

St Peter Port Capital Limited



ANNUAL REPORT AND FINANCIAL STATEMENTS 2008

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Highlights

- invested in 32 pre-IPO companies at year end
- subsequently, a further £4.3m invested in two pre-IPO companies
- NAV of 102.5p per share, up 5.1% since flotation
- Profit of £3.7m, eps of 4.9p pence
- realised more than £11m in cash from pre-IPO investments in 2008/9, generating a gain on investment of 56%
- further liquidity events expected in 2008 H2
- £25m currently available to invest in pre-IPO opportunities

Bob Morton, Chairman of St Peter Port, said:

“The Board believes that the Company’s strategy is beginning to bear fruit and that the performance is creditable given the difficult market conditions. The Investment Manager’s focus on sectors where profitable exits remain a good prospect and on seeking down round protection wherever possible should hold the Company in good stead. The Board views the outlook with confidence.”

Tim Childs, Chief Executive of St Peter Port Investment Management Limited, said:

The Company has, over the last 3 months, made disposals of more than £11m, realising a gain of £4m and generating a return on investment cost of 56%. In addition, there are ten or more companies in the portfolio where IPOs, fund-raising at a significant premium or other similar ‘liquidity’ events are expected by their directors in the second half of 2008. Three of these are expected in the next few weeks.”



Chairman's Statement

Introduction

I am pleased to report upon our first year of investment. The Company was incorporated on 6 March 2007 and was admitted to AIM on 16 April 2007 when it completed its fund raising of £75m before expenses. It made its first pre-IPO investments in May and these results therefore represent the outcome of about 11 months of investing.

Investment strategy

The Company's investment strategy is to build a diversified portfolio of growing small to mid-sized companies which are seeking to achieve an IPO within a reasonably short time horizon. It is intended that investments are opportunistic and not sector or regionally focused and that they are typically passive in nature. The Company may also invest in quoted companies (for example, where a company becomes a shell and is about to make a major acquisition).

Over the first year, the Company has weighted its investments principally towards three sectors: oil and gas exploration and production; mining and resources; and renewable energy/clean technology. This focus reflects two factors: the thrust of pre-IPO opportunities identified by the Investment Manager from introducers in the investment industry; and the Investment Manager's perception of what kinds of company could be expected to make it to a successful IPO when sentiment was adverse and becoming progressively more adverse.

The intention set out in the Company's admission document was to build a portfolio of investments of in the region of forty companies over twelve to eighteen months. The Investment Manager is mandated to manage the Company's portfolio actively in order to enhance returns, with an emphasis on realising gains in the medium term. The intention is to re-invest the proceeds of realisations into new pre-IPO investments. In the period before the cash is fully deployed in pre-IPO investments, the Investment Manager has been seeking to minimise cash drag by investing a significant proportion of the net proceeds of the placing in a range of absolute return products intended to generate a positive return, principally hedge funds and funds of hedge funds.



Progress to Date

In this first period, the Company has made a strong start, making investments during the period of over £52.5m in 32 pre-IPO companies. The average size of investment per company was £1.6m. The balance of its funds was invested in hedge funds (directly or in a fund of funds) or held in cash.

The investments made follow the stated strategy and represent a promising portfolio of companies, some of which have come to market and others of which are planning imminent IPOs. The Company has, over the last 3 months, made disposals of more than £11m, realising a net gain of £4m and generating a return on investment cost of 56%. In addition, there are more than ten companies in the portfolio where IPOs, fund-raising at a significant premium or other similar "liquidity" events are expected by their directors in the second half of 2008. Three of these are expected in the next few weeks. Since the period end, the Company has invested a further £4.3m in two additional pre-IPO companies. The portfolio and its prospects are discussed in the Investment Manager's Report on page 4.

Financial Results

The Company is a Guernsey domiciled closed-ended investment company whose shares are traded on AIM. As such, it reports its results under IFRS and in particular under IPEVC, an international guideline for valuing unquoted investments. This, in contrast to BVCA guidelines which used to be

commonly adopted by companies holding unquoted investments, requires the Board to attempt to determine the fair market value of each investment held and to revalue the Company's holdings to that value, whether this requires an increased or decreased valuation and irrespective of whether there has been any investment or sale by a third party which would help validate that change in the holding value. The Company is reporting using this new set of principles.

In most of the portfolio (unsurprisingly as its holdings were recently acquired) there had not by the year end been any event which would provide a fresh external indication of value. In such cases the Board decided that cost was a fair guide to market value. However, in the case of those investments made in foreign currency, their value has been adjusted to reflect differences in exchange rates between the date of investment and the year end. Where companies are already quoted, their shares have been valued at the bid price. In the case of a small number of unquoted companies, the value was increased to reflect known re-pricing (e.g. from a grey market).

The income statement for the period shows that the Company made a profit of £3.7m for the year. This reflects increased valuations as well as the small excess of finance income over operating expenses of the Company. The foreign exchange movements in relation to pre-IPO investments and changes in

hedge fund values ended up more or less cancelling each other out.

