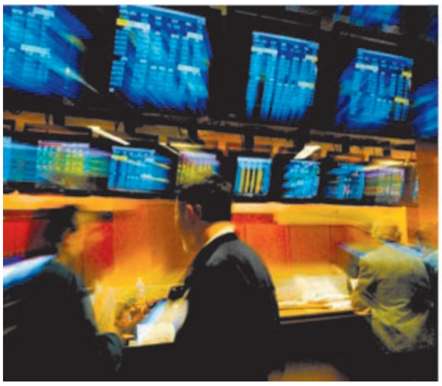
St Peter Port Capital Limited



ANNUAL REPORT AND AUDITED CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2011

Contents

Highlights

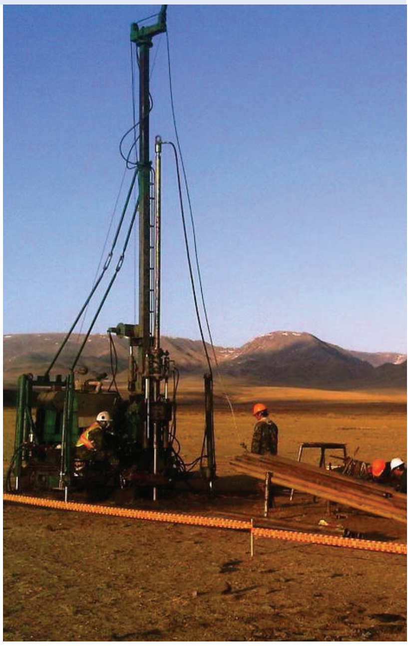
- profit of £15.1m, earnings per share 21.0p (2010 : loss of £5.9m, loss per share 8.1p).
- realised £30.3m since 1 April 2010 to 8 July 2011 in cash from investee companies; realised £53.0m since inception, generating a gain on investment of 107 per cent
- NAV of 120.8p per share at year end, up 23.6 per cent for the financial year.
- £7.0m invested during the year in five companies, four new to the portfolio. Post year end, £3.8m invested in three companies, two new and one follow-on.
- currently holding stakes in 45 investee companies
- cash balance of £17.9m as at 8 July 2011 (compared to £6.5m on 21 July 2010)
- proposed inaugural dividend of 3p per share, plus 2p per share special dividend

Bob Morton, Chairman of St Peter Port, said:

"A number of our pre-IPO investments are coming to market or expect to come to market over the coming months. These developments offer the potential for further significant realisations, generally at a significant premium to our current carrying cost."

Tim Childs, Consultant to the Investment Advisor to the Board of St Peter Port Investment Management Limited, said:

"The reduced competition in pre-IPO financing has enabled us to strike some exceptional deals, exploiting the large arbitrage gap between pre-IPO and public companies. We are now focused on seeking to harvest the results of our investments as companies in the portfolio reach liquidity events. In addition, we are reinvesting the cash we have realised over recent months where we continue to see compelling near-term return opportunities which should generate significant value for shareholders"



Mongolia Minerals – Drill site of one of our new investments during the year

Chairman's Statement

Introduction
I am pleased to report upon the year ended 31 March 2011, a successful year for the Company in terms of growth in NAV and in realisations.

Market Conditions and Investment Approach
When we last reported in December, I noted that the investment climate had become more favourable for the resources sector in particular (although not for other sectors) and commodity prices were stronger. Oil, coal, industrial metals such as iron, copper and nickel and soft commodities were firm, whilst gold remained near its high. Current conditions are discussed below.

During the year, the focus of the Company moved further towards realisations from the existing portfolio and the Company also made a number of new investments in companies with good prospects for early liquidity events. Since the period end, the Company has continued this investment approach.

Investments and Realisations during the Year
The Company invested £7.0 million in five companies during the financial year, all in the second half. One of these investments was a follow-on and the other four were in new companies. Subsequent to the year end, we made one follow-on investment and two new investments, in total £3.8 million. In each case we judged that there was a credible expectation of a liquidity event in any form within a relatively short period, such as a trade sale or repayment of a loan.

Since launch, the Company has realised some £53.0 million through disposals, generating a gain on investment of 107 per cent. The rate of realisations improved considerably during the year, reflecting the better capital market for the types of resource companies we mainly hold. Eight of our investee companies became public in 2010/11, some through IPOs and some through reverse takeovers.

During the year, the Company realised or partly realised pre-IPO investments, generating some £18.0 million in cash, a gain on these investments of 221 per cent. In the period from the year end to date the Company has realised or partly realised pre-IPO investments, generating a further £12.3 million in cash, a gain on investment of 274 per cent.

HRT - one of our successful realisations in the year

Financial Results
The Statement of Comprehensive Income for the year shows a profit of £15.1 million (2010: loss of £5.9 million), generating earnings per share of 21.0 pence (2010: a loss per share of 8.1 pence). This profit arose partly from realised gains, particularly on the sale of shares in HRT, and also from revaluations of holdings. In the case of the revaluations, these primarily reflect external rounds at higher prices together with the prospect of liquidity events in the near term. Some of the significant revaluations of holdings are discussed in the Investment Manager's report.

Balance Sheet

Net assets at the year end were £85.0 million (2010: £71.1 million), giving a net asset value of 120.8 pence per share (2010: 97.75 pence per share), a gain of 23.6 per cent for the year. Net asset value per share ("NAV") increased by 30.0 per cent in the second half.

From the year end until 30 June 2011, the NAV has declined by about 3.3 per cent, largely as a result of falls in the value of our quoted holdings.

At the year end the Company held £73.1 million in investments in companies, being equity investments and loan instruments (2010: £63.3 million), with financial liabilities of £3.2 million (2010: nil). The remaining balance sheet was predominantly in cash, £12.6 million (2010: £8 million). At 8 July 2010, the Company held cash of approximately £17.9 million, the increase in cash reflecting realisations since the year end and the further investments discussed above.

Share Buybacks

On 26 October 2010 the Company bought in 2,400,000 of its shares at 50 pence per share, a large discount to the then prevailing NAV per share. These shares were cancelled on 14 June 2011.

Dividends

The portfolio has matured considerably and the prospects for regular realisations are accordingly better. The board therefore proposes an inaugural dividend of 3 pence per share for the year, and will seek to maintain or improve this level of payout in future provided that the situation of the Company permits. It also proposes to pay an additional special dividend of 2 pence per share to reflect the profitability of the financial year, to be paid at the same time.

The dividend will be paid on 24 August 2011 to shareholders on the register as at 29 July 2011.

Outlook

St Peter Port has realised significant cash in recent months and we are continuing to reinvest that money where we believe that we can obtain strong returns and exits within a short period. The arbitrage gap between the prices of resource-related companies when private and publicly traded is at an unusually attractive level at present, reflecting the reduced competition in our space and better public company valuations. This is notwithstanding the more negative sentiment for resource stocks which arose in the last quarter, which has fed into the pricing of pre-IPO deals.

Despite current stock market conditions for commodity-related stocks, a number of our pre-IPO investments are coming to market or expect to come to market over the coming months. These developments offer the potential for further significant realisations, generally at a significant premium to our current carrying cost. We hope to be able to report further progress in realisations when we next issue results. Whilst the climate for crystallising value is currently less favourable than it was, the portfolio of high risk/high reward companies includes many prospects for strong returns on our original investment.

Bob Morton
Chairman

Brazil Potash – Centrifuge for paraffin processing

Union Agriculture – Field preparation

Investment Manager's Report

Our portfolio remains weighted to three sectors. These are oil and gas (including enhanced recovery techniques); minerals including copper, gold, nickel, uranium, rarer elements and coal; and environmentally friendly technologies including cleaner/more efficient ways of burning conventional fuels, second generation bio fuels and hydrogen technologies. However, we have also made investments in the largest and highly dynamic farmland owner in Uruguay, in timber in Mozambique and in a US food company.

Most of the portfolio companies have their main activity outside of the UK and a significant proportion are sourced from brokers whose main business is outside the UK. Some have now listed in Canada or Australia and some have plans to list in Hong Kong or Brazil, possibly together with a listing on another market. Others are now more likely to seek acquisition by a larger company rather than an IPO. Of the total portfolio, £20.0 million was listed as at 31 March 2011, representing 27.4 per cent of the invested portfolio at that date. This percentage has since reduced following the subsequent sale of listed assets.

The table below shows the breakdown of the investments by sector as at 31 March 2011:

Investments by Sector as at 31 March 2010

Sector	Number	Cost £m	Value £m	Percentage (of value)
Oil and Gas	13	24.8	26.9	38%
Mining	17	24.1	30.7	42%
Technology	2	3	3.8	5%
Renewable Energy	5	4.9	2.3	3%
Other	7	9.5	9.4	12%
Total	**44**	**66.3**	**73.1**	**100%**

Investments During The Year

During the 2011 financial year we made five "pre-IPO" investments, one of which was a follow-on, and invested £7.0 million. The follow-on investment was in East African Timber. We had previously invested £250,000 in this company with the right to invest a further £500,000 on the same terms. We have exercised this right early in recognition of which we have been granted additional warrants. The company is developing plantations of fast growing timber in the most favoured part of Mozambique and has also acquired existing mature plantations.

The four new investments were:

- Mongolia Minerals Corporation, a Canadian company whose board includes a leading exploration entrepreneur, executives from a major Canadian coal producer and a well-connected Mongolian partner. The company has licences with a proven resource of 512 million tonnes of high quality coal and the funds being raised will partly be used to expand the license area. It expects to sell the coal in China. We have invested CDN$1 million as part of a CDN$25 million equity round
- Astrakhan Oil Company, in which we invested US$2.5 million. The company has oil and gas licences in two fields in the Volga Delta/ Caspian region.
- Iona Energy in which we invested CDN$2 million. The company has acquired blocks in known North Sea oil and gas territories, where it plans to develop wells.
- Seven Energy, in which we invested US$5 million. It is focused on developing known gas fields in Nigeria to supply the power and heavy industrial market in Nigeria. Seven Energy has many well-known and large investors and expects to be a mid-cap company when it lists in London.

