

St Peter Port Capital Limited



INTERIM REPORT

for the period ended 30 September 2009

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Highlights

- Investments in 37 pre-IPO companies at period end
- NAV of 96.2p per share, down 0.7% since 30 June 2009
- £10.4 million currently available to invest in pre-IPO opportunities

Bob Morton, Chairman of St Peter Port, said:

“In the current improved stock market conditions and stronger commodity markets, a number of our pre-IPO investments have come to market or expect to come to market in the next few months. These developments offer the potential for further significant realisations, generally at a significant premium to our carrying cost.”

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

“The evidence we have from recent months is that we face little competition in offering funding at critical points in our companies’ development. We believe that this has enabled us to strike some exceptional deals. We hope and plan to continue to use our cash in this way during 2010.”

Chairman's Statement

Introduction

I am pleased to report upon the six months ended 30 September 2009.

Market Conditions and Investment Approach

As we reported in July, conditions became more stable during the six months under review. The investment climate has become less volatile and commodity prices have recovered substantially from their lows of around the turn of 2008.

During the six month period, the Company continued to make investments in companies where the Investment Manager saw good prospects of a liquidity event within a year or so of the investment being made. The investments were largely in sectors already held in the portfolio. This reflected the view that as the values of public companies in the resources sectors gradually recovered, the arbitrage gap was widening between private pre-IPO and public or take-out values.

Several of the investments made were follow-on investments in companies within the portfolio. Generally, the pricing of deals reflected the prevailing depressed market conditions for unquoted companies and reduced competition from other potential funders. They therefore offered the

prospects of significant gains on our eventual exit.

Financial Results

The income statement for the period shows that the Company made a loss of £6.9 million, (2008 H1: profit of £2.3 million). This loss largely reflects a small number of significant revaluations of particular holdings, together with the effects of currency movements. The significant revaluations are discussed in the Investment Managers' report.

The balance sheet shows pre-IPO investments (including those which had a listing) of £54.9 million. At the period end, £15.2 million was held in cash. Total assets were £70.3 million, giving a net asset value of 96.2p per share. Net assets fell by 0.7 per cent since last reported as at 30 June 2009.

As at 22 December 2009, the Company held approximately £10.4 million in cash and other liquid assets which is available for investment into suitable pre-IPO opportunities.

Investments and Realisations

During the period, the Company invested a further £7.3 million in seven companies, three of which were new investments and

the others follow-ons. Since the period end the Company has invested a further £4.6 million, of which £3.1 million was a new investment. Details of these investments are given in the Investment Manager's Report.

To date the Company has realised over £22.9 million through disposals, generating a gain on investment of 37 per cent. This included modest realisations during the six months and some further receipts after the period end. Progress with realisations is discussed further in the Investment Manager's Report.

Share Buybacks

In early October the Company bought back 300,000 of its own shares at 43p per share, a large discount to the prevailing net asset value per share. These shares are currently being held in treasury.

St Peter Port Investment Management Limited ("SPPIM")

SPPIM, domiciled, authorised and regulated in Guernsey, is the Company's Investment Manager. It is a joint venture between Broughton Investments Group Limited ("Broughton"), a company in which Tim Childs is interested, and Shore Capital Limited. Since flotation each of these parties has had one representative on the

Board of SPPIM and for internal reasons Broughton has recently replaced Tim Childs with Tony Rigden, a director of the administrator of Broughton. This change has not affected the conduct of the investment management arrangements for the Company nor the personnel involved, nor is it expected to in future, as Broughton continues to provide the investment advisory services of Tim Childs.

Outlook

In the current improved stock market conditions and stronger commodity markets, a number of our pre-IPO investments have come to market or expect to come to market in the next few months. These developments offer the potential for further significant realisations, generally at a significant premium to our carrying cost. We hope to be able to report further progress in realisations when we next issue results.

Bob Morton

Chairman

22 December 2009

Investment Manager's Report

The sectoral composition of our portfolio has not changed significantly since the year end as many of the investments made have been follow-ons. Whilst we have looked at investments outside of the resources/oil and gas area and the proportion held outside these sectors has increased, the portfolio weighting towards investments of this type remains. This is demonstrated by the following table, which shows the breakdown of the pre-IPO investments by sector as at 30 September 2009:

Sector	Number	Cost £m	Value £m	Percentage (of value)
Oil and Gas	9	18.8	19.5	36%
Mining	15	23.9	22.4	41%
Technology	2	3.0	3.0	5%
Renewable Energy	5	5.5	1.8	3%
Other	6	8.4	8.1	15%
Total	37	59.6	54.8	100%

Investments During the Six Months

During the six months under review, we made seven further "pre-IPO" investments, four of which were follow-ons. In total we invested £7.3 million. In light of the current market conditions it would be more accurate to classify these investments as

ones where we believed that we could realise a return within a relatively short period. This might arise from a trade sale, repayment of a loan or other exit event.