The balance sheet shows pre-IPO investments (including those which at that point had a listing) of £55.9m. This represented a large reduction in the holdings of the hedge funds, which were £32.0m at 30 September 2007. At the year end, £8.7m was held in hedge funds and £12.5m was represented by cash, bank commercial paper and amounts due in settlement. Total assets were £77.1m, giving a net asset value of 102.5p per share.

As at 30 June 2008, as a result of realisations, the Company held approximately £25m in cash and other liquid assets (including hedge funds) which is available for investment into suitable pre-IPO opportunities.

Outlook

The Board believes that the Company's strategy is beginning to bear fruit and that the performance is creditable given the difficult market conditions. The Investment Manager's focus on sectors where profitable exits remain a good prospect and on seeking down round protection wherever possible should hold the Company in good stead. The Board views the outlook with confidence

Bob Morton

Chairman
9 July 2008



China Molybdenum

Investment Manager's Report

As stated in the Company's investment strategy at admission, the investments we have sought to make have been opportunistic rather than sectorally or regionally focused. Our principal criterion has been whether we believe that the potential investee company is a credible candidate for a successful IPO in the near future, taking into account our assessment of likely market conditions and development of the company. In this process, we are conditioned by the views of the brokerage community who bring us deals in which to invest. If they believe that, for example, oil and gas companies with exciting prospects can still successfully float in current market conditions whilst the prospects for retailers to float are currently much cloudier, then they will not bring focused retailers as pre-IPO deals and we cannot therefore select them. But we can pick and choose amongst those deals which they do bring forward and select those which we think have the best prospects.

It is for this reason that our portfolio of investments made to date is heavily weighted towards three sectors: oil and gas (including two investments in companies using novel techniques to improve recovery rates); minerals including copper, gold, nickel, uranium, iodine and rarer elements; and environmentally friendly technologies including cleaner/more efficient ways of burning conventional fuels, second generation bio fuels and hydrogen technologies. These sectors account for the great majority of investments.

Many of the investments in these sectors are outside of the UK, and a significant proportion are sourced from brokers whose main business is outside the UK. We expect many of them to list in North America (particularly Canada) or other markets rather than the UK. We have provided details of most of these investments in earlier announcements.

Since the last announcement, we have made two further investments. The first is in Celadon Mining, a company which has Chinese Government support to consolidate the coking coal sector in the principal producing area of China, in which we have invested £3.75m in two rounds, the second at a 50% premium to the first. The company plans to list in Hong Kong. The other is Jordan Energy, a company with rights to extract large shale oil deposits in Jordan, in which we invested US\$1.05m.

Table 1 shows the breakdown of the pre-IPO investments by sector as at 31 March 2008:

Table 1
Investments by Sector as at 31 March 2008 (at cost)

Sector	Number	£m	Percentage
Oil and Gas	8	16.50	31%
Mining	13	17.50	33%
Technology	2	3.00	6%
Renewable Energy	4	7.00	13%
Other	5	8.50	17%
Total	32	52.50	100%

Table 2 shows the same information at 30 June 2008

Table 2
Investments by Sector as at 30 June 2008 (at cost)

Sector	Number	£m	Percentage
Oil and Gas	8	16.04	30%
Mining	13	20.75	38%
Technology	2	3.00	6%
Renewable Energy	4	7.00	13%
Other	5	7.24	13%
Total	32	54.03	100%

Pre IPO Investments – Detail

The following is a list of the pre-IPO Investments held at the year end.

Company	Investment	Business
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 .
Buried Hill	US\$850,000 subscription for and US\$2.7m acquisition of ordinary shares	An international oil and gas exploration company focused on West Central Asia which has entered into two petroleum exploration, production and development licences with the Government of The Gambia and expects to enter into a production sharing agreement with the Government of Turkmenistan.
CDR Minerals	US\$ 1m subscription	An early stage nickel and copper play in Quebec and copper and cobalt play in Zambia.
Cadogan Petroleum	£3.75m subscription	An oil & gas exploration and a development company focused on Ukraine.
China Molybdenum	£3m subscription	Set up to acquire several mining assets with an estimated value of £265 million representing abundant molybdenum and nickel mining production opportunities in Zhangjiajie City, Hunan Province.
Continental Petroleum	£2.5m subscription for convertible loan stock	Currently establishing oil exploration, development and production operations in Russia and holds two oil exploration, development and production licences in Western Siberia covering an area of approximately 1,650 km ² .
Creso Resources	Cdn\$2.2m subscription for common stock	A natural resource company with mining exploration holdings in Mexico and Guatemala, engaged in the identification and acquisition of early stage gold and base metals properties.
Develica	US\$3.7m subscription for ordinary shares	A Guernsey company established to take advantage of opportunities in the prime commercial real estate market in Singapore in particular, and in the Asia Pacific region in general.
Dominion Minerals	US\$1.5m subscription for common shares and warrants	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.
Eden Energy	AUS\$4.56m subscription for ordinary shares	An Australian diversified clean energy company with interests in hydrogen production, storage and transport fuel systems.
Emerald	£2m subscription for ordinary shares	A UK company investing in businesses in North America which utilise waste from sawmills to produce wood pellets for retail and industrial fuel.
Enhanced Oil	Cdn\$4m subscription 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 is acquiring depleted oilfields where significant enhanced oil recovery resources remain.
Gourmet Express	US\$3m subscription	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.
Homeland Uranium	Cdn\$2.2m subscription for common stock and warrants	A Canadian company with interests in long-term energy production and development of uranium projects in Niger, Southern Africa and the United States
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.

