RIT CAPITAL PARTNERS SECURITIES LIMITED

(Registered in England & Wales, Number 2174139)

REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2008

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 2008

Business Review

The Company is engaged in investment dealing The profit for the year was £56 3 million This was mainly due to profits on financial futures and forward currency contracts.

The principal risks and uncertainties facing the business are those arising from future directional movements in forward exchange rates and stock markets generally. The Company intends to continue with its dealing activities.

Given the straightforward nature of the business, the Company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business

The principal risks and uncertainties facing the Company are discussed in note 12

Financial Results and Dividends

The income statement of the Company is set out on page 6 The Directors do not recommend the payment of a dividend (2007 - £Nil)

Directors

The Directors during the year were

D W A Budge
D F Connon
C J Wise
D J Haysey

On 3 June 2008 Mr D F Connon resigned as Director of the Company and Mr A W Jones and Mr C B Walls were appointed as Directors of the Company

RIT CAPITAL PARTNERS SECURITIES LIMITED

REPORT OF THE DIRECTORS (Continued)

Directors' Interests

The Directors have no interests in shares of the Company. Mr Budge and Mr Haysey are directors of the Company's ultimate holding company, RIT Capital Partners plc Their 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 Mr Connon and Mr Wise had no such interests in RIT Capital Partners plc at the end of the financial year

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 that the financial statements comply with IFRS as adopted by the European Union;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The Directors confirm that they have complied with the above requirements in preparing the financial statements 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.

The Companies Act 2004 (Audit Investigations and Community Enterprise)

In accordance with the provisions of this legislation, so far as each Director is aware, there is no relevant audit information of which the Company's auditors are unaware and each Director has taken all the steps necessary that he/she ought to have taken in their duty as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Political Contributions and Charitable Donations

During the year ended 31 March 2008, the Company made no charitable donations or political contributions

RIT CAPITAL PARTNERS SECURITIES LIMITED

REPORT OF THE DIRECTORS (Continued)

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

J. Rothschild Capital Management Limited
<u>Secretary</u>

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF

RIT CAPITAL PARTNERS SECURITIES LIMITED

We have audited the financial statements of RIT Capital Partners Securities Limited for the year ended 31 March 2008 which comprise the Income Statement, the Balance Sheet, the Cash Flow Statement, the Statement of Changes in Equity and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective Responsibilities of Directors and Auditors

The directors' responsibilities for preparing the Annual 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 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 have been properly prepared in accordance with the Companies Act 1985 We report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements We also 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 read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

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. 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 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, in accordance with IFRSs as adopted by the European Union, of the state of the company's affairs as at 31 March 2008 and of its profit and cash flows for the year then ended,

- the financial statements have been properly prepared in accordance with the Companies Act 1985; and

- the information given in the Directors' Report is consistent with the financial statements.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Hays Galleria, 1 Hays Lane,
London, SE1 2RD

16 July 2008

RIT CAPITAL PARTNERS SECURITIES LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2008

	Notes	Year Ended 31-Mar-08 £ million	Year Ended 31-Mar-07 £ million
Revenue			
Profits/(losses) on dealing investments held at fair value		57 4	(43 1)
Investment income	2	1 0	1 4
		58 4	(41 7)
Interest payable	4	(0 2)	(0 6)
Administrative expenses	6	(1 9)	(0 2)
Profit/(loss) before tax - continuing operations		56 3	(42 5)
Taxation	7	-	-
Profit/(loss) for the period		56 3	(42 5)

The notes on pages 10 to 25 form part of these accounts

RIT CAPITAL PARTNERS SECURITIES LIMITED

BALANCE SHEET AT 31 MARCH 2008

	Notes	31-Mar-08		31-Mar-07	
		£ million	£ million	£ million	£ million
Current Assets:					
Dealing investments held at fair value	9	1 9		0 3	
Debtors	8	59 1		0 1	
Cash at bank		19 7		41 2	
Total Assets			80 7		41 6
Creditors: **Amounts falling due within one year:**					
Bank loans and overdrafts		-		(2 8)	
Securities sold short		-		(2 2)	
Creditors and accruals	10	(6 5)		(18 7)	
			(6 5)		(23.7)
Net Assets			74 2		17.9
Capital and Reserves:					
Called up share capital	11		90.0		90 0
Retained earnings			(15 8)		(72 1)
Equity Shareholders' Funds			74 2		17 9

The accounts were approved by the Board of Directors and authorised for issue on 16 July 2008
They were signed on the Board's behalf by

Director A.W.

