

St Peter Port Capital Limited



INTERIM REPORT

for the period ended 30 September 2011

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Highlights

- Investments in 43 companies* at period end
- Inaugural 3p ordinary dividend per share and 2p special dividend paid
- NAV of 104.74p per share at 30 September 2011, down 9.2% since 31 March 2011
- £12.4m realised since 1 April 2011, mostly from exercise of HRT warrants
- £53.1m realised since inception, generating a gain of 102% on these investments
- £5.8m invested during the period – 4 new companies and 3 follow-on investments opportunities
- £9.8 million in cash currently available for investment

Bob Morton, Chairman of St Peter Port, said:

“Companies in the portfolio which make up much of its value continue to show promise and we remain confident of their prospects. We hope to be able to report further progress when we next issue results.”

**Tim Childs, Investment Advisor to
St Peter Port Investment Management Limited, said:**

“Our primary focus remains to develop the companies in our existing portfolio and to harvest the results as companies in the portfolio achieve liquidity events. The portfolio includes companies with great potential and we are optimistic about their capacity to generate increased value.”

* excluding companies entirely written down

Chairman's Statement

Introduction

I am pleased to report upon the six months ended 30 September 2011.

Market Conditions and Investment Approach

When we last reported in July, I commented that market conditions for commodity-related stocks had deteriorated after a relatively buoyant three quarters. Prospects for the global economy are for renewed weakness and the continuing Eurozone crisis has damaged both substance and sentiment. This has had a knock-on effect on commodity prices: whilst oil has remained firm partly because of political risks, coal, industrial metals such as iron, copper and nickel and soft commodities have fallen by approximately 20 to 25 per cent since the summer. Although gold has a monetary demand as a safe haven, it too has weakened.

As a result of these conditions and particularly investors' reduced appetite for risk, the climate for crystallising value has become markedly less favourable in the resources sector. This in turn has made us more cautious in investing.

During the six month period under review, the Company made several additions to the existing portfolio and completed a significant realisation. Since the period end, we have made one small follow-on investment and some minor disposals.

Financial Results

The more negative sentiment for resource companies has affected the carrying value of our quoted holdings. We have also reduced the values of several unquoted holdings: the significant revaluations are discussed in the Investment Manager's report. There have also been positive developments, again discussed in the Investment Manager's report, but these are yet to have developed sufficiently to have a material impact upon the results.

The net effect of the changes in valuations has been to reduce net asset value and, under IFRS, to generate a loss for the period of £8.6 million, (2010 H1: loss of £3.5 million). The results were also affected by currency movements.

The balance sheet shows pre-IPO investments (including those which had a listing) of £61.1 million. At the period end, £10.6 million was held in cash. Net assets were £71.5 million, giving a net asset value of 104.74p per share. Net assets decreased by 6.0 per cent since last reported as at 30 June 2011 after adding back the dividends which were paid during the period.

As at the close on 15 December 2011, the Company held approximately £9.8 million in cash deposits and which is available for investment into suitable opportunities.

New Investments

During the period, the Company made four new investments and three follow-on investments in six pre-IPO companies and in one company planning to seek a secondary listing in London, in total spending £5.8 million. Since the period end the Company has made one follow-on investment of £220,000. Details of these seven investments are given in the Investment Manager's Report.

Realisations

There was one significant realisation during the period, discussed further in the Investment Manager Report.

Dividends and Share Buybacks

The Company paid a special dividend of 3p per share together with an ordinary dividend of 2p per share on 24 August 2011. On 8 August 2011, the Company bought back 2,128,500 of its own shares at 64p per share a large discount to the prevailing net asset value per share. These shares have since been cancelled.

Outlook

As discussed above, the current weak market sentiment is likely to delay realisations, particularly for the best companies in our portfolio which are well-financed and can afford to wait for better market conditions before starting a flotation. These companies continue to show promise and we remain confident of their prospects. Where our investment is active rather than passive the investment manager is working to add value and we are pleased to have resolved problems in some of the more challenging assets. We hope to be able to report further progress when we next issue results.

Bob Morton

Chairman

19 December 2011

Investment Manager's Report

The sectoral composition of our portfolio has changed since the year end as a result of the sale of our holding in HRT Petroleum which was completed in April. We are now more heavily weighted towards mining. Whilst the proportion held outside of the mining/oil and gas area increased during the period, the portfolio weighting towards investments of this type remains and we are also exposed to soft commodity companies. This is demonstrated by the following table, which shows the breakdown by sector of the pre-IPO investments (including investments which are now quoted) as at 30 September 2011:

Sector	Number	Cost £m	Value £m	Percentage (of value)
Oil and Gas	13	24.0	17.8	30%
Mining	20	31.0	31.3	52%
Technology	4	3.1	3.0	5%
Renewable Energy	4	5.2	2.5	4%
Other	7	9.6	5.7	9%
Total	48	72.9	60.3	100%

Investments

During the six months under review, the company made four new investments and three follow-on investments, one very small. In total we invested £5.8 million. Exit from these investments might arise from a trade sale, repayment of a loan or other exit event rather than from an IPO.