We made three investments since the year end. One was a follow on investment of a further CDN$2 million in Mongolia Minerals. The other two were new investments:

- US$2 million in a Brazilian iron ore development. The Brazilian development is an iron ore resource in the Minas Gerais province of Brazil and in due course our investment will be in Manabi Holding SA, a Brazilian company. Our investment was part of a $550 million round to secure the asset and fund further development.
- Most recently, Global Atomic Fuels Corporation ("Global Atomic"), in which we invested CDN$2 million. Global Atomic is a uranium exploration and development company. It has exploration rights in Niger and has discovered an unusually high-grade of uranium mineralisation on the surface of its licensed area. Our investment was part of a round of CDN$25.5 million raised to develop the asset.

It total, we have invested £3.8 million since the year end.

Realisations and listings

Over the last year eight of the companies in our portfolio have gone public. Most achieved successful IPO's or reverse takeovers raising significant new money and generating a significant uplift in value for us. In several cases a liquid after-market has since developed, enabling us to make disposals of all or part of our shareholding.

The largest realisation to date was of HRT Participacoes em Petroleo SA ("HRT"), a Brazilian oil and gas exploration company in which we invested US$5 million. HRT raised approximately US$1.5 billion in an IPO in Brazil on 25 October 2010 and has since seen its shares trade well.

Following the IPO, we sold virtually our entire holding of shares in HRT, generating a large gain. This disposal generated £14.46 million in proceeds in the financial year, before withholding tax of £3.4 million.

The Company also held warrants over shares in HRT, exercisable at a cost of approximately US$4 million. We exercised these warrants in March 2011 and subsequently sold the resulting holding in April 2011. The proceeds of the sale of the warrants generated a further net proceeds of £11.87 million after taking account of the exercise and other related costs. The overall gain from the original investment of US$5 million in HRT was £20.7 million and the multiple of net proceeds to original investment is 7.5x.

We also achieved a number of other significant realisations. Creso Exploration Inc ("Creso") became public by reversing into a public company in June 2010 and subsequently raised new equity in placings. We realised sufficient shares in Creso to have recovered the cost of our initial investment and continue to hold a substantial shareholding and warrants over shares in the company

We also sold all our shares in Midas Capital (which is now called MAM Funds) and a large part of our holding in Tuscany International Drilling ("Tuscany"). Tuscany went public in Canada in 2010 through a reverse takeover, but initially liquidity was poor. Following a re-rating of the shares, we were able to realise for a gain on investment of 32 per cent.

Other portfolio companies to go public during the year were HaloSource, Ilika Technologies, Royal Coal, Royal Nickel and Southern Andes Energy (a distribution in specie from Homeland Uranium).

Investments - Detail

The following is a list of the Company's current Investments

Company	Investment (initial terms)	Business
African Timber and Farming	£250,000 for ordinary shares. Further £500,000 for ordinary shares	A Mozambique-based timber company.
AmLib	US$2m subscription for ordinary shares	A Jersey based company established in May 2000 to explore for gold, diamonds and other natural resources in Liberia. AmLib holds one mineral development agreement and seven exploration licenses covering a total surface area of 3,400km^2.
Astrakhan Oil	US$2.5m for ordinary shares	An oil development company with licence interests in the Volga Basin / Caspian Sea, Russia.
Bio-thermal Technologies (formerly Waipuna)	Acquired in exchange for another investment	A New Zealand-based company which has developed a non-pesticide weed controller, certified for use in organic agriculture.
Brazil Potash	US$2.5m in ordinary shares	It has licences covering 22.5m hectares in the Amazon potash basin to develop potash mines.
Buried Hill	US$850,000 subscription for and US$2.7m acquisition of ordinary shares	An international oil and gas exploration company focused on Caspian Sea and West Africa which is in advanced discussions to conclude a farm-in agreement with an oil major to develop the Caspian assets.
Celadon Mining Ltd	£3.7m subscription in two tranches	Chinese Government backed company which has acquired major coking coal mines in NE China.
Creso Exploration	Cdn$2.2m subscription for common stock. Further Cdn$700,000 subscription for common stock and warrants	A gold and base metals exploration company with prospects in Canada, Mexico and Guatemala. Creso is now listed on the TSX.
Dominion Minerals	US$1.5m subscription for common shares and warrants. Further US$2m in a secured bond	A US-based copper and gold exploration and development company focused on its Cerro Chorcha Copper Project in Panama and its gold and copper/gold ventures in China. We have exercised our charge over the asset.

Investment Manager's Report continued

Investments - Detail continued

Company	Investment (initial terms)	Business
Eden Energy	US$4.56m subscription for ordinary shares	An Australian diversified clean energy company with interests in hydrogen production, storage and transport fuel systems, together with coal-bed methane licences in South Wales. Eden is listed in Australia.
Enhanced Oil	Cdn$4m subscription and further subscription of Cdn$1.6m for common stock and warrants	A Houston-based enhanced oil recovery resources company which controls the largest undeveloped natural helium/ CO_2 resource in North America. Enhanced Oil has acquired depleted oilfields where significant enhanced oil recovery resources remain and where CO_2 flooding is effective.
Global Atomic	Cdn$2m for ordinary shares	A Canadian company with exploration interests in Niger, which has discovered a high-grade uranium deposit.
Gourmet Express	US$3m subscription for ordinary shares. Further loan with warrants of US$600,000	A leading consumer products company specialising in the production, distribution and marketing of a wide variety of frozen food products, in particular the frozen skillet meal category. The loan has recently been converted into shares.
HaloSource	Acquired in exchange for another investment	US-based company with a leading technology for purification of water at point of use. The company went public on AIM in October 2010.
Homeland Uranium	Cdn$2.2m subscription for common stock and warrants	Exploration company with uranium and vanadium exploration in the USA, Africa and Peru The main emphasis has been on exploration for uranium in Niger.
Ilika	£2.5m subscription for ordinary shares	A company spun out of the University of Southampton which specialises in the development and application of high throughput, combinatorial R&D techniques for the discovery of new materials. Ilika was admitted to AIM in May 2010 and our holding increased by a ratchet.
International Goldfields ("IGS") (formerly Latin Gold)	£1m subscription for ordinary shares in Latin Gold. Our interest was acquired by IGS for cash and shares	IGS is an Australian quoted company which controls gold exploration assets in Australia. It purchased Latin Gold (our original investment) and thereby acquired mineral rights in Brazil to a previously mined area where low-tech artisanal miners have produced an estimated 4.5m oz from soils over the last 11 years.
Iona Energy	Cdn$2m for ordinary shares	A now publicly traded (TSX) Canadian company with development interests in the North Sea.
iQur	£0.5m subscription for ordinary shares	A medical research company that is developing a novel vaccine platform, initially focusing on the Hepatitis virus.
Jordan Energy	US$1.05m subscription for ordinary shares	A company with rights to extract large shale oil deposits in Jordan.
Manabi Minerals	US$2m for ordinary shares in an SPV which will be swapped in due course	A Brazilian iron ore development company with a resource of 3.5bn tonnes of high-grade iron ore in the Minas Gerais province of Brazil.
Mediatainment (formerly STV)	US$2m subscription for common shares	A US developer of Google Android tablets and 3D electronic entertainment solutions.
MinCore	Cdn$2.025m subscription for ordinary shares	Has large base metal deposits in Mexico – both copper and molybdenum.

Investments - Detail continued

Company	Investment (initial terms)	Business
Mongolian Minerals	Cdn$1m and a further Cdn$2m for commission shares	A Canadian exploration and development company focused exclusively on Mongolia. The company is currently developing a high-quality thermal coal asset called Khotgor, in the north western portion of the country. Current resources at Khotgor are 512 million tonnes.
Nusantara Energy	£2.25m subscription for shares and warrants	Nusantara is developing a large deposit (at least 490 million tonnes) of thermal coal in Sumatra, Indonesia and seeking to acquire further coal interests in Sumatra. Following an extensive drilling programme, Nusantara has confirmed that the resource is good quality thermal coal in thick seams very close to the surface. This deposit is ideally located to supply the market for coal-fired power generation in South East Asia, where demand is strong. It is currently exploring a trade sale.
Petro Kamchatka Resources (formerly CEP Resources)	US$2m and further US$1.875m subscription of equity after the year-end	A Canadian based oil and gas exploration company which owns interests of two exploration licences in Eastern Russia. It is publicly traded in Canada.
Providence Resources	€3.2m subscription for convertible loan notes. Further £1m in ordinary shares	An Irish oil and gas company with substantial offshore exploration interests in Ireland, further offshore interests in Nigeria and (largely producing) onshore and offshore assets in the UK and USA. Listed on AIM; the convertibles are currently listed in the Cayman Islands.
Puma Hotels plc	£1.95m subscription for convertible preference shares	Puma Hotels holds a portfolio of 20 leading British conference and leisure hotel let on long inflation-indexed leases to a blue chip tenant, Barceló Hotels.
Quetzal	Cdn$2.1m subscription for common shares and warrants	A Canadian company with interests in petroleum producing assets in Guatemala. It is listed on the TSX.
RAM Resources (being re-named First Iron)	US$2m subscription for ordinary shares Further US$1m loan stock	A Jersey-based mineral and asset development company which controls a 100 per cent owned iron ore mining property in the Kurgan region of Russia.
Red Flat Nickel	US$4.2 million investment in loan notes in a complex deal	The company controls two nickel laterite deposits in Oregon. The St Peter Port loan has partly funded some exploration of deposits on the two fully owned tenements. Following the loan reaching its term, St Peter Port has acquired a majority equity interest as well as improving the security of the loan.
Royal Coal	US$1m subscription for ordinary shares	An American coal producing company approaching profitable production. This company subsequently went public through a reverse takeover.
Royal Nickel	Cdn$4m subscription for ordinary shares	A Canadian nickel developer with a world-class nickel deposit in northern Quebec. The company floated on the TSX in Canada in December 2010.
Seven Energy	US$5m subscription for ordinary shares	A Nigerian company with major gas interests planning to serve the local heavy industry and utility market.
Southern Andes Energy	Distribution in specie from Homeland Uranium	Explorer and developer of uranium projects in Peru. It also has silver/lead – zinc projects in Peru. The company listed on the TSX in December 2010.