The four follow-on investments were:

- Creso Resources, which acquired what we hope to be significant a gold interest in Northern Ontario. This interest had been drilled in the 1980s with positive results, but the drilling information was too out-of-date to be useable in current expert reports. We provided bridge financing, initially of C\$145,000 to fund further drilling, with the right to subscribe further funds on the same terms if these new drilling results were positive.
- PetroKamchatka, in which we invested a further US\$1.875m (£1.15m) in a largely internal round in the summer. The company has three promising oil and gas licenses in Russia's Kamtchatkan Peninsular. It required the cash to preserve its licences and provide it with short term funding. In mid November 2009 it raised further funds at a large premium to this internal round and has become partially traded on 11 December 2009.

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- Providence Resources, a listed 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. Previously an investor in a convertible loan stock, we invested £1m in a placing of ordinary shares.
 - Gourmet Express, the American frozen foods company, in which we invested a further \$600,000.
 - Brazil Potash, in which we invested US\$2.5m as part of a US\$25 million fund raising. It has contiguous licenses covering more than 2 million hectares in the Amazon potash basin. It has raised funds to finance further work establishing the size of the first large deposit of potash within its licensed area. Following this it plans to spin off and list this first deposit.

Potash provides an essential nutrient for farming. It is transformed into a number of useful chemical compounds, including the fertiliser-grade potassium chloride. Brazil is currently a large net importer. Canada and Russia are currently the two main producers, accounting for more than half of the world's production from two basins; the Urals and Saskatchewan. The Amazon basin in Brazil is as yet unexploited.

We made three new investments:

- Union Agriculture, a Uruguyan farming company in which we invested \$2m. Union is buying land opportunistically in Uruguay and applying capital and agronomy expertise to enhance its value. Since our investment, Union has substantially carried out its initial land acquisition programme on attractive terms.
- Puma Hotels, where we invested £1.95m in a convertible preference share. It holds a portfolio of freehold hotels (let on inflation indexed leases to a bluechip tenant) which it is planning to realise over the next two to three years.

Investments after the Period End

Subsequent to 30 September 2009, we have made three further investments. The first was to take advantage of our right to subscribe for further stock in Creso Resources. Following the investment we made in the summer Creso's drilling results were highly positive and we have therefore subscribed a further C\$534,000

in this company. Creso is planning to go public in Canada early in 2010.

The other two investments were:

- Dominion Resources, which owns a substantial copper deposit in Panama and in which we had previously invested \$1.5m. We subscribed \$2m for a convertible loan, secured by shares in the subsidiary which owns the licence.
- As part of a fundraising of over \$200m we invested US\$5m in HRT Petroleum ("HRTP"), a Brazilian company. HRTP has a 51 per cent interest in 21 onshore blocks in the Solimões basin of northwest Brazil as well a well-established business as one of Latin America's leading petroleum geoscience services companies. The team at HRTP is primarily made up of former employees of Petrobras, the Brazilian national oil and gas company. HRTP plans to develop the assets it already owns, acquire additional interest and aims to list within a year.

Realisations

In the period from the year end to date the Company has realised or partly realised several pre-IPO investments. In total this has generated some £960,000 in cash. Several of our holdings have either recently gone public or are planning to list in the near future, which should offer the potential of further realisations in the near term.

Commentary on Other Significant Developments

Continuing problems of mining fatalities in Shanxi province in China and a consequent extended ban on mining have led us to write down our holding in coking coal miner Celadon Mining by two thirds. We also wrote down Amlib, a Liberian gold prospect, by 70 per cent following difficulties and a recent fund-raising at that level. We have made various other adjustments to valuations, both up and down, to reflect recent fund-raisings and other events.

We reported in our final results that Buried Hill, which has substantial oil reserves in the Caspian Sea, was negotiating a farm-in deal. Having been close to a deal on attractive terms with one party, it is now in discussion with several major oil companies. As discussed above, there are a number of other companies in the portfolio which are likely to reach inflexion points in the near future. Many others have achieved solid progress and could show the fruits of this in 2010.

Pipeline and Prospects

The evidence we have from recent months is that we face little competition in offering funding at critical points in our companies' development. We believe that this has enabled us to strike some exceptional deals. We hope and plan to continue to use our cash in this way during 2010.