The notes on pages 10 to 25 form part of these accounts

RIT CAPITAL PARTNERS SECURITIES LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2008

Year ended 31 March 2008	Share Capital £ million	Retained Earnings £ million	Total £ million
Balance at 31 March 2007	90 0	(72 1)	17 9
Profit for the penod	-	56 3	56 3
Balance carried forward	90 0	(15 8)	74 2

Year ended 31 March 2007	Share Capital £ million	Retained Earnings £ million	Total £ million
Balance at 31 March 2006	0 2	(29 6)	(29 4)
New shares issued	89 8	-	89 8
Loss for the penod	-	(42 5)	(42 5)
Balance carried forward	90 0	(72.1)	17 9

The notes on pages 10 to 25 form part of these accounts

RIT CAPITAL PARTNERS SECURITIES LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2008

	31-Mar-08 £ million	31-Mar-07 £ million
Cash outflow from Operating Activities:		
Profit/(loss) before dividend and interest income, finance costs and tax	55 5	(43 4)
Dividend income	(0 1)	(0 1)
Interest income	1 1	1 5
	56 5	(42 0)
Increase in debtors	(59 0)	(0 1)
Decrease in creditors	(14 5)	(34 0)
(Increase)/decrease in dealing investments	(1 6)	2 4
Group relief received	-	2 1
Interest paid	(0 1)	(0 6)
Net cash (outflow)/inflow from Operating Activities	(18 7)	(72 2)
Cash inflow from Financing Activities:		
Increase in share capital	-	89 8
Net cash inflow from Financing Activities	-	89 8
(Decrease)/increase in cash and cash equivalents in the period	(18 7)	17.6
Cash and cash equivalents at the start of the period	38 4	20.8
Cash and cash equivalents at the period end	19 7	38 4
Reconciliation:		
Cash at bank	19 7	41 2
Bank loans and overdrafts	-	(2 8)
Cash and cash equivalents at the period end	19 7	38 4

The notes on pages 10 to 25 form part of these accounts

RIT CAPITAL PARTNERS SECURITIES LIMITED

NOTES TO THE ACCOUNTS

1) Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

(i) Basis of Accounting

The financial statements of the Company have been prepared in accordance with EU endorsed International Financial Reporting Standards (IFRS), IFRIC interpretations and the Companies Act 1985 applicable to all companies reporting under IFRS The financial statements have been prepared under historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss

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

IFRS 7	Financial Instruments. Disclosures
IAS 1	(Amended) Presentation of Financial Statements Capital Disclosures
IFRIC 9	Reassessment of Embedded Derivatives

The first-time application of these did not result in any changes to the Company's financial statements The new disclosures are primarily in note 12.

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

IFRS 8	Operating Segments
IFRIC 8	Scope of IFRS 2
IFRIC 11	IFRS 2 Group and Treasury Share Transactions
IAS 23	(Amendment) Borrowing Costs

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 Company.

The financial statements have been prepared on the historical cost basis The principal accounting policies adopted are set out below

(ii) Foreign Currencies

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 retranslated at the rates prevailing on the balance sheet date Gains and losses arising on retranslation 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 are recognised in the income statement.

(iii) Income

Dividend income from investments is recognised when the shareholders' rights 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 Company has elected to receive its dividends in the form of additional shares rather than cash, the amount of cash dividend foregone is recognised as income. Any excess in the value of shares received over the amount of 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 exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount

(iv) 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 Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date

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.

(v) Dealing Investments

Current asset investments 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 income statement. Securities sold short are valued at their offer prices in accordance with IFRS

(vi) 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 Company's investments are defined by IFRS as investments designated at fair value through profit and loss 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 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, included bid-offer spreads, are included within gains on investments held at fair value. Foreign exchange gains and losses arising on investments held at fair value are included within the changes in their fair values.