Investment Manager's Report continued

Investments - Detail continued

Company	Investment (initial terms)	Business
Specialist Energy Group (Formerly Nviro)	£500,000 subscription for ordinary shares	Specialist Energy Group reversed into Nviro, an AIM listed clean tech company. SEG specialises in engineering, particularly boiler pumps, for the power sector.
TMO Renewables	£2.5m subscription for ordinary shares	A world leader in novel ethanol fermentation technology which produces bio-ethanol from low-grade sugar by means of a new fermentation technique with significantly higher yields and lower investment cost.
Tuscany International Drilling	US$2.25m subscription for ordinary shares	A (now) listed Brazilian oil drilling services company.
Union Agriculture	US$2m subscription for ordinary shares after the year-end Further $1m in ordinary shares	Uruguayan farming company which is now the largest owner of agricultural land in Uruguay and applying capital and agronomy expertise to enhance its value. Union is currently planning to list in the USA.

We also hold securities in Rock Well Petroleum (discussed below), Develica Asia Pacific, Continental Petroleum and China Molybdenum; these are carried at nil or negligible value.

Top Ten Investments as at 31 March 2011

The following table lists our top ten investments by value as at 31 March 2011: Where we hold more than one instrument in a company, the holdings have been aggregated.

Company	Cost £ 000's	Valuation £ 000's	Gain/(Loss) £ 000's	Status
HRT Participacoes em Petroleo *	2	8,777	8,775	Listed
Nusantara Energy	2,261	6,136	3,857	Unquoted
Buried Hill Energy	1,750	5,775	4,025	Unquoted
Red Flat Nickel	2,270	4,366	2,096	Unquoted
Providence Resources	3,534	3,692	158	Listed
RAM Resources	1,683	3,374	1,691	Unquoted
Seven Energy	3,120	3,119	(1)	Unquoted
Ilika Technologies	2,500	3,310	810	Listed
Brazil Potash	1,526	3,087	1,561	Unquoted
Union Agriculture	1,878	2,767	889	Unquoted
Total	20,524	44,403	23,879	

* Subsequently sold

Drilling for oil – an important element in our portfolio

Ram Resources – Iron ore in drill core

Other Significant Developments

There are many companies in the portfolio which look very promising and which should show significant uplifts. We highlight here some of the larger investments where there has been specific relevant news and other significant developments.

Nusantara Energy, which has a large coal resource in Sumatra, Indonesia, is currently in the late stages of a trade sale. Buried Hill, which has large oil deposits in the Caspian Sea, Turkmenistan, is moving to complete its farm-in deal for these deposits and is planning to float once this is completed. Brazil Potash has benefited from the re-rating of the mineral following BHP's bid for Potash Corp given the size of its potash resource. The company is currently completing a further equity round at a large premium to the price at which we invested.

Two of our companies, Union Agriculture and RAM Minerals (now re-named First Iron) are well advanced with IPOs. TMO Renewables has secured orders in both China and the United States for its second generation bio-ethanol process and should also be able to proceed to flotation. Mincore, a company which had focussed on molybdenum has discovered very large copper deposits sitting alongside its molybdenum interests and this should enable it to progress to public status.

Astrakhan Oil, in which we invested in March 2011, is currently raising further funds at a large premium to our investment price with a view to further acquisitions and an early flotation. Seven Energy has raised further substantial funds from Petrofac and is on track in its flotation plans.

We hold shares and a loan note in Dominion Minerals, a company which had acquired a licence to explore a highly prospective area in Panama for copper. Legal problems in Panama have led to the licence being suspended and the company has defaulted on our loan. We have exercised our security over the subsidiary holding the licence and are taking action to protect our position.

Although many of our quoted holdings continue to progress their development, the weaker market for smaller companies (particularly in resources) over the last quarter has affected their share prices. In particular, Creso has reported various drilling results including some very successful holes, but its shares have fallen back recently, partly as a result of a proposed joint venture which was aborted.

Following a settlement of a claim in respect of our investment in Rock Well Petroleum on 5 July 2011, we have received £395,000 from Numis Securities Limited.

Pipeline and Prospects

The reduced competition in pre-IPO financing has enabled us to strike some exceptional deals, exploiting the large arbitrage gap between pre-IPO and public companies. We are now focused on seeking to harvest the results of our investments as companies in the portfolio reach liquidity events.

In addition, we are reinvesting the cash we have realised over recent months where we continue to see compelling near-term return opportunities which should generate significant value for shareholders.

Tim Childs as Consultant to the Investment Advisor to
St Peter Port Investment Management Limited
18 July 2011

Directors' Biographies

Arthur Leonard Robert Morton (aged 69), Chairman

Bob is a Chartered Accountant, who has been a substantial investor on his own behalf in a number of AIM companies. He is currently Chairman of four quoted companies: Armour Group PLC, Servoca PLC, WFCA PLC and Tenon Group PLC. He is also a director of a large number of private companies.

Timothy Erling Childs (aged 50), Director

Tim is an experienced investor and entrepreneur across a range of sectors. He was a founder, Chairman and Chief Executive of Gatehouse Leasing Limited, a Dublin-based lease finance company, which was subsequently sold to an investment group, and in turn acquired by the Bank of Scotland. He also served as Managing Director of Private Equity Investor plc, an investment trust fund of technology funds from February 2000 to November 2004. He has been involved in pre-IPO investing since 1994.

Graham Barry Shore (aged 55), Director

Graham is a former partner of Touche Ross (now Deloitte LLP) and was responsible for the London practice advising the telecommunications and new media industries. At Touche Ross he undertook strategic and economic assignments for a wide range of clients including appraisals of venture capital opportunities. In 1990, Graham joined Shore Capital as Managing Director, and has been involved in managing Shore Capital-promoted development capital funds Puma I, the JellyWorks portfolio, Puma II and the seven Puma Venture Capital Trusts. This has involved the evaluation of new deals and representing the funds with investee companies. Graham has been involved with AIM since its inception as both a corporate financier and investor and with private equity for more than 20 years.

Simon Charles Bourge (aged 50), Director

Simon is a qualified barrister with an MA from Cambridge and practised as a lawyer in Bristol for 15 years. He moved to Guernsey in 1998, where he is Managing Director of the Bourse Group and is involved in all aspects of business development and service delivery with a particular emphasis on tax structuring for foreign and expatriate private clients, collectives, companies and pensions. Simon is also a director of Montier Asset Management Limited, a Dublin- listed absolute return fund of funds, and its related CISX-listed fund and feeder fund. Simon is also a director of several other funds and companies and served as a former past President of the Guernsey International Legal Association.

Peter Francis Griffin (aged 52), Director

An economics graduate from Leeds University, Peter qualified as a Chartered Accountant with Coopers & Lybrand in Manchester in 1982. Since 1984 he has worked in the offshore financial services sector in a number of jurisdictions and is presently the managing director of the trust company division of Intertrust Fund Services (Guernsey) Limited . Peter's employment history includes periods as a Partner with accountants Reads & Co/Robson Rhodes in the Isle of Man, as a director of CMI Trust (a Halifax Bank of Scotland group company) in the Isle of Man, and as Managing Director of Fairbairn Trust Company (an Old Mutual group company) in Guernsey.

Report of the Directors

Directors' responsibilities

The Directors have pleasure in submitting their Annual Report and the Audited Consolidated Financial Statements for the year ended 31 March 2011 for St Peter Port Capital Limited ("the Company") and its wholly owned subsidiaries (together "the Group").

The Directors are responsible for preparing financial statements for each financial year which give a true and fair view, in accordance with The Guernsey Company Law, 2008 and International Financial Reporting Standards (IFRS), of the state of affairs of the Group and of the profit or loss of the Group 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 Group and to enable them to ensure that the financial statements have been properly prepared in accordance with The Guernsey Company Law, 2008. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as the Directors are aware, there is no relevant audit information of which the Group's auditor are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Group's auditor are aware of that information.

Status and activities

The Company is a closed ended investment company registered under the provisions of The Guernsey Company Law, 2008 and regulated by the Guernsey Financial Services Commission.

The Company was incorporated on 6 March 2007 and its securities began trading on the Alternative Investment Market of the London Stock Exchange on 16 April 2007 with a placing of 75,000,000 ordinary shares of nil par value each.

The Investment Manager, St Peter Port Investment Management Limited, will aim to build a diversified portfolio of growing small to mid-sized companies which are seeking to achieve an IPO within a reasonable short time horizon. It is intended that investments will be opportunistic and not sector or regionally focused and that they will typically be passive in nature.

Results and dividends

The results attributable to the Shareholders for the year and the transfer to reserves are shown in the Consolidated Statement of Comprehensive Income. The Group did not pay a dividend as the Board of Directors have not recommended a dividend for the year. (2010: nil).

During the year the Company repurchased 2,400,000 of its ordinary shares at a cost of £1,201,800 (2010: 300,000 at a cost of £129,270). All of the repurchased shares were cancelled on 14 June 2011. As at 31 March 2011, 4,650,000 (2010: 2,250,000) shares were held in treasury. The share buy back represented 3.3% (2010: 3%) of the total ordinary shares issued and fully paid.

Directors and their interests

The Directors of the Company who served during the period were:

Arthur Leonard Robert Morton (Chairman)
Graham Barry Shore (Director)
Simon Charles Bourge (Director)
Timothy Erling Childs (Director)
Peter Francis Griffin (Director)

At 31 March 2011 the Directors' interests in the Ordinary Shares of the Company were as follows:

		2011 Ordinary shares	2010 Ordinary shares
Southwind Limited	1.	**2,500,000**	2,500,000
Hawk Investment Holdings Limited	1.	**300,000**	300,000
Simon Charles Bourge (Director)		**nil**	nil
Broughton Limited	2.	**2,500,000**	2,500,000
Peter Francis Griffin (Director)		**nil**	nil
Graham Barry Shore (Director)		**nil**	nil
Timothy Erling Childs (Director)		**nil**	nil
Pebble Investments Limited	3.	**5,600,000**	5,600,000
Arthur Leonard Robert Morton (Chairman)		**nil**	nil

1. Southwind Limited and Hawk Investment Holdings Limited, both companies which are held entirely by related parties of Arthur Morton.
2. Broughton Limited, a company in which Timothy Childs has an interest as a beneficiary and settlor of the trust that owns the company.
3. A subsidiary of Shore Capital Group Limited, a company in which Graham Shore is a shareholder and formerly a director.

Report of the Directors continued

Directors and their interests (continued)

There have been no changes in the interests of the Directors from 31 March 2011 to the date of signing these financial statements.