Investment Manager's Report continued

Pre IPO Investments – Detail continued

The following is a list of the pre-IPO Investments held at the year end.

Company	Investment	Business
Iofina	£1m subscription	Has more than 30,000 acres of prospective acreage in Northern Montana, which should enable the company to become one of the leading Iodine producers in the US within 5 years. This holding has been fully realised since the year end.
iQur	£0.5m subscription for ordinary shares	A medical research company that specialises in the treatment and monitoring of Hepatitis C and other liver diseases.
Midas Capital	£450,000 subscription for ordinary shares	An AIM quoted company encompassing fund management, wealth management and corporate services.
MinCore	Cdn\$2.025m subscription	Has large deposits in Central America – molybdenum deposit in Venado and a second mineral deposit of Cu-Mo in Pico Prieto.
Nviro	£500,000 subscription for ordinary shares	A leader in commercialising “clean” technologies, building them from the innovation stage to industrial scale, creating shareholder value in parallel with environmental benefits.
Panceltica	two subscriptions of US\$ 5m and US\$ 2.5m respectively, now ordinary shares	A specialist construction company based in Qatar, which uses a steel structure framework system.
Petaquilla	Cdn\$8m subscription	A Vancouver-based exploration company developing the Minera Petaquilla copper/gold deposit in Cocle Province, east central Panama, in joint venture with Teck Cominco Limited and the Inmet Mining Corporation.
Quetzal	Cdn\$2.1m subscription for common shares and warrants	A Canadian company with interests in petroleum producing assets in Guatemala.
RAM	US\$2m subscription for ordinary shares	A Jersey-based mineral and asset development company which controls a 100% owned iron ore mining property in the Kurgan region of Russia.
River Diamonds	£0.5m subscription for ordinary shares	A UK-based mining company with, at the point of investment, a 12.5% stake in Viso Gero International Inc which itself indirectly has a 94% interest in the mining rights and associated assets of the Emperor Gold Mine in Fiji. This holding has been realised since the year end.
Royal Nickel	Cdn\$4m subscription	Controls what is thought to be the largest single nickel deposit in the world.
Rock Well Petroleum	US\$7.5m subscription for common shares	A rapidly-growing independent North American oil and gas production company which uses a gravity drainage technique to extract oil at low cost from reservoirs that have become sub-economic for conventional extraction.
STV	US\$2m subscription for common shares	A vertically integrated ethnic media and entertainment company in Philadelphia.
Sharon Energy	Cdn\$2.1m subscription for common stock and warrants	An oil and gas company conducting active natural gas exploration programs in Texas and Alberta.
Sumatra Copper & Gold	£1m subscription	The company controls nearly 18,000km ² of land in Sumatra, Indonesia with advanced resources of gold, silver and copper.
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 investments.
Torbanite One	US\$2m subscription for ordinary shares	Set up to exploit South Africa's large and undervalued Torbanite deposit. Torbanite is a high grade 'oil shale' that produces oil on heating.



TMO Renewables



Amlib

Investment Structuring-Down-Round Protection and Investment Size

In structuring investments, we have been very aware of the difficult stock market conditions affecting smaller companies since we began investing. For this reason, we have given strong emphasis to protections as a condition of our investment, principally by investing in convertible loans whose pricing is at a pre-set discount to the IPO price, often with a ratchet to increase the discount if the IPO is delayed. In some cases, we have also obtained fuller down-round protections. In others, particularly where the pre-IPO placing is in strong demand we have not obtained such protections, but we believed in those cases that a successful IPO at a substantial uplift was a highly likely event.

In general, we have also sought to ensure that our size of investment was tailored to the size of the company in which we invested, the size of the pre-IPO placing and the likely size of the IPO.

Hedge Funds

Our strategy has been to hold a large proportion of the Company's assets not yet committed to pre-IPO investments in hedge funds. The aim was to enhance return and avoid cash drag. However, as a result of turbulent markets and underperformance from equity market neutral funds, the funds have performed below expectations and during the period generated a

small loss. Since the period end performance has improved and since the Company launched, these holdings have approximately broken even. As the portfolio of pre-IPO investments has grown we have reduced our holdings of hedge funds.

Pipeline

We continue to benefit from a strong flow of pre-IPO deals being offered to us. In the light of the difficult markets we have raised our threshold for approving an investment. We expect to continue to invest over the next few months, both follow-on investments and in new companies.

Pre IPO to IPO – Investment Progress

The Company has, over the last 3 months, made disposals of more than £11m, realising a gain of £4m and generating a return on investment cost of 56%. In addition, there are ten or more companies in the portfolio where IPOs, fund-raisings at a significant premium or other similar "liquidity" events are expected by their directors in the second half of 2008. Three of these are expected in the next few weeks.

Tim Childs

St Peter Port Investment Management Limited
9 July 2008

Directors' Biographies



**Arthur Leonard Robert Morton
(aged 66), 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, Ekay PLC and Tenon Group PLC. He is also a director of a large number of private companies.



