

RIT CAPITAL PARTNERS SECURITIES LIMITED

(Registered in England & Wales, Number 2174139)

REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2005



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RIT CAPITAL PARTNERS SECURITIES LIMITED

REPORT OF THE DIRECTORS

The Directors submit their report and the audited accounts of the Company for the year ended 31 March 2005.

Activities and Review of Business

The Company is engaged in investment dealing.

Financial Results and Dividends

The profit and loss account of the Company is set out on page 4. The Directors do not recommend the payment of a dividend (2004 - £Nil).

Directors

The Directors during the year were:

D W A Budge

D F Connon

C J Wise

Directors' Interests

The Directors have no interests in shares of the Company. Mr Budge is a director of the Company's ultimate holding company, RIT Capital Partners plc. His beneficial interests in the share capital of that company are recorded in its register of directors' interests and are not required to be disclosed herein. Neither Mr Connon nor Mr Wise had any such interests in RIT Capital Partners plc at the end of the financial year.

RIT CAPITAL PARTNERS SECURITIES LIMITED

REPORT OF THE DIRECTORS (Continued)

Statement of Directors' Responsibilities

Company law requires the Directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. 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 will continue in business.

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

Auditors and Annual General Meeting

The Company passed an Elective Resolution pursuant to Section 379A of the Companies Act 1985 on 2 August 2004. Accordingly, there are no requirements for the holding of an annual general meeting or for the annual appointment of auditors. PricewaterhouseCoopers LLP have indicated their willingness to continue in office as auditors.

By Order of the Board



C.J. WISE

J. Rothschild Capital Management Limited
Secretary

08 JUN 2005

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF

RIT CAPITAL PARTNERS SECURITIES LIMITED

We have audited the financial statements, which comprise the profit and loss account, the balance sheet and the related notes.

Respective Responsibilities of Directors and Auditors

The Directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. 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 are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and transactions is not disclosed.

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

Basis of Audit Opinion

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the 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 financial statements are free from material 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs at 31 March 2005 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers W^o
PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
32 London Bridge Street
London, SE1 9SY

8 June 2005

RIT CAPITAL PARTNERS SECURITIES LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2005

| | <u>Notes</u> | <u>Year Ended</u> <u>31 March 2005</u> £ | <u>Year Ended</u> <u>31 March 2004</u> £ |
|--|--------------|--|--|
| Dealing loss | | (12,637,438) | (7,205,310) |
| Investment income | 2 | 191,508 | 62,542 |
| | | <hr/> | <hr/> |
| | | (12,445,930) | (7,142,768) |
| Interest payable | 3 | (33,504) | (8,182) |
| Administrative expenses | 5 | <hr/> (42) | <hr/> (29,752) |
| Loss on ordinary activities before taxation - continuing operations | | (12,479,476) | (7,180,702) |
| Taxation on ordinary activities | 6 | <hr/> 1,495,728 | <hr/> 742,454 |
| Loss on ordinary activities after taxation | | (10,983,748) | (6,438,248) |
| Retained profit brought forward | | <hr/> 1,092,534 | <hr/> 7,530,782 |
| (Deficit) / profit carried forward | | <hr/> <hr/> (9,891,214) | <hr/> <hr/> 1,092,534 |

The Company has no recognised gains or losses other than the loss for the year.

The notes on pages 6 to 9 form part of these accounts.