Directors' remuneration

The emoluments of the individual Directors for the year were as follows:

	2011	2010
	£	£
Arthur Leonard Robert Morton (Chairman)	**nil**	nil
Graham Barry Shore (Director)	**nil**	nil
Timothy Erling Childs (Director)	**nil**	nil
Simon Charles Bourge (Director)	**15,000**	15,000
Peter Francis Griffin (Director)	**15,000**	15,000

The above fees do not include reimbursed expenditure.

Hawk Consulting, a company in which Mr Morton is interested, will be paid a fee of £60,000 per annum (inclusive of all expenses) with respect to services provided from time to time by either that company or Mr Morton on its behalf. Mr Childs and Mr Shore have waived their entitlement to a Director's fee but will be able to recover reasonable expenses.

Substantial shareholdings

At 7 June 2011 the following interests in 3% or more of the issued Ordinary Shares (excluding treasury shares) had been notified to the Company.

		Number of Ordinary shares	Percentage of share capital
Pershing Nominees Limited	1.	**16,384,239**	23.29%
Chase Nominees Limited		**7,140,600**	10.15%
Bank of New York Nominees Limited		**5,899,000**	8.39%
Pebble Investments Limited	2.	**5,600,000**	7.96%
Nortrust Nominees Limited		**4,527,224**	6.44%
Nortrust Nominees Limited (GSYA)		**4,115,000**	5.85%
HSBC Global Custody Nominee		**5,323,500**	7.57%
Vidacos Nominees Limited		**3,728,500**	5.30%
Broughton Limited	3.	**2,500,000**	3.55%
Southwind Limited	4.	**2,500,000**	3.55%

1. Includes 18,908,239 (2010: 13,423,239) Ordinary Shares held by clients of Shore Capital Limited and Shore Capital Stockbrokers Limited.
2. A subsidiary of Shore Capital Group Limited, a company in which Graham Shore is a shareholder and formerly a director.
3. Broughton Limited, a company in which Timothy Childs has an interest as a beneficiary and settlor of the trust that owns the company.
4. Southwind Limited, a company which is held entirely by related parties of Arthur Morton.

Independent Auditors

PricewaterhouseCoopers CI LLP have indicated their willingness to continue in their capacity as auditors.

APPROVED BY THE BOARD OF DIRECTORS

Peter Griffin Director	Simon Bourge Director

Date: 18 July 2011

Independent Auditors' Report to the Member of St Peter Port Capital Limited

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of St Peter Port Capital Limited and it's subsidiaries ("the Group") which comprise the consolidated statement of financial position as of 31 March 2011 and the consolidated statement of comprehensive income, the consolidated statements of changes in equity and the consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and with the requirements of Guernsey law. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as of 31 March 2011, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the requirements of The Companies (Guernsey) Law, 2008.

Emphasis of matter

Without qualifying our opinion, we draw your attention to the fact that investments are included in the financial statements at fair value as determined by the directors as detailed in note 2 to the financial statements. As the nature and basis of investment in each investee company is different, and the flow of information from investee companies vary, valuation protocols applied by the directors have varied in determining the fair value of each investment. There are inherent difficulties in determining the fair values of these investments. Amounts realised on the sale of these investments may be higher or lower than the values reflected in these financial statements and the differences may be significant.

Report on other Legal and Regulatory Requirements

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. The other information is detailed in the contents page.

In our opinion the information given in the directors' report is consistent with the financial statements.

The maintenance and integrity of St Peter Port Capital's 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.

Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 262 of The Companies (Guernsey) Law, 2008 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.

PricewaterhouseCoopers CI LLP
Chartered Accountants
Guernsey, Channel Islands
18 July 2011

Consolidated Statement of Financial Position

As at 31 March 2011

Assets	Notes	As at 31 March 2011 £'000	As at 31 March 2010 £'000
Current assests			
Financial assets designated at fair value through profit or loss	12	73,095	63,278
Loans receivable	13	–	–
Trade and other receivables	14	5,839	4
Cash and cash equivalents	15	12,649	8,012
Total assests		91,583	71,294
Liabilities			
Current liabilities			
Financial liabilities designated at fair value through profit or loss	12	3,185	–
Trade and other payables	16	3,418	180
Total liabilities		6,603	180
Net assets		84,980	71,114
Equity			
Capital and reserves attributable to equity holders of the company			
Share capital	17	–	–
Share premium	18	–	–
Special reserve	18	68,498	70,898
Treasury reserve	17	2,733	1,535
Retained earnings		13,749	(1,319)
Total Equity		84,980	71,114
Net asset value per share (pence per share)	20	120.80	97.75

Approved by the Board of Directors on 18 July 2011

P F GRIFFIN

Director

S BOURGE

Director

The accompanying notes 1 to 23 form an integral part of these financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2011

Income	**Notes**	**Year ended 31 March 2011 £'000**	**Year ended 31 March 2010 £'000**
Net changes in fair value on financial assets	12(c)	20,683	(3,948)
Unrealised loss on foreign exchange		62	(21)
Interest income	4	110	220
Net investment income/(loss)		20,855	(3,749)
Administrative expenses		(2,387)	(2,135)
Withholding tax	2(b)	(3,399)	–
Net income/(lloss) from operations before finance costs		15,069	(5,884)
Interest expense		(1)	(1)
Total finance costs		(1)	(1)
Profit/(loss) for the year		15,068	(5,885)
Basic and diluted return per Ordinary Share (pence)	11	20.98p	(8.07)p

The accompanying notes 1 to 23 form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 March 2011

	Notes	Share Premium £'000	Special Reserve £'000	Treasury Reserve £'000	Revenue Reserve £'000	Total £'000
Opening balance		–	70,898	1,535	(1,319)	71,114
Profit for the year		–	–	–	15,068	15,068
Repurchased shares	17	–	–	1,198	–	1,198
Ordinary shares repurchased	18	–	(2,400)	–	–	(2,400)
Balance at 31 March 2011		–	68,498	2,733	13,749	84,980

For the year ended 31 March 2010

	Notes	Share Premium £'000	Special Reserve £'000	Treasury Reserve £'000	Revenue Reserve £'000	Total £'000
Opening balance		–	71,198	1,364	4,566	77,128
Loss for the year		–	–	–	(5,885)	(5,885)
Repurchased shares held in treasury	17	–	–	171	–	171
Ordinary shares repurchased	18	–	(300)	–	–	(300)
Balance at 31 March 2010		–	70,898	1,535	(1,319)	71,114

The accompanying notes 1 to 23 form an integral part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 March 2011

Cash flows from operating activities	**Notes**	**Year ended 31 March 2011 £'000**	**Year ended 31 March 2010 £'000**
Interest received		573	456
Interest paid		(1)	(1)
Operating expenses paid		(5,608)	(2,082)
Prepayments to brokers		(2,475)	–
Receivables from brokers		–	–
Loans granted to portfolio companies		–	(1,575)
Loan payments received from portfolio companies		–	502
Sale of investments		14,771	877
Purchase of investments	12	(1,421)	(12,611)
Net cash generated/(used) in operating activities		5,839	(14,434)
Cash flows from financing activities			
Purchase of shares	17	(1,202)	(129)
Cash outflow from financing activities		(1,202)	(129)
Cash inflow/(outflow) for the year		4,637	(14,563)
Opening cash and cash equivalents		8,012	22,575
Closing cash and cash equivalents	15	12,649	8,012

The accompanying notes 1 to 23 form an integral part of these financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2011

1. General information – investing strategy

St Peter Port Capital Limited ("the Company") is a Guernsey registered, closed ended investment company regulated by the Guernsey Financial Services Commission and governed by The Companies (Guernsey) Law, 2008.

During the year the Company acquired 100% ownership St Peter Port Capital (RFN) Limited and 100% ownership of SPPC Securities Holdings Limited, (together "the Group"). The subsidiaries are to act as an investment holding vehicles for the parent Company. St Peter Port Capital (RFN) Limited is registered in Guernsey and SPPC Securities Holdings Limited is registered in Ireland.

St Peter Port Capital Limited's investment strategy is primarily to invest in unquoted companies which are close to a liquidity event. The funds invested by St Peter Port Capital Limited will often provide the working capital to make such an event possible. The event could be an IPO, trade sale or repayment of a bridging loan (typically with warrants or other form of participation) from a fund-raising achieved by the investee at a higher price after the bridging event has occurred.

The universe for investment is principally companies across a broad range of sectors and geography expecting to achieve a liquidity event in the months after the Company's investment. However, in current conditions, it may also include companies which are already publicly quoted but where the equity value has been heavily eroded by the current market malaise. The initial focus has been on companies targeting UK, US and Commonwealth stock markets although companies looking to float on other exchanges will also be considered.

The address of the registered office is shown on the inside of the back cover. The Company's website is www.stpeterportcapital.gg.

The Company is listed on the London Stock Exchange's Alternative Investment Market (AIM).

These financial statements were authorised by the Board for publication on 18 Juy 2011.

2. Summary of Significant Accounting Policies

This financial information for the year ended 31 March 2011 has been prepared in accordance with International Financial Reporting Standards ("IFRS"). IFRS include standards and interpretations approved by the International Accounting Standards Board, including International Accounting Standards ("IAS") and interpretations issued by the International Financial Reporting Interpretations Committee who replaced the Standards Interpretation Committee.

Basis of preparation

The financial statements have been prepared on a going concern basis and on the historical cost basis, except for the revaluation of investments. Financial assets and financial liabilities (including derivative financial instruments) are held at fair value through profit and loss. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Board of Directors to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2 (d).

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates and underlying assumptions are reviewed on an ongoing basis.

Consolidation

(a) Subsidiaries

Subsidiaries are all entities over which the Group has power to govern the financial and operating policies so as to obtain benefits from its activities. Subsidiaries are fully consolidated from the date on which control is transferred to the Group.

Inter-company transactions and balances between the Company and its subsidiaries, which are related parties, are eliminated in full.

Accounting policies of subsidiaries are consistent with those adopted by the Group.

2. Summary of Significant Accounting Policies (continued)

Consolidation (continued)

(a) Subsidiaries (continued)

(i) Standards and amendments mandatory for periods ending 31 March 2011

IAS 27 (revised), 'Consolidated and separate financial statements'.
IAS 27 revised introduced changes to the accounting requirements for transactions with non-controlling (formerly called 'minority') interests and the loss of control of a subsidiary. These changes are applied prospectively.