**Timothy Erling Childs
(aged 47), Chief Executive Officer**

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 52), Director**

Graham is a former partner of Touche Ross (now Deloitte & Touche) 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 investment funds Puma I, the JellyWorks portfolio, Puma II and the Puma VCTs. 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 47), 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 the Guildhall Managed Fund, an open-ended macro-economic event driven fund and currently serves as President of the Guernsey International Legal Association.



**Peter Francis Griffin
(aged 49), 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 a director of the trust company division of Fortis Reads in Guernsey. Fortis Reads is a group subsidiary of Fortis Group and is one of the largest trust service providers in Guernsey. 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 Company (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

The Directors are pleased to present their report and audited accounts for the period ended 31 March 2008.

Directors' responsibilities

The Directors are responsible for preparing financial statements for each financial period which give a true and fair view, in accordance with applicable Guernsey Law and International Financial Reporting Standards (IFRS), of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those financial statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements have been properly prepared in accordance with Guernsey Company Law. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Status and activities

The Company is a closed ended investment company registered under the provisions of Guernsey Company Law.

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 period and the transfer to reserves are shown in the Income Statement. The Company did not pay a dividend as the Board of Directors have not recommended a dividend for the period.

On Friday 13th April 2007 the Royal Court of Guernsey approved the reduction of capital by way of a cancellation of the Company's share premium account. The amount cancelled has been credited as a distributable reserve established in the Company's financial statements. This shall be available as distributable profits to be used for all purposes permitted under Guernsey Company Law including the buy back of shares and the payment of dividends.

Directors and their interests

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

Arthur Leonard Robert Morton (Chairman) (appointed 13 March 2007)

Simon Charles Bourge (Director) (appointed 13 March 2007)

Timothy Erling Childs (Director) (appointed 6 March 2007)

Peter Francis Griffin (Director) (appointed 6 March 2007)

Graham Barry Shore (Director) (appointed 6 March 2007)

At 31 March 2008 the Directors and their related parties had the following interests in the Ordinary Shares of the Company as follows:

	Ordinary shares
Southwind Limited*	2,500,000
Simon Charles Bourge (Director)	nil
Broughton Limited**	2,500,000
Peter Francis Griffin (Director)	nil
Graham Barry Shore (Director)	nil
Shore Capital Trading Limited	5,000,000

There have been no changes in the interests of the Directors and their related parties from 31 March 2008 to 7 August 2008.

*Southwind Limited, a company which is held entirely by related parties of Mr. Morton.

**Broughton Limited, a company which Mr. Childs is interested.

Report of the Directors continued

Directors' remuneration

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

Arthur Leonard Robert Morton (Chairman)	nil
Simon Charles Bourge (Director)	£15,770
Timothy Erling Childs (Director)	nil
Peter Francis Griffin (Director)	£16,058
Graham Barry Shore (Director)	nil

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 Directors fee but will be able to recover reasonable expenses.

Substantial shareholders

At 29 July 2008 the following interests in 3% or more of the issued Ordinary Shares had been notified to the Company.

	Number of ordinary shares	Percentage of share capital
Pershing Nominees Limited	9,995,000	13.92%
JP Morgan Fleming Mercantile Investment Trust plc	7,490,000	9.99%
Royal London Asset Management	5,630,000	7.51%
Midas Capital	6,750,000	9.00%
Jupiter UK Growth	5,000,000	6.67%
Shore Capital Trading Limited	5,000,000	6.67%
The Northern and Shell Pension Scheme	4,165,000	5.55%
Southwind Limited	2,500,000	3.33%
Ezzard Limited	2,500,000	3.33%
Broughton Limited	2,500,000	3.33%

Auditors

The Directors approved the appointment of PricewaterhouseCoopers CI LLP as auditors for the period. A resolution to re-appoint them will be proposed at the next Annual General Meeting.

Approved by the Board of Directors and signed on their behalf by

Simon Bourge
Director

Graham Shore
Director

7 August 2008

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

Report on the financial statements

We have audited the accompanying financial statements of St Peter Port Capital Limited which comprise the balance sheet as of 31 March 2008 and the income statement, the statement of changes in equity and the cash flow statement for the period then ended and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and with the requirements of Guernsey law. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 financial statements give a true and fair view of the financial position of the Company as of 31 March 2008, and of its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the requirements of The Companies (Guernsey) Law, 1994.

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 comprises of the Chairman's statement, the Investment Manager's report and the report of the Directors.

In our opinion the information given in the report and the report of the Directors is consistent with the financial statements.

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 64 of The Companies (Guernsey) Law, 1994 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
7 August 2008

Balance Sheet

As at 31 March 2008

	Notes	As at 31 March 2008 £000's
ASSETS		
Financial assets designated at fair value through profit or loss	10	64,683
Trade and other receivables	11	4,866
Cash and cash equivalents	12	7,499
Total assets		77,048
EQUITY		
Capital and reserves attributable to equity holders of the company		
Share capital	14	–
Share premium	15	–
Special reserve	15	73,148
Retained earnings		3,689
Total equity		76,837
LIABILITIES		
Current liabilities		
Trade and other payables	13	211
Total current liabilities		211
Total liabilities		211
Total equity and liabilities		77,048
Net asset value per share (pence per share)		102.45p

Approved by the Board of Directors on 7 August 2008

Simon Bourge
Director

Graham Shore
Director

The notes on pages 16 to 28 form an integral part of these financial statements.

