Funds | 282.9 | – | 13.0 | (23.4) | 2.3 | 19.9 | 294.7 |
| Absolute Return & Credit | 149.9 | (118.3) | 85.2 | (52.5) | 0.9 | 3.9 | 69.1 |
| Investment Property | 53.4 | – | – | – | – | 2.0 | 55.4 |
| | **865.1** | **(113.3)** | **100.8** | **(79.0)** | **7.1** | **30.3** | **811.0** |

The realised and unrealised gains and losses shown in the table above for level 3 assets are included in 'Gains/(losses) on portfolio investments held at fair value' in the Consolidated Income Statement.

[1] Includes intragroup balances of £131.4 million with non-consolidated subsidiaries.

# Notes to the Financial Statements

## 5. Financial Assets & Liabilities (unaudited) (continued)

As discussed in note 1, the retrospective application of the 'Investment Entity: exemption from consolidation' required by IFRS 10 has resulted in certain subsidiaries being recorded within 'Investments held at fair value' on the Consolidated Balance Sheet as they are no longer consolidated on a line by line basis. This reclassification is shown in the comparative table for the year ended 31 December 2013 and is deemed to have occurred at 1 January 2013. During the period the Group transferred assets with a fair value of £5.0 million from level 2 to level 3 and assets with a fair value of £118.3 million from level 3 to level 2 following consideration of the nature of the underlying fund investments, the valuation techniques and inputs used and the significance in each case of unobservable inputs. The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels at the end of the reporting period when they are deemed to occur. No financial assets or liabilities were reclassified as a result of any change in their purpose or use during the period.

A description of the valuation techniques used by the Group with regard to investments categorised in each level of the fair value hierarchy is detailed below. Where the Group invests in a fund or a partnership, the categorisation of such investment between levels 1 to 3 is determined by reference to the nature of the underlying investments. If the underlying investments are categorised across different levels, the lowest level that forms a significant proportion of the fund or partnership exposure is used to determine the reporting disclosure.

***Level 1***
The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price or the last traded price depending on the convention of the exchange on which the investment is quoted. Where a market price is available but the market is not considered active, the Group has classified these investments as level 2.

***Level 2***
The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques which maximise the use of observable market data where it is available. Specific valuation techniques used to value derivatives include quoted market prices for similar instruments, counterparty quotes and the use of forward exchange rates to estimate the fair value of forward foreign exchange contracts at the balance sheet date. Investments in externally managed funds which themselves invest primarily in listed securities are valued at the price or net asset value released by the investment manager/fund administrator as at the balance sheet date.

***Level 3***
The Group considers all private investments, direct and funds, as level 3 assets, as the valuations of these assets are not based on observable market data. Where other funds invest a significant proportion of their assets into illiquid stocks, these are also considered by the Group to be level 3 assets.

For the Private Investments – Funds fair value is deemed to be the capital statement account balance as reported by the General Partner of the investee fund which represents RIT's pro-rata proportion of the fund's net asset value. A review is conducted annually over the valuation basis of the investee funds to confirm these are valued in accordance with fair value methodologies.

Private Investments – Direct are valued on a semi-annual basis using techniques including a market approach, cost approach or income approach. The valuation process involves the finance and investment functions with the final valuations being reviewed by the Valuation Committee. The specific techniques used will typically include earnings multiples, discounted cash flow analysis, the value of recent share transactions and, where appropriate, industry rules of thumb. The valuations will often reflect a synthesis of a number of distinct approaches in determining the final fair value estimate. The individual approach for each investment will vary depending on relevant factors that a market participant would take into account in pricing the asset. These might include the specific industry dynamics, the company's stage of development, profitability, growth prospects or risk as well as the rights associated with the particular security.

The fair value of investments in non-consolidated subsidiaries is considered to be the net asset value of the individual subsidiary as at the balance sheet date. The net asset value comprises various assets and liabilities which are fair valued on a recurring basis and is considered to be level 3.

On a semi-annual basis, the Group engages external, independent and qualified valuers to determine the fair value of the Group's investment properties. Investment properties were valued at 30 June 2014 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.