The follow-on investments were in East African Timber, Mongolian Minerals and iQur. We had previously invested £750,000 in East African Timber in two tranches and this investment of £112,500 was to participate in a rights issue. The company is developing plantations of fast growing timber in the most favoured part of Mozambique. The follow-on in Mongolian Minerals was a further C\$2 million in addition to our C\$1 million holding. This was part of a fund-raising to purchase further coal licences in this highly prospective region. The small investment in iQur, a research company focused on liver treatment, was the purchase of a convertible loan instrument for £6,500 as part of a small fundraising.

We have made four new investments in Manabi Holdings (\$2 million), Global Atomic Fuels (C\$2 million), Union Minerals (\$1 million) and Royal Resources (A\$2 million). Manabi Holdings SA is a Brazilian company developing an iron ore resource in the Minas Gerais province of Brazil. Our investment was part of a \$550 million round to secure the asset and fund further development. The company is making good progress in securing infrastructure to support mining.

Global Atomic Fuels Corporation is a uranium exploration and development company. It has exploration rights in Niger and has discovered a large deposit near the surface of unusually high-grade uranium mineralisation.

Union Minerals is a company established to exploit mineral prospects in Uruguay and holds a number of attractive licences.

Royal Resources is an Australian company with a large iron ore deposit in South Australia. It is currently listed on the ASX, but is considering an additional listing in London when market conditions are more favourable.

Since the period end, we have made a follow-on investment of C\$360,000 in Creso Exploration in a placing to increase the company's working capital. Creso has licences to explore gold and silver in northern Ontario and is listed on the TSX.

Realisations

In April, the start of the period under review, we completed the realisation of our holding in HRT Petroleum. This was extensively discussed in our annual results.

Other than this, during the period we also realised just over C\$200,000 in one of our quoted holdings and, since the year end, have recently realised in excess of £100,000 from other sales.

Commentary on Other Significant Developments

We held secured loan notes in two companies in the portfolio, Red Flat Nickel and Dominion Minerals. Both of these companies were unable to

repay their loans on the maturity date. We have agreed a restructuring of Red Flat Nickel whereby we now hold 80 per cent of the company's ordinary shares and have agreed not to determine the loan for a year. We are now in a position to organise the development of this substantial nickel laterite deposit. In the case of Dominion, we have exercised our security, following an auction process, and indirectly acquired its interest in the copper deposit in lieu of the principal of the debt. The licence for this concession remains suspended. As a result, we have now written off the original equity investment of US\$1.5 million in Dominion in its entirety (previously 60 per cent had been written off).

Gourmet Express, the US frozen food manufacturer, is in the process of restructuring its balance sheet. To be prudent, we have written off our US\$2.5 million in the equity of the company but retained the valuation of the loan we hold in it. We have also largely written down our holding in the preference shares of Puma Hotels, reflecting the risks to the security of the company's rental stream.

We are pleased to note exciting developments with other companies in the portfolio including Stream TV Networks (formerly STV), which has developed an exciting 3D TV platform.

Pipeline and Prospects

Although we continue to see a good pipeline of prospective investments and the terms for these are often attractive, we are aware of the likelihood that exits may be delayed. We are therefore at present primarily considering only follow-on investments, having due regard to the possible remaining life of the Company.

Our primary focus remains to develop the companies in our existing portfolio

and to harvest the results as companies in the portfolio achieve liquidity events. The portfolio includes companies with great potential and we are optimistic about their capacity to generate increased value.

Tim Childs

as Investment Advisor to St Peter Port Investment Management Limited
19 December 2011

Condensed Consolidated Statement of Financial Position

as at 30 September 2011

		As at 30 September 2011 (unaudited) £ '000	As at 31 March 2011 (audited) £ '000	As at 30 September 2010 (unaudited) £ '000
Assets	Notes			
Current assets				
Financial assets designated at fair value through profit or loss	5	61,057	73,095	59,754
Trade and other receivables		25	5,839	70
Cash and cash equivalents		10,619	12,649	7,848
Total assets		71,701	91,583	67,672
Liabilities				
Current liabilities				
Financial assets designated at fair value through profit or loss		–	3,185	–
Trade and other payables		245	3,418	92
Total liabilities		245	6,603	92
Net assets		71,456	84,980	67,580
Equity				
Capital and reserves attributable to equity holders of the company				
Share capital	7	–	–	–
Share premium		–	–	–
Special reserve		64,963	68,498	70,898
Treasury reserve		3,498	2,733	1,535
Retained earnings		2,995	13,749	(4,853)
Total Equity		71,456	84,980	67,580
Net asset value per share (pence per share)	8	104.74p	120.80p	92.89p