Income Statement

For the period from 6 March 2007 to 31 March 2008

	Notes	6 March 2007 to 31 March 2008 £000's
Net changes in fair value on financial assets	10 (c)	4,566
Unrealised gain on foreign exchange		154
Interest income		554
Net investment income		5,274
Administrative expenses	8	(1,583)
Net income from operations before finance costs		3,691
Interest expense		(2)
Total finance costs		(2)
Profit for the period		3,689
Basic and diluted return per Ordinary Share (pence)		4.92p

The notes on pages 16 to 28 form an integral part of these financial statements.

Statement of Changes in Equity

For the period from 6 March 2007 to 31 March 2008

	Notes	Share Premium £000's	Special Reserve £000's	Revenue Reserve £000's	Total £000's
Profit for the period		–	–	3,689	3,689
Total recognised profit for the period from 6 March 2007 to 31 March 2008		–	–	3,689	3,689
Proceeds from shares issued	14	75,000	–	–	75,000
Expenses of share issues		(1,852)	–	–	(1,852)
Transfer to special reserve	14	(73,148)	73,148	–	–
Balance at 31 March 2008		–	73,148	3,689	76,837

The notes on pages 16 to 28 form an integral part of these financial statements.

Cash Flow Statement

For the period from 6 March 2007 to 31 March 2008

	Notes	6 March 2007 to 31 March 2008 £000's
Cash flows from operating activities		
Interest received		554
Interest paid		(2)
Operating expenses paid		(1,344)
Net cash (used in)/generated from operating activities		(792)
Cash flows from investing activities		
Sales of investments		34,755
Purchases of investments		(99,612)
Cash flows from investing activities		(64,857)
Cash flows from financing activities		
Issue of shares		75,000
Expenses of share issues		(1,852)
Cash flows from financing activities		73,148
Cash and cash equivalents		7,499

The notes on pages 16 to 28 form an integral part of these financial statements.

Notes to the Financial Statements

For the period 31 March 2008

1. General Information

St Peter Port Capital Limited (the "Company") is a Guernsey registered, closed ended investment company. The Company has been established with the aim of generating value for shareholders by investing in growth companies, which are seeking to achieve an initial public offering ("IPO") within a reasonably short time horizon. Investments will be made across a broad range of sectors and geography.

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

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

These financial statements were authorised by the Board for publication on 7 August 2008.

2. Summary of Significant Accounting Policies

This financial information for the period ended 31 March 2008 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.

(2.1) Basis of preparation

The financial statements have been prepared 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 judgment or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2.2 (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.

At the date of authorisation of these financial statements, the following standards, amendments and interpretations, are mandatory for accounting periods beginning on or after 1 January 2008 or later periods but, with the exception of IFRS 8, are not relevant to the Company's activities:

IAS 21 (Amendment) Net Investment in a Foreign Operation;

IAS 1 (Amendment) First-time Adoption of International Financial Reporting Standards;

IFRS 8 Operating Segments

(2.2) Accounting policies

(a) Income

Investment income is recognised on a time apportioned basis using the effective interest method.

Interest income from financial assets at fair value through profit and loss is recognised in the income statement in the period in which it arises and is included as part of net gain/loss on the financial assets and liabilities at fair value through profit and loss.

(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. 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 advisers and consultants acting in the undertaking 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.

2. Summary of Significant Accounting Policies continued

(2.2) Accounting policies continued

(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.

The Company mainly operates in the following sectors (excluding hedge fund holdings)

	31 March 2008 £000's	%
Financial Services	480	0.86
Food & Beverages	1,508	2.69
Media	1,005	1.80
Mining	18,408	32.88
Oil & Gas	18,257	32.61
Real Estate	6,068	10.84
Renewable energy	7,252	12.96
Technology	3,000	5.36
	55,978	

And in companies with the following countries of domicile (excluding hedge fund holdings)

	31 March 2008 £000's	%
Australia	1,033	1.85
Canada	12,135	21.68
Cyprus	3,595	6.42
South Africa	1,005	1.80
United Kingdom	27,146	48.49
United States of America	11,064	19.76
	55,978	

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 aspects of 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.

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.

Notes to the Financial Statements continued

For the period 31 March 2008

2. Summary of Significant Accounting Policies continued

(d) Valuation of investments continued

Where the investment being valued was made recently, 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, discounted cash flows analysis 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 is exempt from taxation under the terms of the Income Tax (Exempt Bodies) (Guernsey) Ordinance 1989 and was liable to an annual fee of £600.

(g) Foreign currency translation

(i) *Functional and presentation currency*

The functional currency of the Company is Pounds Sterling in which all cash and cash equivalents are held being converted only where necessary to settle expenses relating to the investments.

The presentation currency of the Company for accounting purposes is also Pounds Sterling.