(vi) 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 Company's cash management are included as a component of cash and cash equivalents for the purposes of the cash flow statement

vii) Other receivables

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

viii) 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

ix) Other payables

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

x) Derivative Financial Instruments

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates The Company uses derivative financial instruments for trading purposes. The Company has adopted trade date accounting Accordingly, derivative financial instruments are recognised on the date the Company 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 are recognised in the income statement as they arise 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

2) Investment Income

	Year Ended 31-Mar-08 £ million	Year Ended 31-Mar-07 £ million
Dividend paid on short positions	(0 1)	(0 1)
Interest receivable	1 1	1 5
	1 0	1 4

3) Business and Geographical Segments

The Company operates from the UK and is engaged in a single business segment of dealing in financial instruments and therefore the Company only has a single business segment and a single geographical segment Accordingly no segmental reporting is provided

4) Interest Payable

	Year Ended 31-Mar-08 £ million	Year Ended 31-Mar-07 £ million
Bank interest on overdrafts	0 2	0 6

5) 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 (2007 - £Nil)

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

6) Administrative Expenses

	Year Ended 31-Mar-08 £ million	Year Ended 31-Mar-07 £ million
Investment management fees	1 9	0 2

RIT CAPITAL PARTNERS SECURITIES LIMITED

NOTES TO THE ACCOUNTS (Continued)

7) Taxation

	Year Ended 31-Mar-08 £ million	Year Ended 31-Mar-07 £ million
UK corporation tax	-	-

The tax charge for the year differs from the standard rate of corporation tax in the UK of 30% (31 March 2007 30%) The difference is explained below

	Year Ended 31-Mar-08 £ million	Year Ended 31-Mar-07 £ million
Profit/(Loss) before tax	56 3	(42 5)
Profit/(Loss) before tax at the standard rate of 30%	16 9	(12 8)
Losses not utilised or surrendered for no consideration	-	12.8
Utilisation of prior losses	(16 9)	-
Tax credit/change	-	-

8) Debtors

	31-Mar-08 £ million	31-Mar-07 £ million
Sales for future settlement	24 1	-
Prepayments and accrued income	-	-
Amounts due from fellow subsidiary undertakings	0 1	0.1
Amounts due from parent undertaking	34 9	-
	59 1	0.1

9) Dealing Investments

	31-Mar-08 £ million	31-Mar-07 £ million
Unlisted - Options	-	0 1
Listed - Options	1 9	0 2
	1 9	0 3

10) Creditors: Amounts Falling Due Within One Year

	31-Mar-08 £ million	31-Mar-07 £ million
Purchases for future settlement	1 6	6 8
Other creditors	1 2	0 2
Amounts due to parent undertaking	-	8 0
Amounts due to fellow subsidiary undertaking	3 7	3 7
	6 5	18 7

11) Called Up Share Capital

	31-Mar-08 £ million	31-Mar-07 £ million
Authorised		
Ordinary Shares of £1 each	250 0	250 0
Allotted, issued and fully paid		
Ordinary Shares of £1 each	90 0	90 0

12) Financial Instruments

As an investment dealing company, financial instruments make up the vast majority of the Company's financial position and generate its performance The Company holds investments in a variety of financial instruments in order to meet its objective to realise profits via its dealing activities Asset allocation is determined by the Directors The assets and liabilities include the following financial instruments:

- investments including equity and non-equity shares and fixed income securities. 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 Company's dealing activities, and
- derivative transactions

The nature and extent of the financial instruments outstanding at the balance sheet date and the risk management policies employed by the Company (which are integrated with those of the Group) are discussed below

(i) Categories of financial assets and financial liabilities

As at 31 March 2008

Financials Assets	Loans & Receivables £ million	FVPL (held for trading) £ million	Non Financial Assets £ million	Total £ million
Dealing Investments at fair value	-	1 9	-	1 9
Sales for future settlements	24 1	-	-	24 1
Amounts due from				
fellow subsidiary undertakings	-	-	0 1	0 1
parent undertaking	-	-	34 9	34 9
Cash at bank	19 7	-	-	19 7
Total Assets	43 8	1 9	35 0	80 7