## 5. Financial Assets & Liabilities (unaudited) (continued)

Further information in relation to the directly held private investment portfolio at 30 June 2014 is set out below:

| Sector | Fair Value £ million | Valuation Methods/Inputs |
|---|---|---|
| Financials | 57.8 | Revenue multiples (1.1x); Book value multiples (0.7x–0.9x); DCF (5%–20% cost of capital); P/E (11x–17x); EV/EBITDA (6x) |
| TMT | 19.7 | DCF (16%–17% cost of capital); EV/EBITDA (7x–20x) |
| Consumer Staples | 10.6 | EV/EBITDA (7x) |
| Industrial | 3.3 | EV/EBITDA (5x–6x); P/E (9x) |
| Energy | 1.0 | DCF (10% cost of capital) |
| **Total** | **92.4** | |

The remainder of the portfolio was valued using the following primary methods: recent sales price (£14.0 million), price of a recent financing round (£85.6 million), cost of a recent investment (£42.1 million) and third party valuations (£19.5 million).

Given the range of techniques and inputs used in the valuation process, and the fact that in most cases more than one approach is used, a sensitivity analysis is not considered to be a practical or meaningful disclosure. Shareholders should note however that increases or decreases in any of the inputs listed above in isolation may result in higher or lower fair value measurements.

The following table analyses within the fair value hierarchy the Group's assets and liabilities at 31 December 2013:

| As at 31 December 2013 (restated) | Level 1 £ million | Level 2 £ million | Level 3 £ million | Total £ million |
|---|---|---|---|---|
| Financial assets at fair value through profit and loss: | | | | |
| Quoted Equity – Stocks | 512.4 | 6.8 | – | 519.2 |
| Quoted Equity – Investment Funds | – | 785.8 | 1.7 | 787.5 |
| Private Investments – Direct | – | – | 377.2[1] | 377.2 |
| Private Investments – Funds | – | – | 282.9 | 282.9 |
| Absolute Return & Credit | – | – | 149.9 | 149.9 |
| Real Assets | – | 24.3 | – | 24.3 |
| Liquidity | 83.9 | – | – | 83.9 |
| Derivative financial instruments | – | 27.6 | – | 27.6 |
| **Total financial assets at fair value through profit and loss** | **596.3** | **844.5** | **811.7** | **2,252.5** |
| Non-financial assets measured at fair value: | | | | |
| Investment Property | – | – | 53.4 | 53.4 |
| **Total non-financial assets measured at fair value** | **–** | **–** | **53.4** | **53.4** |
| Financial liabilities at fair value through profit and loss: | | | | |
| Derivative financial instruments | – | (5.8) | – | (5.8) |
| **Total financial liabilities at fair value through profit and loss** | **–** | **(5.8)** | **–** | **(5.8)** |
| **Total net assets measured at fair value** | **596.3** | **838.7** | **865.1** | **2,300.1** |

Further information in relation to the directly held private investment portfolio at 31 December 2013 is set out below:

| Sector | Fair Value £ million | Valuation Methods/Inputs |
|---|---|---|
| Financials | 53.8 | Revenue multiple (1.1x); Book value multiples (0.7x–0.8x); DCF (5%–20% cost of capital); P/E (17x–22x); EV/EBITDA (5x) |
| TMT | 25.4 | DCF (16%–17% cost of capital); EV/EBITDA (7x–20x) |
| Consumer Staples/Industrial | 14.4 | EV/EBITDA (5x–8x); P/E (9x) |
| **Total** | **93.6** | |

The remainder of the direct portfolio was valued using the following primary methods: price of recent financing round (£71.9 million), cost of a recent investment (£76.8 million) and third party valuations (£20.8 million).

[1] Includes intragroup balances of £114.1 million with non-consolidated subsidiaries.

## 5. Financial Assets & Liabilities (unaudited) (continued)

**Movements in Level 3 assets**

| Year ended 31 December 2013 (restated) | Opening Balance £ million | Reclass-ifications £ million | Purchases £ million | Sales £ million | Realised gains through profit & loss £ million | Unrealised gains through profit & loss £ million | Closing Balance £ million |
|---|---|---|---|---|---|---|---|
| Quoted Equity – Investment Funds | 1.9 | – | 0.6 | (0.3) | – | (0.5) | 1.7 |
| Private Investments – Direct | 209.9 | 144.3 | 65.6 | (55.9) | 3.6 | 9.7 | 377.2 |
| Private Investments – Funds | 269.0 | (1.8) | 50.3 | (52.8) | 2.1 | 16.1 | 282.9 |
| Absolute Return & Credit | 57.2 | – | 107.4 | (17.0) | 1.4 | 0.9 | 149.9 |
| Investment Property | 46.1 | – | – | – | – | 7.3 | 53.4 |
| | **584.1** | **142.5** | **223.9** | **(126.0)** | **7.1** | **33.5** | **865.1** |

For all other financial assets and liabilities as shown on the Consolidated Balance Sheet on page 11, the carrying amount is a reasonable approximation of fair value.