(ii) *Transactions and balances*

Foreign currency 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 Income Statement. Foreign exchange gains and losses on investments are accounted for on the income statement in the period in which they arise and are included as part of net gains/losses on the financial assets at fair value through profit and loss.

(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 income statement 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 on hand and demand deposits which may be accessed without penalty.

3. 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 fee includes a one-off set up fee charged on a time cost basis subject to a maximum fee of £12,000, and an administration fee of £32,000 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 period to 31 March 2008 amounted to £49,000 with £8,000 of this outstanding at the period end.

4. 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 together with 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 become payable at 2 per cent per annum on 18th October 2007. Total management fees for the period to 31 March 2008 amounted to £1,109,903 with no amount outstanding at the period end.

5. Directors' and Consultancy Fees

Under their letters of appointment, Mr Bourge and Mr Griffin will be paid a remuneration of £15,000 per annum. 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. Total directors and consultancy fees for the period to 31 March 2008 amounted to £113,000 with £12,000 of this outstanding at the period end.

6. Broker Fees

Under the Broker Agreement between the Company, Shore Capital Stockbrokers Limited and Shore Capital and Corporate Limited, the Company undertakes to pay an annual retainer of £30,000 plus VAT commencing on the date of Admission, 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 period to 31 March 2008 amounted to £30,000 with £7,000 of this outstanding at the period end.

7. Nomad Fees

Under the Nominated Advisor Agreement the Company agreed to pay Deloitte Corporate Finance the advisory fees of £130,000 with any VAT if applicable in connection with the admission (included within expenses of share issues) and undertakes to pay an annual retainer of £30,000 with any VAT if applicable from the date of admission. The Company will also be responsible for all out-of-pocket expenses incurred by Deloitte Corporate Finance in connection with its appointment as nominated advisor of the Company. The Board of Directors will authorise any expenditure in excess of £5,000. Total Nomad fees for the period to 31 March 2008 amounted to £30,000.

8. Administrative expenses

	Period to 31 March 2008
Administration fees	49
Management fees	1,110
Legal and professional fees	60
Consultancy fees	81
Directors' fees	32
Broker fees	30
Nomad fees	30
Registrar fees	7
Audit fees	52
Regulatory expenses	6
Exempt fee	1
Other expenses	125
	1,583

Notes to the Financial Statements continued

For the period 31 March 2008

9. Earnings Per Share

The calculation of basic earnings per share is based on the net profit from continuing operations for the period and on 75,000,000 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.

10. Financial assets at fair value through profit and loss

(a) Designated at fair value through profit or loss

	Historic cost at 31 March 2008 £'000	Market value at 31 March 2008 £'000
Listed equity securities	12,536	13,240
Unlisted equity securities	36,542	40,238
Unlisted debt securities	2,500	2,500
Hedge funds	8,728	8,705
Total financial assets at fair value through profit or loss	60,306	64,683

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

	Unlisted Equity Securities £'000	Listed Equity Securities £'000	Unlisted Debt £'000	Hedge Funds £'000	Total £'000
Purchases at cost	36,542	13,610	2,500	46,960	99,612
Disposal proceeds	–	(1,819)	–	(37,376)	(39,195)
Realised gains/(losses) on disposals	–	745	–	(856)	(111)
Net unrealised gains/(losses) on revaluation of investments	3,696	704	–	(23)	4,377
Valuation at 31 March 2008	40,238	13,240	2,500	8,705	64,683
Book cost at 31 March 2008	36,542	12,536	2,500	8,728	60,306
Net unrealised gains/(losses) at 31 March 2008	3,696	704	–	(23)	4,377
Valuation at 31 March 2008	40,238	13,240	2,500	8,705	64,683

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

	Period 31 March 2008 £'000
Realised loss on disposal	(111)
Unrealised investment income	300
Unrealised gains on revaluation	4,377
Total net changes on financial assets at fair value	4,566

11. Trade and other receivables

	31 March 2008 £'000
Due from brokers	4,566
Accrued income	300
	4,866

12. Cash and cash equivalents

	31 March 2008 £000's
Cash and cash equivalents	7,499

The cash equivalent investments are considered to be highly liquid, so that book cost is considered equivalent to book value. The weighted average interest rate on cash balances at 31 March 2008 was 5.67%. The Company has no material interest bearing liabilities.

13. Trade and other payables

	31 March 2008 £000's
Directors' fees payable	12
Audit fee payable	40
Accrued forward foreign exchange loss	53
Sundry creditors	106
	211

14. Share Capital

Founder Shares	31 March 2008 £000's
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 16.

Ordinary Shares

There are an unlimited number of ordinary shares of nil par value authorised. At the balance sheet date 75,000,000 have been issued and fully paid.

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

Notes to the Financial Statements continued

For the period 31 March 2008

15. Share Premium and Special Reserve

	31 March 2008 £000's
Share premium	—
Special reserve	
Proceeds from shares issued	75,000
Expenses of share issues	(1,852)
	73,148
Total	73,148

On Friday 13th April 2007 the Royal Court of Guernsey approved the reduction of capital by way of a cancellation of the Company's share premium account. The amount cancelled has been credited as a distributable reserve established in the Company's books of account. This shall be available as distributable profits to be used for all purposes permitted under Guernsey Company Law including the buy back of shares and the payment of dividends.