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

Condensed Consolidated Statement of Comprehensive Income

for the period ended 30 September 2011

	Period ended 30 Sept 2011 (unaudited) £ '000	Year ended 31 March 2011 (audited) £'000	Period ended 30 Sept 2010 (unaudited) £ '000
Income			
Net changes in fair value on financial assets	(7,404)	20,683	(2,346)
(Loss)/gains on foreign exchange	(38)	62	(24)
Interest income	105	110	44
Net investment (loss)/income	(7,337)	20,855	(2,366)
Administrative expenses	(1,306)	(2,387)	(1,168)
Withholding tax	–	(3,399)	–
Net (loss)/income from operations before finance costs	(8,643)	15,069	(3,534)
Interest expense	–	(1)	–
(Loss)/income for the period/year	(8,643)	15,068	(3,534)
Attributable to:			
Equity holders of the company	(8,643)	15,068	(3,534)
Basic and diluted return per Ordinary share (pence per share)	(12.41)p	20.98p	(4.86)p

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

Condensed Statement of Changes in Equity

for the period ended 30 September 2011

	Period ended 30 September 2011			
	Special Reserve	Treasury Reserve	Revenue Reserve	Total Equity
	£ '000	£ '000	£ '000	£ '000
Balance brought forward	68,498	2,733	13,749	84,980
Loss for the period	–	–	(8,643)	(8,643)
Dividend paid	(1,407)	–	(2,111)	(3,518)
Repurchased shares held in Treasury	–	765	–	765
Ordinary shares repurchased	(2,128)	–	–	(2,128)
Balance at 30 September 2011	64,963	3,498	(2,995)	71,456
	Year ended 31 March 2011			
	Special Reserve	Treasury Reserve	Revenue Reserve	Total Equity
	£ '000	£ '000	£ '000	£ '000
Balance brought forward	70,898	1,535	(1,319)	71,114
Profit for the year	–	–	15,068	15,068
Repurchased shares	–	1,198	–	1,198
Ordinary shares repurchased	(2,400)	–	–	(2,400)
Balance at 31 March 2011	68,498	2,733	(13,749)	84,980
	Period ended 30 September 2010			
	Special Reserve	Treasury Reserve	Revenue Reserve	Total Equity
	£ '000	£ '000	£ '000	£ '000
Balance brought forward	70,898	1,535	(1,319)	71,114
Loss for the period	–	–	(3,534)	(3,534)
Balance at 30 September 2010	70,898	1,535	(4,853)	67,580

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

Condensed Consolidated Statement of Cash Flow

for the period ended 30 September 2011

	Period ended 30 September 2011 (unaudited) £ '000	Year ended 31 March 2011 (audited) £ '000	Period ended 30 September 2010 (unaudited) £ '000
Cash flows from operating activities			
Interest and investment income received	341	573	282
Interest paid	–	(1)	–
Operating expenses paid	(1,209)	(5,608)	(1,346)
Prepayments to brokers	–	(2,475)	–
Sale of investments	12,671	14,771	1,570
Purchase of investments	(8,952)	(1,421)	(670)
Net cash generated/(used) in operating activities	2,851	5,839	(164)
Cash flows from financing activities			
Dividends paid	(3,518)	–	–
Purchase of treasury shares	(1,363)	(1,202)	–
Net cash outflow from financing activities	(4,881)	(1,202)	–
Cash (outflow)/inflow for the period/year	(2,030)	4,637	(164)
Opening cash and cash equivalents	12,649	8,012	8,012
Closing cash and cash equivalents	10,619	12,649	7,848

Notes to the Financial Statements

for the period ended 30 September 2011

1. GENERAL INFORMATION

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

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

This condensed consolidated interim financial information has not been reviewed or audited by an independent auditor.

2. BASIS OF PREPARATION OF HALF-YEAR REPORT

This condensed consolidated interim financial information for the half-year ended 30 September 2011 has been prepared in accordance with IAS 34, 'Interim financial reporting'. The condensed interim financial information should be read in conjunction with the annual financial statements for the year ended 31 March 2011, which have been prepared in accordance with IFRSs, interpretations issued by the International Financial Reporting Interpretations Committee of the IASB ("IFRIC") and applicable legal and regulatory requirements of Guernsey Law.

Consolidation

Subsidiaries are all entities over which the Company has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the parent Company and de-consolidated from the date that control ceases. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated.