IFRS 3 (revised), 'Business combinations'
The revised standard on business combinations introduced major changes to the accounting requirements for business combinations. It retains the major features of the purchase method of accounting, now referred to as the acquisition method.

Other standards and amendments mandatory for periods ending 31 March 2011 are;
Amendment to IAS 39, 'Financial instruments: Recognition and measurement'
Amendment to IFRS 2, 'Share based payments – Group cash-settled share-based payment
Amendments to IFRS 1 for additional exemptions
Amendments IAS 32 Financial instruments: Presentation on classification of rights issues

(ii) Standards and amendments that are not yet effective

Revised IAS 24, 'Related party disclosure' (2009), effective for annual periods beginning on or after 1 January 2011
IFRS 9 'Financial Instruments' will be effective for annual periods beginning on or after 1 January 2013.

The Directors do not anticipate that the adoption of these standards will have a material impact on the financial statements of the Company when the relevant standards and interpretations come into effect. The Directors have adopted a policy of applying new statements and interpretations when they become effective.

Income

Financial interest income and expense for all interest bearing financial instruments, except for those designated at fair value through profit or loss, are recognised within 'interest income' in the statement of comprehensive income based on the effective interest rate. Interest arising from debt securities is recognised in the statement of comprehensive income within 'net changes in fair value on financial assets'. Interest earned and received during the year is recognised as realised gains and interest earned but not received at year end is recognised as unrealised gains.

(b) Running costs and expenses

The Company will bear all fees and out of pocket expenses properly incurred by the Investment Manager, the Administrator and the Registrar. Expenses borne by the Investment Manager on behalf of the Company are recharged to the Company on a quarterly basis. In addition, it will meet all of its own costs and expenses, including aborted transaction fees, the remuneration of those Directors for whom fees are payable and their expenses and the costs of all employees, advisers and consultants acting in the performance of the Company's business, commissions, banking fees, legal expenses, insurance costs, regulatory fees, acquisition and disposal fees, auditors' fees, listing costs and the costs of distribution of reports and accounts and other documentation to shareholders.

During the year the Company was subjected to withholding tax in Brazil arising from the disposal of a significant portion of its holdings in HRT Participacoes em Petroleo SA ("HRT"). The Company realised a gain on this disposal and resulting in withholding tax of £3,398,940.

(c) Segmental reporting

The Directors are of the opinion that the Company is engaged in a single segment of business, being investment into growth companies which are seeking to achieve an initial public offering ("IPO") within a reasonably short time horizon. The Company's primary reporting format is industry sector and secondary format is geographical domicile.

Notes to the Consolidated Financial Statements continued

For the year ended 31 March 2011

2. Summary of Significant Accounting Policies (continued)

(c) Segmental reporting (continued)

The Company mainly operates in the following sectors.

Financial assests

	31 March 2011 £'000	%	31 March 2010 £'000	%
Oil & Gas	**27,188**	37.20	21,150	33.42
Mining	**27,619**	37.79	27,049	42.75
Technoogy	**3,810**	5.21	3,000	4.74
Renewable energy	**2,310**	3.16	1,829	2.89
Other	**12,168**	16.65	10,250	16.20
	73,095		63,278	

Financial liabilities				
Oil & Gas	**(3,185)**	100	–	–
	(3,185)		–	–

And in companies with the following countries of domicile.

	31 March 2011 £'000	%	31 March 2010 £'000	%
Australia	**659**	0.90	454	0.72
Brazil	**8,777**	12.01	4,942	7.81
Canada	**14,319**	19.59	21,070	33.30
Cyprus	**5,775**	7.90	–	0.00
United Kingdom	**28,389**	38.84	24,784	39.17
United States of America	**10,837**	14.83	10,429	16.48
Russia	**1,572**	2.15	–	–
Uruguay	**2,767**	3.79	1,599	2.52
	73,095		63,278	

Financial liabilities				
Brazil	**(3,185)**	100	–	–
	(3,185)		–	–

The domicile of the parent company does not necessarily relate to the country in which the company carries out its business.

(d) Valuation of investments

The Investment Manager makes estimates and assumptions concerning the performance of underlying investments. The estimates and assumptions involved in fair valuing the investments are considered in line with the valuation policies outlined below.

The Investment Manager's assessment of fair value is determined in accordance with the International Private Equity and Venture Capital ("IPEVC") Valuation Guidelines. It is the opinion of the Investment Manager, that the IPEVC valuation methodology used in deriving a fair value is not materially different from the fair value requirements of IAS 39. Investments are measured at fair value. A summary of the more relevant IPEVC Valuations is set out below.

Marketable (Listed) Securities – Where an active market exists for the security, the value is stated at the bid price on the last trading day in the period.

(d) Valuation of investments (continued)

Unlisted Investments – are carried at such fair value as the Investment Manager considers appropriate given the performance of each Investee Company and after taking account of the effect of dilution, the exercise of ratchets, options or other incentive schemes.

Where the investment being valued was acquired in the week leading up to the period end, its cost will generally provide a good indication of fair value. Methodologies used in arriving at the fair value include prices of recent investment, earnings multiples, net assets and industry valuation benchmarks. Notwithstanding the above, the variety of valuation basis adopted and quality of management information provided by the underlying Investee Company means there are inherent difficulties in determining the value of these investments. Amounts realised on the sale of these investments will differ from the values reflected in these financial statements and the difference may be significant.

(e) Fair value of derivative contracts

Fair values of derivative contracts are estimated by reference to current market conditions compared to the terms of the contract.

(f) Taxation

The Company has been taxed at 0%.

(g) Foreign currency translation

(i) Functional and reporting currency

The functional currency of the Company is Pounds Sterling in which the majority of cash and cash equivalents are held and converted only where necessary to settle expenses relating to investments. The reporting currency of the Company for accounting purposes is also Pounds Sterling.

(ii) Transactions and balances

Foreign currency monetary assets and liabilities balances are translated into Pounds Sterling at the rate of exchange ruling on the last day of the Company's financial period. Foreign currency transactions are translated at the rate of exchange ruling on the date of transaction. Gains and losses arising on currency translation are included in the Statement of Comprehensive Income. Foreign exchange gains and losses on investments are accounted for on the Statement of Comprehensive Income in the period in which they arise.

(h) Financial liability and equity

Financial liability and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

(i) Financial assets

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss category are presented in the Statement of Comprehensive Income in the period in which they arise. Dividend income from financial assets at fair value through profit and loss is recognised in the income statement when the Company's right to receive payment is established.

(j) Trade and other payables

Trade payables are not interest bearing and are stated at their cost.

(k) Trade and other receivables

Trade and other receivables are stated at cost less impairment losses.

(l) Cash and cash equivalents

Cash comprises cash in hand and on demand deposits which may be accessed without penalty.

(m) Loans

Loans are held at fair value through the profit and loss.

Notes to the Consolidated Financial Statements continued

For the year ended 31 March 2011

2. Summary of Significant Accounting Policies (continued)

(n) Going concern

The Company's directors have made an assessment of the Company's ability to continue as a going concern and are satisfied that the Company has resources to continue in business for the foreseeable future. Furthermore, the directors are not aware of any material uncertainties that may cast doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

3. Critical Accounting Estimates AND Judgement

The Company makes estimates and assumptions relating to the reported amounts of assets and liabilities within the next financial year. Estimates and judgement are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4. Interest Income

	Year ended 31 March 2011 £'000	Year ended 31 March 2010 £'000
Bank interest	**110**	124
	110	124

5. Administration Fees

Under the Administration Agreement the Administrator is entitled to receive an annual administration fee at a rate as may be agreed from time to time between the Company and the Administrator. The present administration fee is up to a maximum of £75,000 per annum for the performance of the administration services. There is an additional fee for the provision of any directors to the Board of the Company and for the production of annual and interim financial accounts. The Administrator will also be entitled to reimbursement for its reasonable expenses in providing the administration services. Total administration fees for the year ended 31 March 2011 amounted to £73,660 (2010: £53,500) with £50,474 (2010: £19,250) outstanding at the year end which includes £13,000 (2010: £8,000) outstanding for accountancy fees.

6. Management Fees

Under the Investment Management Agreement, the Investment Manager is entitled to receive a management fee of 2 per cent per annum (or 1 per cent until 50 percent of the net placing proceeds are invested in portfolio companies) of Net Asset Value which shall accrue on the first day of each quarterly period ending on 31 March, 30 June, 30 September and 31 December in each year and all reasonably and properly incurred expenses of the Investment Manager with respect to Company business. The Company's investment into pre-IPO companies passed the hurdle at which management fees became payable at 2 per cent per annum on 18th October 2007. Total management fees for the year to 31 March 2011 amounted to £1,748,868 (2010: £1,780,922) with £28,346 (2010: £224) prepaid at the year end.

7. Directors' and Consultancy Fees

Under their letters of appointment, Mr Bourge and Mr Griffin are paid a remuneration of £15,000 per annum. Hawk Consulting, a company in which Mr Morton is interested, is paid a fee of £60,000 per annum (inclusive of all expenses) with respect to services provided from time to time by either that company or Mr Morton on its behalf. Mr Childs and Mr Shore have waived their entitlement to a Directors fee but are able to recover reasonable expenses. Total directors' fees for the year to 31 March 2011 amounted to £30,000 (2010: £30,000) with £7,500 (2010: £7,500) outstanding at the year end. Total consultancy fees for the year amounted to £60,000 (2010: £60,000).

8. Broker Fees

Under the Broker Agreement between the Company, Shore Capital Stockbrokers Limited and Shore Capital and Corporate Limited, the Company pays an annual retainer of £30,000 plus VAT together with the reasonable expenses plus VAT of Shore Capital Stockbrokers Limited and Shore Capital and Corporate Limited in connection with the broker agreement. Total broker fees for the year to 31 March 2011 amounted to £30,278 (2010: £30,083) with nil (2010: nil) outstanding at the year end.

9. Nomad Fees

Under the Nominated Advisor Agreement between the Company and Deloitte Corporate Finance the Company pays an annual retainer of £30,000 with any VAT if applicable. The Company is also responsible for all out-of-pocket expenses incurred by Deloitte Corporate Finance in connection with its appointment as nominated advisor of the Company. Any expenditure in excess of £5,000 must authorised by the Board of Directors. Total Nomad fees for the year to 31 March 2011 amounted to £30,087.31 (2010: £30,063) with £nil (2010: £1,235) prepaid at the year end.