In December 2013 the Company signed two new credit facilities totalling £400 million to maintain access to medium term structural gearing and replace the previous $400 million facility on its expiry. The new facilities are multi-currency revolving facilities with a £200 million three-year facility provided by National Australia Bank and a £200 million five-year facility provided by Commonwealth Bank of Australia. Both facilities, which are fully drawn, are flexible as to the number, currency and duration of any drawdowns and bear floating interest linked to the relevant three-month LIBOR. As the loans are drawn in tranches with tenors of less than one year, they are classified within current liabilities. The Company has entered into interest rate swaps resulting in an overall fixed cost of borrowing of 2.3%. No bank loans are held within subsidiaries.

## 6. Comparative Information

The financial information contained in this Half-Yearly Financial Report does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. The financial information for the half years ended 30 June 2014 and 30 June 2013 has been reviewed not audited.

The information for the year ended 31 December 2013 has been extracted from the latest published audited financial statements and restated following implementation of the 'Investment Entity: exemption from consolidation' amendment required by IFRS 10. The audited financial statements for the year ended 31 December 2013 have been filed with the Registrar of Companies and the report of the auditors on those accounts contained no qualification or statement under section 498(2) or (3) of the Companies Act 2006.

At 1 January 2014, the effective date of the IFRS 10 amendment, the fair value of the subsidiaries that were previously consolidated was £157.4m and their amended treatment under IFRS 10 results in both the 'Investments held at fair value' and 'Other payables' lines on the Consolidated Balance Sheet being increased compared with the previously published figures by the grossing up for intragroup balances previously eliminated on consolidation.

# Regulatory Disclosures

**Statement of Directors' Responsibilities**

In accordance with the Disclosure and Transparency Rules 4.2.4R, 4.2.7R and 4.2.8R, we confirm that to the best of our knowledge:

(a) The condensed set of financial statements has been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting, as adopted by the European Union, as required by the Disclosure and Transparency Rule 4.2.4R;

(b) The Chairman's Statement includes a fair review of the information required to be disclosed under the Disclosure and Transparency Rule 4.2.7R, interim management report. This includes an indication of important events that have occurred during the first six months of the financial year, and their impact on the condensed set of financial statements presented in the Half-Yearly Financial Report. A description of the principal risks and uncertainties for the remaining six months of the financial year is set out below; and

(c) There were no changes in the transactions or arrangements with related parties as described in the Group's Report and Accounts for the year ended 31 December 2013 that would have had a material effect on the financial position or performance of the Group in the first six months of the current financial year.

**Principal Risks and Uncertainties**

The principal risks and uncertainties facing the Group for the second half of the financial year are substantially the same as those described in the Report and Accounts for the year ended 31 December 2013. As with any investment company, the main risk is market risk.

**Going concern**

The factors likely to effect the Group's ability to continue as a going concern were set out in the Report and Accounts for the year ended 31 December 2013. As at 30 June 2014, there have been no significant changes to these factors. Having reviewed the Company's forecasts and other relevant evidence, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the half-yearly condensed financial statements.

**Rothschild**

14 August 2014

For and on behalf of the Board, the current members of which are listed on page 24.

# Independent Review Report to RIT Capital Partners plc

## Report on the condensed consolidated interim financial statements

### Our conclusion

We have reviewed the condensed consolidated interim financial statements, defined below, in the Half-Yearly Financial Report of RIT Capital Partners plc for the six months ended 30 June 2014. Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

This conclusion is to be read in the context of what we say in the remainder of this report.

### What we have reviewed

The condensed consolidated interim financial statements, which are prepared by RIT Capital Partners plc, comprise:

- the condensed consolidated balance sheet as at 30 June 2014;
- the condensed consolidated income statement and statement of comprehensive income for the period then ended;
- the condensed consolidated cash flow statement for the period then ended;
- the condensed consolidated statement of changes in equity for the period then ended; and
- the explanatory notes to the condensed consolidated interim financial statements.

As disclosed in note 1, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

The condensed consolidated interim financial statements included in the Half-Yearly Financial Report have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

### What a review of condensed consolidated financial statements involves

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit option.

We have read the other information contained in the Half-Yearly Financial Report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed consolidated interim financial statements.