During the period the Company continued to hold two wholly owned subsidiaries, St Peter Port Capital (RFN) Limited, and SPPC Securities Holdings Limited.

After the interim period end we acquired majority equity stakes in Red Flat Nickel and Dominion Minerals. These investments will now be consolidated with the St Peter Port subsidiary entities which hold them in accordance with IAS 34.

3. ACCOUNTING POLICIES

The accounting policies are consistent with those of the annual financial statements for the year ended 31 March 2011

Notes to the Financial Statements *continued*

for the period ended 30 September 2011

3. ACCOUNTING POLICIES *continued*

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2011, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the measurement of the amounts recognised in the financial statements of the Company. However, IFRS 9 Financial Instruments issued in November 2009 (IFRS 9 (2009)) will change the classification of financial assets.

The standard is not expected to have an impact on the measurement basis of the financial assets since the majority of the Company's financial assets are measured at fair value through profit or loss.

The standard is effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted. The Company does not plan to adopt this standard early.

4. SEGMENTAL INFORMATION

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.

Financial assets

	30 September 2011		31 March 2011		30 September 2010	
	£'000	%	£'000	%	£'000	%
Oil & Gas	14,011	24	27,188	37	17,793	27
Mining	30,719	50	27,619	38	25,820	46
Technology	4,318	7	3,810	5	3,690	6
Renewable energy	4,385	7	2,310	3	1,950	3
Other	7,624	12	12,168	17	10,501	18
	61,057		73,095		59,754	

4. SEGMENTAL INFORMATION *continued*

Financial liabilities

	30 September 2011		31 March 2011		30 September 2010	
	£'000	%	£'000	%	£'000	%
Oil & Gas	0.0	0	(3,185)	100	0.0	0
	0.0		(3,185)		0.0	

5. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

Designated at fair value through profit or loss

Financial assets

	Historic Cost	Market value	Historic Cost	Market value	Historic Cost	Market value
	30 Sept 2011 £'000	at 30 Sept 2011 £'000	31 March 2011 £'000	at 31 March 2011 £'000	30 Sept 2010 £'000	at 30 Sept 2010 £'000
Listed equity securities	17,731	7,781	16,061	20,047	15,768	10,117
Unlisted equity securities	46,828	42,090	43,244	42,132	41,236	41,530
Unlisted debt securities	7,043	11,186	7,043	10,916	7,537	8,107
Total financial assets designated at fair value through profit or loss	71,602	61,057	66,348	73,095	64,541	59,754

Financial liabilities

	Historic Cost	Market value	Historic Cost	Market value	Historic Cost	Market value
	30 Sept 2011 £'000	at 30 Sept 2011 £'000	31 March 2011 £'000	at 31 March 2011 £'000	30 Sept 2010 £'000	at 30 Sept 2010 £'000
Listed equity securities	–	–	(3,337)	(3,185)	–	–
Total financial liabilities designated at fair value through profit or loss	–	–	(3,337)	(3,185)	–	–

Notes to the Financial Statements *continued*

for the period ended 30 September 2011

6. RETURN PER SHARE

The calculation of basic and diluted return per share before dividends paid is based on the net loss from continuing operations before dividends paid for the period and on 69,670,631 shares being the weighted average number of shares in issue during the period.

7. SHARE CAPITAL

	30 September 2011	31 March 2011	30 September 2010
	£ '000	£ '000	£ '000
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 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 68,221,500 have been issued and fully paid. The Ordinary Shares do not carry any right to fixed income.

Treasury reserves

The Company had 4,378,500 Ordinary Shares held in Treasury at 30 September 2011 (31 March 2011: 4,650,000, 30 September 2010: 2,250,000). On 23 November 2011, 2,128,500 of these shares were cancelled leaving 2,250,000 Ordinary Shares held in Treasury at this date.

8. NET ASSET VALUE PER SHARE

	30 September 2011 £' 000 / '000	31 March 2011 £' 000 / '000	30 September 2010 £' 000 / '000
Net Asset Value (£'000)	71,456	84,980	67,580
Ordinary Shares in issue ('000 shares)	68,222	70,350	72,750
Net Asset Value per Ordinary Share (pence per share)	104.74p	120.80p	92.89p

The Net Asset Value per Ordinary Share is based on the Net Asset Value at the Balance Sheet date and on 68,221,500 Ordinary Shares being the number of shares in issue at 30 September 2011.

9. RELATED PARTY TRANSACTIONS

Related party transactions are described in the 2011 Annual Report and Accounts on page 29. There were no other related party transactions during the period ended 30 September 2011.

10. 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 and on the Company's website www.stpeterportcapital.gg

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

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