10. Audit Fees

Audit fees for the year to 31 March 2011 amounted to £61,490 (2010: £71,076) with £54,000 (2010: £62,500) outstanding at the year end.

11. Earnings/(Loss) per Share

The calculation of basic earnings/(loss) per share is based on the net profit/(loss) from continuing operations for the year of £15,068,000 (2010: loss £5,885,000) and on 71,813,700 (2010: 72,900,000) shares being the weighted average number of shares in issue during the year. There is no difference between basic earnings per share and diluted earnings per share.

12. Financial Assets and Liabilities Held at Fair Value through Profit and Loss

(a) Designated at fair value through profit or loss

Financial assests	Historic cost at 31 March 2011 £'000	Market Value at 31 March 2011 £'000	Historic cost at 31 March 2010 £'000	Market Value at 31 March 2010 £'000
Listed equity securities	**16,061**	**20,047**	10,606	5,823
Unlisted equity securities	**43,244**	**42,132**	46,421	49,217
Unlisted debt securities	**7,043**	**10,916**	7,043	8,238
Total financial assets at fair value through profit or loss	**66,348**	**73,095**	64,070	63,278
Financial liabilities				
Financial liabilities designated at fair value through profit or loss	**(3,337)**	**(3,185)**	–	–
	(3,337)	**(3,185)**	–	–

Notes to the Consolidated Financial Statements continued

For the year ended 31 March 2011

12. Financial Assets and Liabilities Held at Fair Value through Profit and Loss (continued)

(b) Movements in assets at fair value through profit or loss

	Unlisted Equity Securities £'000	Listed Equity Securities £'000	Unlisted Debt £'000	Hedge Funds £'000	Total £'000
Valuation at 31 March 2010	49,217	5,823	8,238	–	63,278
Purchase at cost	4,606	–	–	–	4,606
Trades awaiting settlement	3,121	–	–	–	3,121
Disposal proceeds	–	(18,131)	–	–	(18,131)
Realised gains/(losses) on disposals	–	12,683	–	–	12,683
Net unealised gains/(losses) on revaluation of investments	(14,812)	19,672	2,678	–	7,538
Valuation at 31 March 2011	42,132	20,047	10,916	–	73,095
Book cost at 31 March 2011	43,244	16,061	7,043	–	66,348
Net unrealised gains/(losses) at 31 March 2011	(1,113)	3,986	3,873	–	6,747
Valuation at 31 March 2011	42,132	20,047	10,916	–	73,095

For the year ended 31March 2010

	Unlisted Equity Securities £'000	Listed Equity Securities £'000	Unlisted Debt £'000	Hedge Funds £'000	Total £'000
Valuation at 31 March 2009	43,635	1,599	8,556	127	53,917
Purchase at cost	9,805	2,141	665	–	12,611
Loan notes	–	–	1,575	–	1,575
Disposal proceeds	–	(733)	–	(144)	(877)
Realised gains/(losses) on disposals	–	(622)	–	(38)	(660)
Net unealised gains/(losses) on revaluation of investments	(4,223)	3,438	(2,558)	55	(3,288)
Valuation at 31 March 2010	49,217	5,823	8,238	–	63,278
Book cost at 31 March 2010	46,421	10,606	7,043	–	64,070
Net unrealised gains/(losses) at 31 March 2010	2,796	(4,783)	1,195	–	(792)
Valuation at 31 March 2010	49,217	5,823	8,238	–	63,278

(c) Net changes on assets at fair value through profit and loss

	Year ended 31 March 2010 £'000	Year ended 31 March 2010 £'000
Realised gain/(loss) on dispocal	**12,683**	(660)
Investment income	**462**	96
Unrealised gain/(loss) on revaluation	**7,538**	(3,288)
Total net changes on financial assets at fair value	**20,683**	(3,852)

12. Financial Assets and Liabilities Held at Fair Value through Profit and Loss (continued)

(d) Fair value of financial instruments

The Company has classified its financial assets and liabilities designated at fair value through the profit or loss and the Fair Value of derivative financial instruments using fair value hierarchy that reflects the significance of the inputs used in making the fair value measurements. The hierarchy has the following levels:

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 assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs)

The following table analyses within the fair value hierarchy the Company's financial assets and liabilities (by class) measured at fair value at 31 March 2011.

As at 31 March 2011

Financial assets	**Level 1 £'000**	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Financial investments designated at fair value through profit or loss	20,047	–	53,048	73,095
Assets measured at fair value	20,047	–	53,048	73,095
Financial liabilities				
Financial investments designated at fair value through profit or loss	–	–	3,185	3,185
Assets measured at fair value	–	–	3,185	3,185

As at 31 March 2010

Assets	**Level 1 £'000**	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Financial investments designated at fair value through profit or loss	5,823	–	57,455	63,278
Assets measured at fair value	5,823	–	57,455	63,278

(e) Transfers between Level 1 and 3

The following table shows all transfers between Level 1 and Level 3 of the fair value hierarchy for financial assets recognised at fair value:

Financial assets	**Transfers from Level 1 to Level 3 Year ended 31 March 2011 £'000**	**Transfers from Level 3 to Level 1 Year ended 31 March 2011 £'000**
Equity securities	–	7,757

Notes to the Consolidated Financial Statements continued

For the year ended 31 March 2011

12. Financial Assets and Liabilities Held at Fair Value through Profit and Loss (continued)

(f) Level 3 reconciliation

Please see below a reconciliation disclosing the changes during the year for the financial assets designated at fair value through profit and loss classified as being Level 3.

Assets	31 March 2011 £'000	31 March 2010 £'000
Opening balance	**57,455**	52,318
Total losses during the year	**(9,013)**	(6,764)
Purchases	**4,606**	12,045
Disposals	**–**	(144)
Assets as at 31 March	**53,048**	57,455

13. Loan Receivable

	31 March 2011 £'000	31 March 2010 £'000
Opening loan balance	**–**	502
Loan amounts received during the year	**–**	(502)
Closing balance on loans	**–**	–

14. Trade and other Receivables

	31 March 2011 £'000	31 March 2010 £'000
Receivables from brokers	**3,360**	–
Prepayments	**2,479**	4
	5,839	4

15. Cash and cash equivalients

	31 March 2011 £'000	31 March 2010 £'000
	12,649	8,012

The cash equivalent investments are considered to be highly liquid, so that book cost is considered equivalent to fair value. The weighted average interest rate on cash balances at 31 March 2011 was 0% (2010: 0%). The Company has no material interest bearing liabilities.

16. Trade and other Payables

	31 March 2011 £'000	31 March 2010 £'000
Administration fee payable	**50**	19
Directors' fees payable	**8**	8
Audit fee payable	**54**	63
Sundry creditors	**187**	90
Trades awaiting settlement	**3,119**	–
	3,417	180

17. Share Capital

Founder Shares	31 March 2011 £'000	31 March 2010 £'000
10,000 Founder Shares of £0.01 each authorised Issued and fully paid	**–**	–

Founder Shares have been created to facilitate the payment of carried interest. This performance based interest is calculated by reference to Absolute Shareholder Returns of the Company from Admission to the Alternative Investment Market of the London Stock Exchange. The carried interest will be paid by way of dividend on Founder Shares subject to two conditions: first that the average middle market closing price of an Ordinary Share on the 30 dealing days before the last day of the previous accounting period (the "Benchmark Price") exceeds the Benchmark Price for all prior periods; and second that Absolute Returns exceed 8 per cent per annum (non-compounded) of the subscribed ordinary share capital of the Company. Further details regarding this dividend are outlined in note 19.

Ordinary Shares

There are an unlimited number of ordinary shares of nil par value authorised. At the end of the reporting period 70,350,000 (2010:72,750,000) have been issued and fully paid. The Ordinary Shares do not carry any right to fixed income.

Treasury shares

The Company had 4,650,000 (2010: 2,250,000) Ordinary Shares held in Treasury at 31 March 2011. During the year the Company repurchased 2,400,000 ordinary shares which were cancelled on 14 June 2011.

18. Share Premium and Special Reserve

	31 March 2011 £'000	31 March 2010 £'000
Share Premium	**–**	–
Special reserve		
Opening balance	**70,898**	71,198
Shares repurchased	**(2,400)**	(300)
Closing balance	**68,498**	70,898

Notes to the Consolidated Financial Statements continued

For the year ended 31 March 2011

19. Dividends

Subject to certain conditions, within 15 business days after the end of each successive accounting period, the Company will pay to Founder Shareholders a dividend with respect to that period (an "FSD Reference Period") based on the amount by which market capitalisation of the Company at the end of the relevant period exceeds the aggregate subscription price of Ordinary Shares issued pursuant to the Placing. The conditions for payment of a dividend to Founder Shareholders with respect to any FSD Reference Period will be as follows:

(1) firstly, that the average middle market closing price of an Ordinary Share on the last 30 days on which Ordinary Shares are traded on AIM ("Dealing Days") before the last day of the relevant FSD Reference Period (the "Benchmark Price"), as adjusted for dividends and other distributions in the relevant period, exceeds the Benchmark Price for all prior periods; and

(2) secondly, that Absolute Shareholder Returns on the last day of the FSD Reference Period exceed 8 per cent per annum (non-compounded) of the subsidiary ordinary share capital of the Company ("The Hurdle")

Subject to each of the above conditions being satisfied, and to there being available cash and distributable reserves to make the dividend payment (to the extent payable in cash), the amount payable to the Founder Shareholders will be the aggregate of:

(1) 25 per cent of the Hurdle or, if less, the amount by which Absolute Shareholders Returns exceed the Hurdle (the "Surplus"); and

(2) if the Surplus exceeds 25 per cent of the Hurdle, 20 per cent of that excess, less the aggregate of any dividends paid to Founder Shareholders in prior periods.

Founder Shareholders will be entitled to elect for some or all of the dividend payable to them to be satisfied by the issue to them of Ordinary Shares (valued at the average middle market closing price of an Ordinary Share on the last 30 Dealing Days of the relevant FSD Reference period). No such allotment shall be made if and to the extent that the issue of Ordinary Shares will result, to the knowledge of the Directors, in any person together with persons acting in concert to that person acquiring 30 per cent or more of the ordinary share capital of the Company.