## Responsibilities for the condensed consolidated interim financial statements and the review

### Our responsibilities and those of the directors

The Half-Yearly Financial Report, including the condensed consolidated interim financial statements, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the Half-Yearly Financial Report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express to the company a conclusion on the condensed consolidated interim financial statements in the Half-Yearly Financial Report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure and Transparency Rules of the Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, 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.

**PricewaterhouseCoopers LLP**
Chartered Accountants
14 August 2014
London

Notes

(a) The maintenance and integrity of the RIT Capital Partners plc 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.

# Investment Portfolio Reconciliation

The following table shows a reconciliation between the amounts reported within the Investment Portfolio, as shown on pages 6 to 8, and the Consolidated Balance Sheet, as shown on page 11.

| | Quoted Equity-Long £ million | Quoted Equity-Hedge £ million | Private Investments-Direct £ million | Private Investments-Funds £ million | Absolute Return & Credit £ million | Real Assets £ million | Other Investments £ million | Net Liquidity/ Borrowing/ Other £ million | 30 June 2014 Consolidated Balance Sheet £ million |
|---|---|---|---|---|---|---|---|---|---|
| **Non-current assets** | | | | | | | | | |
| Investments held at fair value | 1,123.4 | 332.7 | 253.6 | 295.9 | 321.3 | 36.6 | – | 130.1 | 2,493.6 |
| Investment property | – | – | – | – | – | 55.4 | – | – | 55.4 |
| Property, plant and equipment | – | – | – | – | – | – | – | 0.3 | 0.3 |
| Retirement benefit asset | – | – | – | – | – | – | – | 0.5 | 0.5 |
| Derivative financial instruments | – | – | – | – | 0.4 | – | – | – | 0.4 |
| Deferred tax asset | – | – | – | – | – | – | – | 1.0 | 1.0 |
| | **1,123.4** | **332.7** | **253.6** | **295.9** | **321.7** | **92.0** | **–** | **131.9** | **2,551.2** |
| **Current assets** | | | | | | | | | |
| Derivative financial instruments | 5.1 | – | – | – | 1.4 | 0.5 | 14.3 | – | 21.3 |
| Sales for future settlement | – | – | – | – | – | – | – | 0.8 | 0.8 |
| Other receivables | 1.9 | – | – | – | – | – | – | 24.4 | 26.3 |
| Tax receivable | – | – | – | – | – | – | – | 0.4 | 0.4 |
| Cash at bank | 7.8 | – | – | – | – | – | – | 139.6 | 147.4 |
| | **14.8** | **–** | **–** | **–** | **1.4** | **0.5** | **14.3** | **165.2** | **196.2** |
| **Total Assets** | **1,138.2** | **332.7** | **253.6** | **295.9** | **323.1** | **92.5** | **14.3** | **297.1** | **2,747.4** |
| **Current liabilities** | | | | | | | | | |
| Borrowings | – | – | – | – | – | – | – | (386.0) | (386.0) |
| Purchases for future settlement | – | – | – | – | – | – | – | (44.9) | (44.9) |
| Derivative financial instruments | (4.1) | – | – | – | – | – | (3.0) | – | (7.1) |
| Provisions | – | – | – | – | – | – | – | (0.5) | (0.5) |
| Other payables | – | – | – | – | – | – | – | (132.3) | (132.3) |
| | **(4.1)** | **–** | **–** | **–** | **–** | **–** | **(3.0)** | **(563.7)** | **(570.8)** |
| **Net current assets/(liabilities)** | **10.7** | **–** | **–** | **–** | **1.4** | **0.5** | **11.3** | **(398.5)** | **(374.6)** |
| **Total assets less current liabilities** | **1,134.1** | **332.7** | **253.6** | **295.9** | **323.1** | **92.5** | **11.3** | **(266.6)** | **2,176.6** |
| **Non-current liabilities** | | | | | | | | | |
| Provisions | – | – | – | – | – | – | – | (2.4) | (2.4) |
| Finance lease liability | – | – | – | – | – | – | – | (0.5) | (0.5) |
| Retirement benefit liability | – | – | – | – | – | – | – | – | – |
| Derivative financial instruments | – | – | – | – | (0.1) | – | – | (1.0) | (1.1) |
| | **–** | **–** | **–** | **–** | **(0.1)** | **–** | **–** | **(3.9)** | **(4.0)** |
| **Net Assets** | **1,134.1** | **332.7** | **253.6** | **295.9** | **323.0** | **92.5** | **11.3** | **(270.5)** | **2,172.6** |
| Comprising: | | | | | | | | | |
| Total investments | 1,134.1 | 332.7 | 253.6 | 295.9 | 323.0 | 92.5 | 11.3 | – | 2,443.1 |
| Total liquidity, borrowings, other assets/(liabilities) | – | – | – | – | – | – | – | (270.5) | (270.5) |
| **Net Assets** | **1,134.1** | **332.7** | **253.6** | **295.9** | **323.0** | **92.5** | **11.3** | **(270.5)** | **2,172.6** |