As at 31 March 2007

Financials Assets	Loans & Receivables £ million	FVPL (held for trading) £ million	Non Financial Assets £ million	Total £ million
Dealing Investments at fair value	-	0 3	-	0 3
Sales for future settlements	-	-	-	-
Amounts due from				
fellow subsidiary undertakings	-	-	0 1	0 1
parent undertaking	-	-	-	-
Cash at bank	41 2	-	-	41 2
Total Assets	41 2	0 3	0 1	41 6

As at 31 March 2008

Financial Liabilities	Amortised Cost £ million	Non Financial Liabilities £ million	Total £ million
Bank overdraft	-	-	-
Securities sold short	-	-	-
Purchases for future settlement	1 6	-	1 6
Amounts due to Group undertakings	-	3 7	3 7
Other payables	1 2	-	1 2
Total Liabilities	2 8	3 7	6 5

As at 31 March 2007

Financial Liabilities	Amortised Cost £ million	Non Financial Liabilities £ million	Total £ million
Bank overdraft	2 8	-	2 8
Securities sold short	-	2 2	2 2
Purchases for future settlement	6 8	-	6 8
Amounts due to Group undertakings	-	11 7	11 7
Other payables	0 2	-	0 2
Total Liabilities	9 8	13 9	23 7

The Company's policy for determining the fair value of investments is set out on page 12.

In relation to debtors, creditors and short-term borrowings the carrying amount is a reasonable approximation of fair value No financial assets or liabilities were reclassified during 2008 or 2007 by the Company.

(ii) Financial Risk Management

The main risks arising from the Company's financial instruments are market risk, credit risk and liquidity risk The identification, mitigation and monitoring of these risks is undertaken by the Directors and is described in more detail below The objectives, policies and processes for managing risks have not changed since the previous accounting period

a. Market Risk

The fair value or future cash flows of a financial instrument held by the Company 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 Company's dealing objective and the dealing portfolio is continually monitored to ensure an appropriate balance of risk and reward Exposure to any one entity is monitored by the Directors

From time to time, the Company may seek to reduce or increase its exposure to stock market by taking positions in index futures and options relating to one or more stock markets These instruments are used 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 investments held by the Company.

Management of Price Risk

The Directors continually monitor the Company's exposure to price risk and take appropriate action to mitigate the risk

Exposure to Price Risk

The Company's exposure to pricing risk based on its derivatives exposure and short securities is set out below.

	31 March 2008 £ million	31 March 2007 £ million
Derivatives subject to price risk	-	(6 3)
Short securities	-	(2 2)
Exposure to price risk	-	(8 5)

RIT CAPITAL PARTNERS SECURITIES LIMITED

NOTES TO THE ACCOUNTS (Continued)

Price Risk Sensitivity Analysis

The sensitivity of the Company's net assets and profit loss 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.

	31 March 2008 Impact on P/L & Net Assets £ million	31 March 2007 Impact on P/L & Net Assets £ million
Price Risk Security	-	(13 9)

c. Interest Rate Risk

The Company finances its operations mainly through its share capital and retained profits Changes in interest rates have a direct impact on the fair value or future cash flows of the Company's cash and cash equivalents and overdraft.

Management of Interest Rate Risk

The Directors continually monitor the Company'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

Exposure to Interest Rate Risk

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

	31 March 2008 Total £ million	31 March 2007 Total £ million
Cash	19 7	41 2
Bank overdraft	-	(2 8)
Total Exposure	19 7	38 4

Exposures vary throughout the year as a consequence of changes in the composition of the net assets of the Company arising out of dealing and risk management processes.