16. 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.

17. Net Asset Value per Share

	31 March 2008 £000's
Net Asset Value	76,837
Average number of Ordinary Shares in issue	75,000
Net Asset Value per Ordinary Share (pence per share)	<u>102.45</u>

The Net Asset Value per Ordinary Share is based on the Net Asset Value at the Balance Sheet date and on 75,000,000 Ordinary Shares being the average number of shares in issue during the period to date.

18. 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.

Details of fees paid to the Administrator, Investment Manager, Directors and Broker are outlined in notes 3 to 6.

19. Post Balance Sheet Events

Subsequent to the period end the Company has invested a further £4.3 million into two pre-IPO companies. The first is in Celadon Mining, a company which has Chinese Government support to consolidate the coking coal sector in the principal producing area of China, in which we have invested £3.5m in two rounds the second at a 50% premium to the first. The company plans to list in Hong Kong. The other is Jordan Energy, a company with rights to extract large shale oil deposits in Jordan, in which we invested US\$1.05m.

20. Financial Instruments

(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 program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

The Company's objective is to achieve capital growth through investing in small to mid-sized companies which are growing and are seeking to achieve an IPO within a reasonably short time horizon. The Investment Manager will seek, in the short term, to minimise cash drag by investing in a range of absolute return products intended to generate a positive return, principally hedge funds and funds of hedge funds.

(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.

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.

Notes to the Financial Statements continued

For the period 31 March 2008

20. Financial Instruments continued

Investments in small unquoted companies

The Company's investment portfolio will comprise interests predominantly in unquoted private companies 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.

Investments in Hedge Funds

The Company is invested in a range of hedge funds and a fund of hedge funds. The market risk at the fund of hedge funds investment level is controlled via the use of diversification across a wide range of hedge fund styles and holdings. The market risks associated with the Company's direct hedge funds are that the fund manager's strategies may not be transparent and may expose the Company to potential losses. Also the hedge fund may be dependent on a key individual or small team.

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 31 March 2008 the overall investment allocation was as follows:

	31 March 2008	
	Fair Value £'000	% of assets
Pre-IPO Investments (including corporate debt)	42,738	55.62
Listed Investments	13,240	17.23
Hedge Funds and Funds of Hedge Funds	8,705	11.33
	64,683	84.18

At 31 March 2008, 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 (including hedge funds) at 31 March 2008 had risen by 5% with all other variables held constant, this would have increased net assets attributable to shareholders of redeemable shares by approximately £1,097,000. Conversely, if the market value of the listed investments at 31 March 2008 had decreased by 5%, this would have decreased net assets attributable to holders of redeemable shares by approximately £1,097,000.

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

20. Financial Instruments continued

(c) Interest rate risk

The majority of the Company's financial assets and liabilities are non-interest bearing. As a result, the Company is not subject to significant 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 2008	Weighted Average Interest rate	Interest bearing Less than 1 month £000's	Non-Interest bearing £000's	Total £000's
Assets				
Fixed interest rate securities	8.50%	2,500	62,183	64,683
Fixed interest rate cash at bank	5.80%	6,762	–	6,762
Floating interest rate cash at bank	4.46%	737	–	737
Other receivables and prepayments		–	4,866	4,866
Total assets		9,999	67,049	77,048
Liabilities				
Accrued expenses		–	211	211
Total interest sensitivity gap		9,999	66,838	76,837

At 31 March 2008, should interest rates have risen by 25 basis points with all other variables remaining constant, the increase in net assets attributable to holders of ordinary shares for the period would amount to approximately £1,800, arising substantially from the increase in interest income. If interest rates had decreased by 25 basis points, the decrease in net assets attributable to holders of ordinary shares would amount to approximately £1,800.

25 basis points is the sensitivity rate used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

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

Notes to the Financial Statements continued

For the period 31 March 2008

20. Financial Instruments continued

(d) Hedging and 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 notional principal amount of the outstanding foreign currency exchange contract at 31 March 2008 was £1,640,000. The unrealised loss on this contract at the period end was £53,000.

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.

At 31 March

Currency	Value £000's	% of net assets £000's
Australian Dollar	1,033	1.34
Canadian Dollar	12,134	15.79
Euro	1,564	2.04
US Dollar	16,530	21.45

At 31 March 2008, had the exchange rate between the currencies above and Sterling increased or decreased by 5% with all other variables held constant, the increase or decrease respectively in net assets attributable to holders of ordinary shares would amount to approximately £21,000 in the case of Australian Dollars, £241,000 for Canadian Dollars, £31,000 for Euro and £331,000 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 considers 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.

20. Financial Instruments continued

(e) 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 Income Statement, 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 assets	31 March % of Net Assets
Equity investments:	
Unlisted equities	52.37
Listed equities	17.23
Hedge Funds and funds of hedge funds	11.33
Debt instruments:	
Corporate debt	3.25
Total investment assets	84.18

An 5% increase in the value of stock at 31 March 2008 would have increased the net assets attributable to shareholders by £3,234,000: an equal change in the opposite direction would have decreased the net assets attributable to shareholders by an equal but opposite amount.