Tim Childs

as Investment Advisor to St Peter Port
Investment Management Limited

22 December 2009

Condensed Balance Sheet

as at 30 September 2009

	Notes	As at 30 September 2009 (unaudited) £'000s	As at 31 March 2009 (audited) £'000s	As at 30 September 2008 (unaudited) £'000s
Assets				
Current assets				
Financial assets designated at fair value through profit or loss	3	54,870	53,917	60,634
Loans receivable		–	502	–
Trade and other receivables		307	299	218
Cash and cash equivalents		15,162	22,575	18,517
Total assets		70,339	77,293	79,369
EQUITY				
Capital and reserves attributable to equity holders of the company				
Share capital	4	–	–	–
Share premium		–	–	–
Special reserve		71,198	71,198	73,148
Treasury reserve		1,364	1,364	–
Retained earnings		(2,318)	4,566	6,032
Total Equity		70,244	77,128	79,180
LIABILITIES				
Current liabilities				
Trade and other payables		95	165	189
Total current liabilities		95	165	189
Total liabilities		95	165	189
Total equity and liabilities		70,339	77,293	79,369
Net asset value per share (pence per share)	5	96.16p	105.58p	105.57p

These financial statements are unaudited and are not the Company's statutory financial statements.

The accompanying notes form an integral part of this condensed interim financial information.

Condensed Income Statement

for the period ended 30 September 2009

	Period ended 30 September 2009 (unaudited) £'000s	Year ended 31 March 2009 (audited) £'000s	Period ended 30 September 2008 (unaudited) £'000s
	Notes		
Net (losses)/gains on investment	(6,068)	1,858	3,117
Operating expenses	(1,014)	(2,215)	(1,127)
Operating (loss)/gain	(7,082)	(357)	1,990
Finance income	198	1,237	357
Finance costs	–	(3)	(4)
(Loss)/profit for the period	(6,884)	877	2,343
Attributable to:			
– equity holders of the company	(6,884)	877	2,343
(Deficit)/earnings per share for (loss)/profit attributable to the equity holders of the Company (pence per share)	2 (9.42)p	1.17p	3.12p

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Condensed Statement of Changes in Equity

for the period ended 30 September 2009

	Period ended 30 September 2009				Total Equity £'000s
	Share Premium £'000s	Special Reserve £'000s	Revenue Reserve £'000s	Treasury Reserve £'000s	
Balance brought forward	–	71,198	4,566	1,364	77,128
Loss for the period	–	–	(6,884)	–	(6,884)
Balance at 30 September 2009	–	71,198	(2,318)	1,364	70,244

	Year ended 31 March 2009				Total Equity £'000s
	Share Premium £'000s	Special Reserve £'000s	Revenue Reserve £'000s	Treasury Reserve £'000s	
Balance brought forward	–	73,148	3,689	–	76,837
Profit for the year	–	–	877	–	877
Repurchased shares	–	–	–	1,364	1,364
Ordinary shares repurchased	–	(1,950)	–	–	(1,950)
Balance at 31 March 2009	–	71,198	4,566	1,364	77,128

	Period ended 30 September 2008				Total Equity £'000s
	Share Premium £'000s	Special Reserve £'000s	Revenue Reserve £'000s	Treasury Reserve £'000s	
Balance brought forward	–	73,148	3,689	–	76,837
Profit for the period	–	–	2,343	–	2,343
Balance at 30 September 2008	–	73,148	6,032	–	79,180

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The accompanying notes form an integral part of this condensed interim financial information.

Condensed Cash Flow Statement

for the period ended 30 September 2009

	Period ended 30 September 2009 (unaudited) £'000s	Year ended 31 March 2009 (audited) £'000s	Period ended 30 September 2008 (unaudited) £'000s
Cash flows from operating activities			
Continuing operations	(810)	(1,333)	(717)
Net Cash (used in)/generated from operating activities	(810)	(1,333)	(717)
Cash flows from investing activities			
Loans to portfolio companies	(364)	(3,850)	–
Loan payments received from portfolio companies	502	–	–
Proceeds from sale of investments	167	34,980	26,382
Purchases of investments	(6,908)	(14,231)	(14,647)
Cash flows from investing activities	(6,603)	16,899	11,735
Cash flows from financing activities			
Purchase of treasury shares	–	(586)	–
Redemption of convertible loan stock	–	(211)	–
Management of liquid resources	–	307	–
Cash flows from financing activities	–	(490)	–
Cash flow for the period	(7,413)	15,076	11,018
Cash and cash equivalents at beginning of period	22,575	7,499	7,499
Cash and cash equivalents at end of period	15,162	22,575	18,517

These financial statements are unaudited and are not the Company's statutory financial statements.

The accompanying notes form an integral part of this condensed interim financial information.

Notes to the Financial Statements

for the period ended 30 September 2009

1. GENERAL INFORMATION

These unaudited interim financial statements, which have not been reviewed by an independent auditor, have been prepared in accordance with International Accounting Standard 34: Interim Financial Reporting ("IAS 34"). These interim financial statements have adopted the same accounting policies, presentation and methods of computation as the last financial statements which were prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"), interpretations issued by the International Financial Reporting Interpretations Committee of the IASB ("IFRIC") and applicable legal and regulatory requirements of Guernsey Law.

2. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the net profit from continuing operations for the period and on 73,050,000 shares being the weighted average number of shares in issue during the period. There is no difference between basic earnings per share and diluted earnings per share.

3. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

Designated at fair value through profit or loss.

	Historic Cost 30 September 2009 £'000s	Market value at 30 September 2009 £'000s	Historic Cost 31 March 2009 £'000s	Market value at 31 March 2009 £'000s	Historic Cost 30 September 2008 £'000s	Market value at 30 September 2008 £'000s
Listed equity securities	9,271	3,471	6,825	1,599	6,929	3,788
Unlisted equity securities	43,530	43,104	39,610	43,635	40,023	44,583
Unlisted debt securities	5,167	8,295	4,803	8,556	6,538	6,626
Hedge Funds	–	–	182	127	6,084	5,637
Total financial assets designated at fair value through profit or loss	57,968	54,870	51,420	53,917	59,574	60,634

4. SHARE CAPITAL

	30 September 2009 £'000s	31 March 2009 £'000s	30 September 2008 £'000s
Founder Shares			
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 the 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.

Ordinary Shares

There are an unlimited number of ordinary shares of nil par value authorised. At the balance sheet date 73,050,000 have been issued and fully paid.

The Ordinary shares do not carry any right to fixed income.

5. NET ASSET VALUE PER SHARE

	30 September 2009 £'000s	31 March 2009 £'000s	30 September 2008 £'000s
Net Asset Value	70,244	77,128	79,180
Average number of Ordinary Shares in issue	73,050	73,050	75,000
Net Asset Value per Ordinary Share (pence per share)	96.16p	105.58p	105.57p

The Net Asset Value per Ordinary Share is based on the Net Asset Value at the Balance Sheet date and on 73,050,000 Ordinary Shares being the average number of shares in issue during the year to date.

Notes to the Financial Statements *continued*

for the period ended 30 September 2009

6. RELATED PARTY TRANSACTIONS

Related party transactions are described in the 2009 Annual Report and Accounts on page 26. There were no other related party transactions during the period ended 30 September 2009.

7. EVENTS AFTER BALANCE SHEET DATE

On 2 October 2009 the Company announced that on 1 October 2009 it purchased 250,000 of its Ordinary Shares of nil par value at a price per Ordinary Share of 43p. All the repurchased shares will be held in treasury.

The Company was also notified that Pebble Investments Limited, a wholly owned subsidiary of Shore Capital Group plc, purchased 500,000 Ordinary Shares at a price of 43p per Ordinary Share on 1 October 2009. Shore Capital Group plc is a company in which Graham Shore, a Director of St Peter Port Capital Limited and of Shore Capital Limited, is interested.

In addition the Company was also notified that Hawk Investments Holdings Limited, a company wholly owned by Bob Morton, chairman of the Company, purchased 250,000 Ordinary Shares at a price of 43p per Ordinary Share on 1 October 2009.

8. FURTHER INFORMATION

Copies of these interim results are available from the offices of Intertrust Fund Services (Guernsey) Limited, PO Box 119, Martello Court, Admiral Park, St Peter Port, Guernsey, GY1 3HB.

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)

Administrator 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 Corporate Finance
Stonecutter Court
1 Stonecutter Street
London EC4A 4TR

Registrar

Capita Registrar (Guernsey) Limited
2nd Floor
No.1 Le Truchot
St. Peter Port
Guernsey GY1 4AE

Brokers

Shore Capital Stockbrokers Limited
Bond Street House
14 Clifford Street
London W1S 4JU

Auditors

PriceWaterhouseCoopers CI LLP
National Westminster House
Le Truchot
St Peter Port
Guernsey GY1 4ND

Legal Advisors to the Company as to English Law

Beachcroft LLP
10-22 Victoria Street
Bristol BS99 7UD

Berwin Leighton Paisner LLP
Adelaide House
London Bridge
London EC4R 9HA

Legal Advisor to the Company as to Guernsey Law

Carey Olsen
P.O. Box 98
7 New Street
St Peter Port
Guernsey GY1 4BZ

Bankers

MeesPierson (CI) Limited
P.O. Box 119
Martello Court
Admiral Park
St Peters Port
Guernsey GY1 3HB

The Royal Bank of Scotland
International Limited (RBS International)
Royal Bank Place
1 Glatigny Esplanade
St Peter Port
Guernsey GY1 4BQ

Custodian

MeesPierson (CI) Limited
P.O. Box 119
Martello Court
Admiral Park
St Peters Port
Guernsey GY1 3HB

St Peter Port Capital Limited
PO Box 119
Martello Court
Admiral Park
St Peter Port
Guernsey
GY1 3HB

+44 (0) 1481 751 000

www.stpeterportcapital.gg