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

Interest Rate Risk Sensitivity Analysis

The approximate sensitivity of the Company'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 point 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
- all other variables are held constant

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

	31 March 2008 Impact on P/L & Net Assets £ million	31 March 2007 Impact on P/L & Net Assets £ million
Interest Rate Sensitivity	0 4	0 8

d. Currency Risk

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

Management of Currency Risk

The Company enters into forward currency as a means of limiting or increasing its exposure to particular currencies

Exposure to Currency Risk

The currency exposure of the Company's net assets at the year end is set out below

Currency Exposure

	31 March 2008 £ million	31 March 2007 £ million
Sterling	(864 0)	(148 5)
US Dollar	(154 3)	(96 2)
Japanese Yen	103 0	63 0
Euro	167 3	93 4
Swiss Franc	207 0	47 9
Singapore Dollar	272 3	52 7
Other	342 9	5 5
Total	74 2	17 8

RIT CAPITAL PARTNERS SECURITIES LIMITED

NOTES TO THE ACCOUNTS (Continued)

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 the foreign currencies relative to Sterling 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 exchange contracts that offset the effects of changes in currency exchange rates.

Currency	31 March 2008 Impact on P/L & Net Assets £ million	31 March 2007 Impact on P/L & Net Assets £ million
US Dollar	65 8	8 7
Japanese Yen	(9 4)	(5 7)
Euro	(73 7)	(8 5)
Swiss Franc	(18 8)	(4 4)
Singapore Dollar	(24 8)	(4 8)

e. Credit Risk

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

Management of Credit Risk

This risk is managed as follows

- The vast majority of the Company 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

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

RIT CAPITAL PARTNERS SECURITIES LIMITED

NOTES TO THE ACCOUNTS (Continued)

Exposure to Credit Risk

The maximum exposure to credit risk at 31 March was

	31 March 2008 £ million	31 March 2007 £ million
Derivative financial instruments	31 6	1 5
Amounts due from		
Parent undertaking	34 9	-
Fellow subsidiary undertakings	0 1	0 1
Sales for future settlement	24 1	0 1
Cash at bank	19 7	41 2
Maximum exposure to credit risk	110 4	42 9

The credit risk associated with these balances is not considered significant.

f. Liquidity Risk

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

Management of Liquidity Risk

The Company manages is liquid resources to ensure sufficient cash is available to meet all of its contractual commitments.

Exposure to Liquidity Risk

Liquidity risk is not viewed as significant as a substantial proportion of the Company's net assets are in cash or are due from its parent company In addition, the majority of the Company's liabilities are due to group companies.

(iii) Collateral

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

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

	31 March 2008 £ million	31 March 2007 £ million
Cash collateral	-	28 5

RIT CAPITAL PARTNERS SECURITIES LIMITED

NOTES TO THE ACCOUNTS (Continued)

(iv) Derivative Financial Instruments

The Company holds the following derivative instruments

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

As explained above, the Company uses derivatives to selectively increase exposure where desired The notional amount of certain types of financial instruments provides a basis for comparison with instruments recognized 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 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 Company's derivatives unsettled at 31 March are:

		Company		
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	1,134 8	29 7	(5 6)	24 1
Currency options	277 8	2 0	(0 1)	1 9
Equity linked swap	-	-	-	-
Put options – market indices	-	-	-	-
Index futures	-	-	-	-
Total		31 7	(5 7)	26 0

As at 31 March 2007	**Notional Amount £ million**	**Assets (positive fair value) £ million**	**Liabilities (negative fair value) £ million**	**Total Fair Value £ million**
Forward currency contracts	271 7	1 2	(1 6)	(0 4)
Currency options	133 2	0 2	-	0 2
Equity linked swap	25 4	-	(0 9)	(0 9)
Put options – market indices	-	0 1	-	0.1
Index futures	105 3	-	(5 5)	(5 5)
Total		1 5	(8 0)	(6 5)

RIT CAPITAL PARTNERS SECURITIES LIMITED

NOTES TO THE ACCOUNTS (Continued)

(v) Securities Sold Short

The fair value of securities sold short by the Company as at 31 March 2007 amounted to £2 2 million No securities were sold short as at 31 March 2008 The losses which may be incurred on a short sale are theoretically unlimited, whereas losses from purchases cannot exceed the total amount invested

(vi) Capital Management

The Company's primary objective in relation to the management of capital is to ensure its ability to continue as a going concern

The Company's capital at 31 March comprises

	31 March 2008 £ million	31 March 2007 £ million
Equity share capital	90 0	90 0
Retained earnings and other reserves	(15 8)	(72 1)
Total Capital	74 2	17 9

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