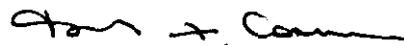
RIT CAPITAL PARTNERS SECURITIES LIMITED

BALANCE SHEET AT 31 MARCH 2005

| | <u>Notes</u> | <u>31 March 2005</u> | | <u>31 March 2004</u> | |
|---|--------------|----------------------|--------------------|----------------------|------------------|
| | | £ | £ | £ | £ |
| Current Assets: | | | | | |
| Debtors | 7 | 1,455,480 | | 2,264,043 | |
| Dealing investments | 8 | - | | 2,400,414 | |
| Cash at bank | | <u>16,763,787</u> | | <u>18,909,386</u> | |
| | | 18,219,267 | | 23,573,843 | |
| Creditors: Amounts falling due within one year | | | | | |
| | 9 | <u>(27,910,481)</u> | | <u>(22,281,309)</u> | |
| Net Current (Liabilities) / Assets | | | <u>(9,691,214)</u> | | <u>1,292,534</u> |
| Net (Liabilities) / Assets | | | <u>(9,691,214)</u> | | <u>1,292,534</u> |
| Capital and Reserves: | | | | | |
| Called up share capital | 10 | | 200,000 | | 200,000 |
| Profit and loss account | | | <u>(9,891,214)</u> | | <u>1,092,534</u> |
| Equity Shareholders' Funds | 11 | | <u>(9,691,214)</u> | | <u>1,292,534</u> |

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

08 JUN 2005



Director

D.F. CANNON

The notes on pages 6 to 9 form part of these accounts.

RIT CAPITAL PARTNERS SECURITIES LIMITED

NOTES TO THE ACCOUNTS

1) Accounting Policies

(i) Accounting Convention

The accounts are prepared under the historical cost convention as modified by the revaluation of investments and in accordance with applicable accounting standards.

The Company has taken advantage of the exemption permitted under Financial Reporting Standard 1 (Revised) "Cashflow Statements" not to prepare a cashflow statement as its ultimate parent undertaking is RIT Capital Partners plc, which prepares a consolidated cashflow statement dealing with the cashflows of the group.

(ii) Dealing Investments

Dealing investments are stated in the balance sheet at market value. Profits and losses on the realisation and revaluation of dealing investments are dealt with in arriving at profit before taxation. The Companies Act 1985 requires that such assets be stated at the lower of cost or net realisable value and that, if revalued, certain movements in the fair value of trading positions be taken to the revaluation reserve. In so far as the adopted treatment of trading positions represents a departure from current statutory requirements, the Directors consider this necessary for the financial statements to show a true and fair view. This departure, which is consistent with the industry practice, increased dealing profits in the profit and loss account for the year ended 31 March 2004 by £1.5 million and also increased net assets in the balance sheet at that date by the same amount. There were no dealing investments at 31 March 2005.

(iii) Foreign Currencies

Assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Gains and losses on translation are dealt with in the profit and loss account.

2) Investment Income

| | Year Ended 31 March 2005 | Year Ended 31 March 2004 |
|--------------------------------|-------------------------------------|-------------------------------------|
| | £ | £ |
| Dividends - listed investments | (135,545) | (15,617) |
| Interest receivable | 327,053 | 78,159 |
| | <u>191,508</u> | <u>62,542</u> |

3) Interest Payable

| | Year Ended 31 March 2005 | Year Ended 31 March 2004 |
|---------------|-------------------------------------|-------------------------------------|
| | £ | £ |
| Bank interest | <u>33,504</u> | <u>8,182</u> |

RIT CAPITAL PARTNERS SECURITIES LIMITED

NOTES TO THE ACCOUNTS (Continued)

4) Directors' and Auditors' Remuneration

Other than the Directors, the Company has no employees. None of the Directors received any emoluments in respect of their services to the Company during the year (2004 - £Nil).

Auditors' remuneration is borne by the Company's ultimate parent undertaking.

5) Administrative Expenses

| | Year Ended 31 March 2005 | Year Ended 31 March 2004 |
|----------------------------|-------------------------------------|-------------------------------------|
| | £ | £ |
| Investment management fees | <u>42</u> | <u>29,752</u> |

6) Taxation on ordinary activities

| | Year Ended 31 March 2005 | Year Ended 31 March 2004 |
|---------------------------|-------------------------------------|-------------------------------------|
| | £ | £ |
| UK corporation tax credit | (1,401,086) | (742,454) |
| Prior year adjustment | <u>(94,642)</u> | <u>-</u> |
| UK corporation tax credit | <u>(1,495,728)</u> | <u>(742,454)</u> |