(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 2008	Less than 1 month	1-3 months	3 months to 1 year	No stated maturity
All amounts stated in £000's				
Financial liabilities				
Accounts payable	52	–	–	–
Accrued expenses	159	–	–	–
	211	–	–	–

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

Notes to the Financial Statements continued

For the period 31 March 2008

20. 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 balance sheet date. This relates also to the financial assets carried at amortised cost, as they have a short term to maturity.

At the reporting date, the Company's financial assets exposed to credit risk amounted to the following:

	31 March 2008 £000's
Investments in debt instruments	2,500
Due from broker	4,569
Total	7,069

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

The Company may be subject to risk of loss of assets placed on deposit with a broker in the event of the broker's bankruptcy, the bankruptcy of any clearing broker through which the broker executes and clears transactions, or the bankruptcy of an exchange clearing house.

Many of the markets in which the Group 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 2008 %
Financial Services	0.62
Food & Beverages	1.96
Media	1.30
Mining	23.97
Oil & Gas	23.76
Real Estate	7.90
Renewable energy	9.44
Technology	3.90
Hedge Funds and Funds of Hedge Funds	11.33
Total	84.18

Other than outlined above, there were no significant concentrations of credit risk at 31 March 2008.

St Peter Port Capital Limited

Notice of Annual General Meeting

PO Box 119
Martello Court
Admiral Park
St Peter Port
Guernsey
7 August 2008

NOTICE IS HEREBY GIVEN THAT THE FIRST 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 THE 3RD OF SEPTEMBER 2008 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 2008.
- 2 To consider the re-appointment of Peter Griffin Clarke 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 Graham Shore 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

- 7 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 2009 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

I Hunt

Director for Fortis 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 the Company's Registrar, Capita Registrars, The Registry, 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 notarially 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 10 September 2008 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.

St Peter Port Capital Limited (“the Company”)

Form of Proxy

For use at the first Annual general Meeting to be held at Martello Court, Admiral Park, St Peter Port, Guernsey, on Wednesday the 3rd of September 2008 at 10.30a.m. and at any adjournment thereof

I/We

(BLOCK LETTERS PLEASE)

of

being (a) member(s) of the above named Company, hereby appoint the Chairman of the Meeting or *

as my/our proxy to vote for me/us and on my/our behalf at the First Annual General Meeting of the Company to be held at Martello Court, Admiral Park, St Peter Port, Guernsey, on Wednesday the 3rd of September 2008 at 10.30a.m. and at any adjournment thereof. To allow effective constitution of the meeting, if it is apparent to the Chairman that no shareholders will be present in person or by proxy, other than by proxy, an alternative proxy may be named if desired. A proxy need not be a member of the Company.

I/We direct my/our proxy to vote as follows:

ORDINARY RESOLUTIONS

	FOR	AGAINST	ABSTAIN
THAT			
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 2008	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 To consider the re-appointment of Graham Shore as a Director of the Company, who has offered himself for re-appointment in accordance with the Company's Articles of Association	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 To consider and if appropriate approve the Company's investment strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(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);	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(b) the minimum price which may be paid for a share is £0.01;	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(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	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(d) such authority shall expire on the date of the annual general meeting of the Company in 2009 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.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Signed this _____ day of _____ 2008

Signature _____ in the Chairman's favour, then the Chairman may appoint a substitute to act as proxy in his stead for any shareholder, provided that such substitute proxy shall vote on the same basis as the Chairman

Notes

- (i) Please indicate with an "X" in the appropriate box how you wish the proxy to vote.
- (ii) The proxy will exercise his discretion as to how he votes or whether he abstains from voting:
 - a. on the resolutions referred to in this form of proxy if no instruction is given in respect of the resolution; and
 - b. on any business or resolution considered at the meeting other than the resolutions referred to in this form of proxy.
- (iii) To be valid the original of this form of proxy and the original of any power of attorney or of the authority under which it is executed (or a notarialls certified or office copy of such power of attorney) must be lodged at the Company's Registrar: Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU not later than 48 hours before the time appointed for the First Annual General Meeting. A facsimile of this form of proxy will be acceptable (with the original to follow) and should be sent to the Registrar on the following fax number: 0208 639 2180. Completing and returning this form of proxy will not prevent you from attending the meeting and voting in person if you so wish.
- (iv) A form of proxy executed by a corporation must be either under its common seal or signed by an officer or attorney duly authorised by that corporation.
- (v) In the case of joint holdings, the signature of the first named Member on the Register of Members will be accepted to the exclusion of the votes of the other joint holders.



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**Capita Registrars
Proxies Department
PO Box 25
The Registry
34 Beckenham Road
BECKENHAM
Kent
BR3 4BR**

FIRST FOLD

SECOND FOLD



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

Fortis 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 Registrars (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 987
New Street
St Peter Port
Guernsey GY1 4BZ

Bankers

Fortis
P.O. Box 119
Martello Court
Admiral Park
St Peters Port
Guernsey GY1 3HB

Anglo Irish Bank Corporation plc
P.O. Box 793
31 The Parade
St Helier
JERSEY JE4 0WJ

Custodian

Fortis
P.O. Box 119
Martello Court
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