The Company may declare dividends on Ordinary Shares in a general meeting but no dividend shall exceed the amount recommended by the Board. No dividend or other distribution shall be payable to holders of Ordinary Shares if the directors reasonably believe that payment will leave insufficient cash flows to enable the Company to pay the Founder Share dividend with respect to the accounting period in which such dividend or other distribution is proposed to be paid or made. The Board may from time to time pay to the members such interim dividends as appears to the Board to be justified by the profits of the Company. Any dividend unclaimed after a period of six years from the date of declaration of such dividend shall be forfeited and shall revert to the Company.

20. Net Asset Value per Share

	31 March 2011 £'000	31 March 2010 £'000
Net Asset Value	**84,980**	71,114
Ordinary Shares in issue	**70,350**	72,750
Net Asset Value per Ordinary Share (pence per share)	**120.80**	97.75

The Net Asset Value per Ordinary Share is based on the Net Asset Value at the end of the reporting period and on 70,350,000 (2010: 72,750,000) Ordinary Shares being the shares in issue at the year end.

21. Related Party Transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

Included in the financial statements is a fee payable to Shore Capital Ltd totalling £50,000 (2010: £50,000) which relates to legal services provided by Shore Capital Ltd to the Company.

The Company holds 1,950,000 cumulative preference shares in Puma Hotels Ltd, a company in which Shore Capital Ltd has an interest. Graham Shore is an executive director to Shore Capital Ltd.

Other details of fees paid to the Administrator, Investment Manager, Directors and Broker are outlined in notes 5 to 8.

Expenses incurred by the Investment Manager, wholly and exclusively for the performance of its services provided to the Company, are recharged to the Company under an expenses recharge agreement.

22. Post Balance Sheet Events

On 8 June 2011 the Company announced that it had made two additional pre-IPO investments The Company invested US$2 million in a Brazilian iron ore development and have also made a follow-on investment of CDN$2 million in Mongolia Minerals Corporation (“Mongolia Minerals”), at a 78% uplift in the price per share to our previous investment of CDN$1 million.

The Brazilian development is an iron ore resource in the Minas Gerais province of Brazil and in due course the investment will be in Manabi Holding SA, a Brazilian company. Mongolia Minerals is acquiring and developing coal licences in Mongolia. Both companies have active plans to become public in the short-term.

As referred to in the Chairman’s Statement, on 6 July 2011, the board of directors proposed a dividend of 3p per share, plus an additional special dividend of 2p per share, both payable on 24 August 2011.

On 8 July 2011, the Company received £395,000 from Numis Securities Limited in respect of a claim in connection with investment Rock Well Petroleum.

Investments made following the year end are details in the Investment Manager’s Report above, and were as follows; A further CND$2 million in Mongolia Minerals, US$2 million in Manabi Holding SA and CDN$2 million in Global Atomic Fuels Corporation.

On 26 October 2010 the Company bought back 2,400,000 of its own shares at 50 pence per share, a large discount to the then prevailing net asset value per share. These shares were cancelled on 14 June 2011.

23. Financial Risks

(a) Strategy in using financial instruments

The Company’s activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Company’s overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company’s financial performance.

(b) Market risk

The Company operates in a competitive market for investment opportunities. While the Investment Manager considers the Pre-IPO market to be an attractive area for investment, it is nonetheless likely that the Investment Manager will encounter competition for target investments from investors many of which will have significantly greater resources than the Company. There can be no assurance that these competitive pressures will not have a material adverse effect on the Company’s business, financial condition and results of operations. As a result of this competition, the Investment Manager may not be able to take advantage of attractive investment opportunities from time to time. Furthermore, the Investment Manager can offer no assurance that it will be able to identify and make investments that are consistent with the Company’s investment strategy.

Notes to the Consolidated Financial Statements continued

For the year ended 31 March 2011

23. Financial Risks

(b) Market risk (continued)

Investments

All of the Company's intended investments present the risk of a loss of capital. Such investments are subject to investment-specific price fluctuations as well as to macro-economic, market and industry- specific conditions including, but not limited to, international economic conditions, international financial policies and performance, governmental events and changes in laws. Moreover, the Company may only have a limited ability to vary its investments in response to changing economic, financial and investment conditions.

Investments in small unquoted companies

The Company's investment portfolio will comprise interests predominantly in unquoted private companies and companies with an AIM listing which may be difficult to value and/or realise. Investment in the securities of smaller companies may involve greater risks than is customarily associated with investments in larger, more established companies. In particular, such companies may have limited product offerings, markets or financial resources and may be dependent on a small number of key individuals.

Concentration risk

It is possible that certain investments will represent a significant proportion of the Company's total assets. As a result, the impact on the Company's performance and the potential returns to investors will be adversely affected to a greater degree if any one of those investments were to perform badly than would be the case if the Company's portfolio of investments was more diversified.

At the year end the overall investment allocation was as follows:

	31 March 2011		31 March 2010	
	Fair Value	**% of Net Assets**	**Fair Value**	**% of Net Assets**
	£'000		**£'000**	
Pre-IPO Investments (including corporate debt)	**53,048**	**62.42**	57,455	80.79
Listed Investments	**20,047**	**23.60**	5,823	8.19
	73,095	**86.02**	63,278	88.98

The Company's market risk is affected by three main components: changes in market prices for those listed entities, interest rate and foreign currency movements. Interest rate and foreign exchange movements are covered in notes below. If the market value of the listed investments at year end had increased / (decreased) by 5% with all other variables held constant, this would have impacted the assets attributable to shareholders of ordinary shares by approximately £1002,000 (2010: £291,000).

5% is the sensitivity rate used when reporting market risk internally to key management personnel and represents managements assessment of the possible change in market risk.

(c) Interest rate risk

The majority of the Company's financial assets and liabilities are non-interest bearing. However, the Company is exposed to some amounts of risk due to fluctuations in the prevailing levels of market interest rates. Any excess cash and cash equivalents are invested at short-term market interest rates. The Company's interest-bearing financial assets and liabilities expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The table below summarises the Company's exposure to interest rate risks. It includes the Company's assets and trading liabilities at fair values, categorised by the earlier of contractual re-pricing or maturity dates.

As at 31 March 2011	Weighted Average Interest Rate	Interest bearing Less than 1 month £'000	Non-interest bearing £'000	Total £'000
Assets				
Fixed interest rate securities	12.00%	4,388	62,179	66,567
Floating interest rate securities	8.52%	6,528	–	6,528
Fixed interest rate cash at bank	0.00%	139	–	139
Floating interest rate cash at bank	0.00%	12,510	–	12,510
Fixed interest rate loan receivable	0.00%	–	–	–
Other receivables and prepayments	–	–	5,839	5,839
Total assets		23,566	68,018	91,584
Liabilities				
Financial liabilities designated at fair value through profit or loss		–	3,185	3,185
Trade and other payables		–	3,418	3,418
Total interest sensitivity gap		23,566	61,415	84,981

As at 31 March 2010	Weighted Average Interest Rate	Interest bearing Less than 1 month £'000	Non-interest bearing £'000	Total £'000
Assets				
Fixed interest rate securities	12.00%	3,564	55,040	58,604
Floating interest rate securities	8.78%	4,674	–	4,674
Fixed interest rate cash at bank	0.00%	430	–	430
Floating interest rate cash at bank	0.74%	7,582	–	7,582
Fixed interest rate loan receivable	0.00%	–	–	–
Other receivables and prepayments	–	–	4	4
Total assets		16,250	55,044	71,294
Liabilities				
Accrued expenses		–	180	180
Total interest sensitivity gap		16,250	54,864	71,114

The Investment Manager is permitted to utilise overdraft facilities towards the achievement of the Company's investment objectives. As at the end of the reporting period signing date, no overdraft facility has been negotiated or utilised.

Notes to the Consolidated Financial Statements continued

For the year ended 31 March 2011

23. Financial Instruments (continued)

(d) Currency risk

The Company's investments are expected to be denominated in Pounds Sterling. The Investment Manager may invest in opportunities denominated in currencies other than Pounds Sterling and may, through forward foreign exchange contracts, hedge its exposure back to Pounds Sterling. While hedging may attempt to reduce currency risk, it is not possible to hedge fully or perfectly against currency fluctuations. Accordingly investors may, at certain times, be exposed to exchange rate risks between Pounds Sterling and other currencies, such that if the value of the other currencies falls relative to Pounds Sterling, the Company's assets will, in Pounds Sterling terms, be worth less.

The Company holds assets denominated in currencies other than Pounds Sterling, the functional currency. It is therefore exposed to currency risk, as the value of assets denominated in other currencies will fluctuate due to changes in exchange rates.

The table below summarises the Company's exposure to currency risks.

	31 March 2011		31 March 2010	
	Value	% of Net Assets	Value	% of Net Assets
	£'000		£'000	
Australian Dollar	**659**	**0.77**	579	0.81
Canadian Dollar	**11,478**	**13.51**	11,866	16.69
Euro	**2,891**	**3.40**	2,934	4.13
US Dollar	**31,084**	**36.58**	29,603	41.63
Brazilian Real	**8,777**	**10.33**	–	–

At year end, had the exchange rate between the currencies above and Sterling increased or decreased by 2% with all other variables held constant, the increase or decrease respectively in net assets attributable to holders of ordinary shares would amount to approximately £ 13,000 (2010: £12,000) in the case of Australian Dollars, £230,000 (2010: £237,000) for Canadian Dollars, £58,000 (2010: £59,000) for Euro, £176,000 (2010:nil) for Brazilian Real and £622,000 (2010: £592,000) for US Dollars.

As illustrated by the table above the majority of the currency risk is generated from the Company's equity exposure to the US and Canadian Dollar. The Company has not hedged these foreign currency equity holdings as the Investment Manager feels that, due to the nature of the commodities stocks held, fluctuations in the relevant exchange rates are implicit within the share price. For the unquoted pre-IPO holdings, fluctuations in the exchange rate will be implicit within the flotation price when these companies achieve a market listing..

(e) Price risk

Price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting similar financial instruments traded on the market. The Company is exposed to market price risk arising from its investment in a variety of marketable listed securities and unlisted investments.

The Company's exposure to market price risk is managed by the investment Adviser, which has a robust monitoring process through which the performance of the investments within the portfolio is assessed. Investment performance is monitored on a quarterly basis to ensure that NAV movements in the underlying investments are consistent with the Company's strategy.