The tax credit for the year differs from the standard rate of corporation tax in the UK of 30% (31 March 2004: 30%). The difference is explained below:

| | | |
|--|---------------------|--------------------|
| Loss on ordinary activities before taxation | <u>(12,479,476)</u> | <u>(7,180,702)</u> |
| Loss on ordinary activities before taxation at the standard rate of 30% | (3,743,843) | (2,154,211) |
| Prior year adjustment | (94,642) | - |
| Losses not utilised | <u>2,342,757</u> | <u>1,411,757</u> |
| Taxation on ordinary activities | <u>(1,495,728)</u> | <u>(742,454)</u> |

RIT CAPITAL PARTNERS SECURITIES LIMITED

NOTES TO THE ACCOUNTS (Continued)

7) Debtors

| | <u>31 March 2005</u> | <u>31 March 2004</u> |
|---|-----------------------------|-----------------------------|
| | £ | £ |
| Prepayments and accrued income | - | 1,522,115 |
| Group relief receivable | 1,401,086 | 687,534 |
| Amounts due from fellow subsidiary undertakings | 54,394 | 54,394 |
| | <u>1,455,480</u> | <u>2,264,043</u> |

8) Dealing Investments

| | <u>31 March 2005</u> | <u>31 March 2004</u> |
|----------|-----------------------------|-----------------------------|
| | £ | £ |
| Unlisted | - | 2,400,414 |
| | <u>-</u> | <u>2,400,414</u> |

9) Creditors: Amounts Falling Due Within One Year

| | <u>31 March 2005</u> | <u>31 March 2004</u> |
|--|-----------------------------|-----------------------------|
| | £ | £ |
| Securities sold short | 7,878,780 | 6,079,501 |
| Brokers payable | 494,961 | 554,053 |
| Accruals and deferred income | 3,916,643 | 997,591 |
| Other creditors | 5,964 | 10,699 |
| Amounts due to parent undertaking | 3,634,670 | 3,634,670 |
| Amounts due to ultimate parent undertaking | 11,958,463 | 10,983,795 |
| Amounts due to fellow subsidiary undertaking | 21,000 | 21,000 |
| | <u>27,910,481</u> | <u>22,281,309</u> |

10) Share Capital

| | <u>31 March 2005</u> | <u>31 March 2004</u> |
|----------------------------------|-----------------------------|-----------------------------|
| | £ | £ |
| Authorised: | | |
| Ordinary Shares of £1 each | <u>1,000,000</u> | <u>1,000,000</u> |
| Allotted, issued and fully paid: | | |
| Ordinary Shares of £1 each | <u>200,000</u> | <u>200,000</u> |

RIT CAPITAL PARTNERS SECURITIES LIMITED

NOTES TO THE ACCOUNTS (Continued)

11) Reconciliation of Movements in Shareholders' Funds

| | Year Ended <u>31 March 2005</u> | Year Ended <u>31 March 2004</u> |
|--|--|--|
| | £ | £ |
| Opening shareholders' funds | 1,292,534 | 7,730,782 |
| Loss attributable to shareholders for the year | <u>(10,983,748)</u> | <u>(6,438,248)</u> |
| Closing shareholders' funds | <u><u>(9,691,214)</u></u> | <u><u>1,292,534</u></u> |

12) Ultimate Parent Undertaking

The immediate parent undertaking of the Company is Atlantic and General Investment Trust Limited. The ultimate parent undertaking and controlling party is RIT Capital Partners plc ("RITCP"), a company registered in England & Wales, which is the parent undertaking of the smallest and largest group to consolidate the financial statements.

Transactions with other companies within the RITCP group are not disclosed as the Company has taken advantage of the exemption available under Financial Reporting Standard 8 "Related party disclosures", as the consolidated accounts of RIT Capital Partners plc, in which the Company is included, are available at the address noted below.

Copies of the group accounts of RIT Capital Partners plc may be obtained from the Company Secretary, RIT Capital Partners plc, 27 St James's Place, London SW1A 1NR.