# Investor Information

### Share Price Information

The Company's £1 ordinary shares are listed on the London Stock Exchange and may be identified using the following codes:

| | |
|---|---|
| TIDM: | RCP LN |
| SEDOL: | 0736639 GB |
| ISIN: | GB0007366395 |

The closing price of the shares is published in the Financial Times, The Times, The Daily Telegraph, The Independent and the London Evening Standard. Daily and 15 minute delay share price information is displayed on the Company's website: **www.ritcap.com**

### Registrars and Transfer Office

The Company's registrar may be contacted as follows:

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS99 6ZZ
Tel: 0870 703 6307
Overseas: +44 870 703 6307

Shareholders (but not ISA or Savings Scheme members) may contact the registrar should they need to notify a change of name or address, or have a query regarding the registration of their holding or the payment of a dividend. Shareholders who wish to have dividends credited directly to their bank account rather than paid by cheque may do so by arrangement with the Company's registrar. Shareholders may also arrange with the Company's registrar to have their dividend payment converted into RIT Capital Partners plc ordinary shares.

### Electronic Communication

Registered holders of ordinary shares of RIT Capital Partners plc may elect to communicate with the Company electronically as an alternative to receiving hard copy accounts and circulars. This facility is provided by the Company's registrars, Computershare Investor Services PLC, and shareholders should register online at **www.investorcentre.co.uk** and select the Electronic Shareholder Communications section to participate. To complete the registration process shareholders will need their postcode or country of residence, along with their Shareholder Reference Number, as shown on their share certificates or dividend advices. You will also be asked to agree to the Terms and Conditions for Electronic Communication with Shareholders. Registered shareholders also have the facility to check their shareholding or cast proxy votes at general meetings electronically if they wish.

# Directors and Advisers

**DIRECTORS**
Lord Rothschild (Chairman)
John Cornish
Lord Douro
Jean Laurent-Bellue
John Makinson (appointed 30 April 2014)
Michael Marks
Lord Myners
Mike Power (appointed 23 January 2014)
Sandra Robertson
Hannah Rothschild
Mike Wilson

**HONORARY VICE CHAIRMAN**
Baroness Ariane de Rothschild[1]
[1] Not a Director

**JRCM EXECUTIVE COMMITTEE**
Francesco Goedhuis
Andrew Jones
Jonathan Kestenbaum
Ron Tabbouche

**MANAGER, COMPANY SECRETARY AND REGISTERED OFFICE**
J Rothschild Capital Management Limited
(a wholly-owned subsidiary of RIT Capital Partners plc)
27 St. James's Place
London SW1A 1NR

**INDEPENDENT AUDITORS**
PricewaterhouseCoopers LLP
Chartered Accountants
7 More London Riverside
London SE1 2RT

**DEPOSITARY**
BNP Paribas Securities Services, London Branch
55 Moorgate
London EC2R 6PA

**SOLICITORS**
Linklaters LLP
One Silk Street
London EC2Y 8HQ

**STOCKBROKER**
JP Morgan Cazenove Limited
25 Bank Street
London E14 5JP

**AIC**
The Company is a member of the Association of Investment Companies
**www.theaic.co.uk**

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**www.ritcap.com**

## Warning to Shareholders

From time to time investment companies and their shareholders can be the subject of investment scams. The perpetrators obtain lists of shareholders and make unsolicited phone calls or correspondence concerning investment matters, typically from overseas. They may offer to sell worthless or high risk shares or, in the case of your RIT Capital Partners plc stock, may offer to buy your current shareholdings at an unrealistic price. They will often also inform you of untrue scenarios to make you think that you need to sell your shares or to justify an offer that seems too good to be true. To find out more about share fraud or 'boiler room' scams please visit the website of the Financial Conduct Authority.

http://www.fca.org.uk/consumers/scams/investment-scams/share-fraud-and-boiler-room-scams

Please note we will never contact you by phone unless you have requested us to do so, nor will our registrars, Computershare. In the event that you are contacted we strongly recommend that you review the FCA website above and follow the necessary steps.

27 St. James's Place London SW1A 1NR

RIT Capital Partners plc