The Company's exposure to price risk takes the form of net asset value movements delivered by the underlying investments. The Directors consider that the Investment Adviser manages the Company's exposure to price risk by way of its rigorous process, as described.

23. Financial Instruments (continued)

(e) Price risk (continued)

A 5% increase in the value of stock at year end would have increased the net assets attributable to shareholders by £3,625,000 (2010: £3,163,900). An equal change in the opposite direction would have decreased the net assets attributable to shareholders by an equal but opposite amount.

Other price risk

Other price risk is the risk that value of an instrument will fluctuate as a result of changes in market prices (other than those arising from currency risk or interest rate risk), whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market. As the majority of the Company's financial instruments are carried at fair value with changes in value recognised in the Statement of Comprehensive Income , all changes in market conditions will directly affect net investment income. The table below details the breakdown of the investment assets held by the Company.

Investment assests	31 March 2011 % of Net Assets	31 March 2010 % of Net Assets
Equity investments:		
Unlisted equities	**49.58**	69.21
Listed equities	**23.59**	8.19
Debt instruments:		
Corporate debt	**12.84**	11.58
Total investments assets	**86.01**	88.98

(f) Liquidity risk

The Company's financial instruments include unlisted equity instruments, some of which are not traded in an organised public market and which generally may be illiquid. As a result, the Company may not be able to liquidate quickly some of its investments in these instruments at an amount close to their fair value in order to meet its liquidity requirements. The table below details the contractual, undiscounted cash flows of the Company's financial liabilities.

31 March 2011

All amounts stated in £'000	Less than 1 month	1–3 months	3 months to 1 year	No stated maturity
Financial liabilities designated at fair value through profit and loss	**3,185**			
Accounts payable	**112**	–	–	–
Accrued expenses	**187**	–	–	–
Trades awaiting settlement	**3,119**	–	–	–
	3,418	–	–	–

31 March 2010

All amounts stated in £'000	Less than 1 month	1–3 months	3 months to 1 year	No stated maturity
Accounts payable	27	–	–	–
Accrued expensea	153	–	–	–
	180	–	–	–

The gross nominal outflow disclosed above is the contractual, undiscounted cash flow on the financial liability or commitment.

Notes to the Consolidated Financial Statements continued

For the year ended 31 March 2011

23. Financial Instruments (continued)

(g) Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company. The carrying amounts of financial assets best represent the maximum credit risk exposure at the end of the reporting period. At the end of the reporting period, the Company's financial assets exposed to credit risk amounted to the following:

Amounts in the below table are based on the carrying value of all accounts.

	31 March 2011 £'000	31 March 2010 £'000
Investments in debt instruments	**10,916**	8,238
Cash and cash equivalents	**12,649**	8,012
Other assets	**5,839**	4
Total	**29,404**	16,254

Many of the markets in which the Company may effect its transactions are "over-the-counter" or "inter-dealer" markets. Participants in these markets are typically not subject to credit evaluation and regulatory oversight as are members of "exchange-based" markets. To the extent that the Company invests in swaps, derivatives or synthetic instruments, or other over-the-counter transactions in these markets, it may take a credit risk with regard to parties with which it trades and may also bear the risk of settlement default. These risks may differ materially from those involved in exchange-traded transactions, which generally are characterised by clearing organisation guarantees, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered into directly between two counterparties generally do not benefit from these protections, which in turn may subject the Company to the risk that the counterparty will not settle a transaction in accordance with agreed terms and conditions because of a dispute over the terms of the contract or because of a credit or liquidity problem. Such "counterparty risk" is increased for contracts with longer maturities when events may intervene to prevent settlement.

The ability of the Company to transact business with any one or any number of counterparties, the lack of any independent evaluation of the counterparties or their financial capabilities, and the absence of a regulated market to facilitate settlement, may increase the potential for losses to the Company. The risks associated with counterparties may adversely affect the Company's investments, business, financial condition and prospects and the market price of the shares, and may lead to a total loss of the shareholders investment. Apart from cash at bank and broker held with reputable financial institutions, the Company's financial assets exposed to credit risk were concentrated in the following industries:

	31 March 2010 % of Net Assets	31 March 2010 % of Net Assets
Oil & Gas	**32.01**	29.74
Mining	**32.50**	38.04
Technology	**4.49**	4.22
Renewable energy	**2.70**	2.56
Other	**14.31**	14.42
Total	**86.01**	88.98

Other than outlined above, there were no significant concentrations of credit risk at the year end.

St Peter Port Capital Limited
Notice of Annual General Meeting

PO Box 119
Martello Court
Admiral Park
St Peter Port
Guernsey

9 September 2011

NOTICE IS HEREBY GIVEN THAT THE FOURTH ANNUAL GENERAL MEETING OF THE MEMBERS OF ST PETER PORT CAPITAL LIMITED WILL BE HELD AT MARTELLO COURT, ADMIRAL PARK, ST PETER PORT, GUERNSEY ON WEDNESDAY 5 OCTOBER 2011 AT 10.30A.M. TO CONSIDER AND IF THOUGHT FIT PASS THE FOLLOWING RESOLUTIONS:

RESOLUTIONS

1. To receive and consider the annual audited accounts and balance sheet and the reports of the Directors and Auditors for the period ended 31st March 2011.
2. To consider the re-appointment of Peter Griffin as a Director of the Company, who has offered himself for re-appointment in accordance with the Company's Articles of Association.
3. To consider the re-appointment of Simon Bourge as a Director of the Company, who has offered himself for re-appointment in accordance with the Company's Articles of Association.
4. To re-appoint PWC CI LLP, the auditors of the Company, to hold office from the conclusion of the meeting until the conclusion of the next meeting at which the accounts are presented to the Company and to authorise the directors to fix their remuneration.
5. To consider and if appropriate approve the Company's investment strategy.

SPECIAL BUSINESS

6. THAT the Company be and is hereby re-authorised in accordance with Section 5 of The Companies (Purchase of Own Shares) Ordinance, 1998 to make market purchases of its own shares provided that:
   (a) the maximum number of ordinary shares authorised to be acquired is such number as represents 14.99 per cent of the shares in issue from time to time (rounded to the nearest whole number);
   (b) the minimum price which may be paid for a share is £0.01;
   (c) the maximum price which may be paid for a share is not more than 5 per cent. above the average of the middle market quotations for the relevant shares, as published by the London Stock Exchange for the five business days before the purchase is made; and
   (d) such authority shall expire on the date of the annual general meeting of the Company in 2012 unless the authority is varied, renewed, or revoked prior to such date by a resolution of the Company in a general meeting or the Company has made a contract to purchase its own shares under such authority prior to its expiry which will or may be executed wholly or partly after its expiration.

By Order of the Board

Mr S Graham
Director for Intertrust Fund Services (Guernsey) Limited
Corporate Secretary

St Peter Port Capital Limited
Notice of Annual General Meeting continued

Please note that you are entitled to appoint a Proxy to vote instead of you on any poll. The Proxy need not be a Member of the Company. The form appointing a Proxy must be lodged with Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent, BR3 4TU at least 48 hours before the Meeting to enable the Proxy to vote for you.

See notes below

Notes:

1. A Shareholder entitled to attend and vote at the Meeting is entitled to appoint two or more persons as proxies in the alternative, but only one of such proxies may attend as such and vote instead of such Shareholder. A proxy need not also be a Shareholder. The delivery of an appointment of proxy shall not preclude a Shareholder from attending and voting at the Meeting or at any adjournment thereof.

2. To be valid a proxy form (and any power of attorney or other authority (if any) under which the proxy form is signed (or a certified copy thereof)) must be lodged at the registered office of the Company not less than 48 hours before the time for holding the Meeting or any adjournment thereof. A proxy form is enclosed.

3. The quorum for the Meeting is two Shareholders present either in person or by proxy. The majority required for the passing of any special resolutions is seventy-five per cent. (75%) or more of the total number of votes cast on each such special resolution. The majority required for the passing of any ordinary resolutions is more than fifty per cent. (50%) of the total number of votes cast on each such ordinary resolution.

4. At the Meeting the votes may be taken by a show of hands or on a poll, at the option of the Chairman. On a show of hands every Shareholder present, in person or by proxy, shall have one vote. On a poll every Shareholder who is present, in person or by proxy, shall have one vote for every Ordinary Share held by him. On a poll votes may be given either personally or by proxy. A Shareholder entitled to more than one vote need not use all of his votes or cast all of the votes he uses in the same way.

5. If, within fifteen minutes from the appointed time for the Meeting, a quorum is not present, then the Meeting will be adjourned to the same time on 12 October 2011 at the same address. At the adjourned Meeting, those Shareholders present, in person or by proxy, will form a quorum whatever their number and the number of Ordinary Shares held by them. Again, a majority of not less than seventy-five per cent. (75%) of the total number of votes cast is required to pass any special resolutions. The majority required for the passing of any ordinary resolutions is more than fifty per cent. (50%) of the total number of votes cast on each such ordinary resolution.

6. Where there are joint registered holders of any Ordinary Share such persons shall not have the right of voting individually in respect of such Ordinary Share, but shall elect one of their number to represent them and to vote, either in person or by proxy, in their name.

7. No Shareholder shall be entitled to be present or take part in any proceedings or vote, either in person or by proxy, at the Meeting unless all calls due from him have been paid. No Shareholder shall be entitled to vote in respect of any Ordinary Shares unless he has been registered as their holder. For the purposes of determining which persons are entitled to attend or vote at the Meeting and how many votes such person may cast the Shareholder must be entered on the register of Shareholders, held at the registered office of the Company, 48 hours before the time fixed for the Meeting.

Officers and Professional Advisers

Directors (all non-executive)
Arthur Leonard Robert Morton (Chairman)
Simon Charles Bourge (Director)
Timothy Erling Childs (Director)
Peter Francis Griffin (Director)
Graham Barry Shore (Director)

Administrators and Registered Office
Intertrust Fund Services (Guernsey) Limited
P.O. Box 119
Martello Court
Admiral Park
St Peters Port
Guernsey, GY1 3HB

Investment Manager
St Peter Port Investment Management Limited
P.O. Box 119
Martello Court
Admiral Park
St Peters Port
Guernsey, GY1 3HB

Nominated Advisor
Deloitte LLP
2 New Street Square
London
EC4A 3BZ

Registrar
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