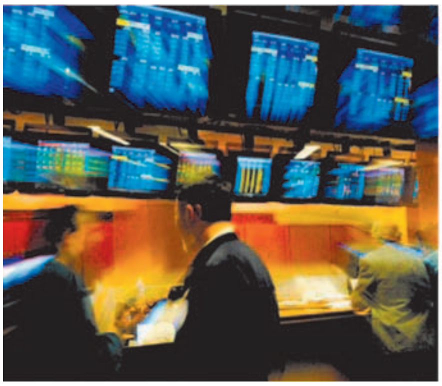
St Peter Port Capital Limited



ANNUAL REPORT AND AUDITED CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2012

Contents

Highlights

- Investments in 41 companies* at year end
- NAV of 106.0p per share at 31 March 2012, up 1.2% since 30 September 2011
- £15.0m realised in the year 2011/12
- £55.7m realised since inception, generating a gain of 90% on these investments
- £6.2m invested during the year, nearly all in the first half
- Major progress in advancing projects where we now have a majority equity interest
- Significant positive developments in a number of our investments
- £11.0 million in cash
- Final dividend of 3 pence per share
- Circular to shareholders published recommending continuation of the Company

* excluding companies entirely written down

Bob Morton, Chairman of St Peter Port, said:

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

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

"The portfolio has developed well and many of the companies in it have added significantly to their value during our investment period. We fully expect that process to continue. Inevitably, the timing of exit for the Company will depend upon market conditions and opportunities arising and early liquidation would be unlikely to be on good terms. Mostly these liquidity events are outside of our control. Where we have taken control of the investee company, we have more opportunity to influence the process and have exciting prospects to achieve value gains in these cases."

Manabi Minerals – Brazilian iron ore development company

Chairman's Statement

Introduction

I am pleased to report that the year ended 31 March 2012 was a successful year for the Company in terms of realisations and development of the Company's portfolio.

Market Conditions and Investment Approach

The year 2011/12 saw volatile market conditions for small cap stocks focused on resources and renewable technology. During the first part of the year, IPO activity continued, but from the end of June the renewed debt crisis in the Eurozone and fears of a global economic slowdown depressed the sector. Beginning in December, conditions revived, and there are currently a number of major IPOs in advance planning. It is hard to predict whether the most recent Euro malaise arising from the French and Greek elections will persist and again generate a summer of poor stock markets.

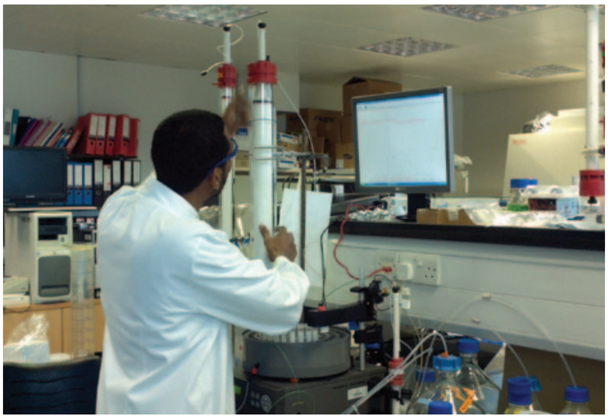
When we last reported in December, I noted that the investment climate had caused a knock-on effect on commodity prices: whilst oil has remained firm partly because of political risks, coal, industrial metals, such as iron, copper and nickel and soft commodities, have fallen by between 15 and 25 per cent (depending on the commodity) since May 2011. Although gold has a monetary demand as a safe haven, it too has weakened.

During the year, the Company was active in making further realisations from the existing portfolio where opportunities arose. In the first half of the year, the Company made a number of new investments in companies with good prospects for early liquidity events. However, given the imminence of the shareholder vote on continuation (further details of which are provided below), during the second half, its only investments were two small follow-ons.

Investments and Realisations during the Year

During the year, the Company realised or partly realised pre-IPO investments, generating some £15.0 million in cash. This included £2.7 million of realisations since the Company reported its interims on 19 December 2011.

Since launch, the Company has realised £55.7 million through disposals, generating a gain on these investments of 90 per cent. The rate of realisations is inevitably uneven, with major disposals linked to liquidity events in the investee companies. However, there have also been disposals or part disposals of some of the quoted portfolio when market conditions have made that attractive.



IQur – Developing a novel vaccine platform

The Company invested £6.2 million in nine companies during the financial year, nearly all in the first half. Five of these investments were follow-ons and the other four were in new companies. Subsequent to the year end, we have made one further follow-on investment of £144,000. In each case of new investment, we judged that there was a credible expectation of a liquidity event in some form within a relatively short period, such as a trade sale or repayment of a loan. In the case of the follow-ons, they were internal rounds offered on advantageous terms.

Financial Results

The balance sheet shows pre-IPO investments (including those which had a listing) of £61.1 million. At the year end, £11.6 million was held in cash. Net assets were £72.3 million, giving a net asset value of 106.0p per share. Net assets have increased by 1.2 per cent since the interim results as at 30 September 2011. They have increased by 0.6 per cent since the end of December despite the increase in sterling against the dollar and other relevant currencies.

As announced in our interim results, the weaker markets last summer affected the carrying value of our quoted holdings and at that time we also reduced the values of several unquoted holdings. The results were also affected by currency movements. The net effect of these changes in valuations was to reduce net asset value from the carrying value as at 31 March 2011. As a result, under IFRS, this generated a loss for the year of £7.8 million (2010: profit of £15.1 million).

During the year there have also been material positive developments leading to material revaluations. These are discussed in the Investment Manager's report, together with the more significant reductions in valuations.

At the balance sheet date, the Company held £11.6 million in cash. As at the close on 18 May 2012, the Company held £11.0 million in cash deposits.

Share Buybacks

In two transactions in August 2011, the Company bought back 2,128,500 of its shares at an average price of 63.9 pence per share, a large discount to the then prevailing NAV per share. These shares were subsequently cancelled.

Circular to Shareholders

As promised in its Admission Document and in accordance with its Articles of Association, the Company has today issued a circular to its shareholders convening an extraordinary general meeting to vote on a resolution on whether to continue the fund or to commence a realisation of the investments over the next year ("the Circular"). The Circular also contains a resolution, suggested by certain institutional shareholders, proposing a change in the performance incentive for holders of the founder shares making it relate solely to the amount of cash returned to shareholders in excess of the 31 March 2012 net asset value. Details from the Circular are contained in a separate announcement issued this morning.

Dividends

The portfolio has matured considerably and, subject to market conditions, the prospects for regular realisations are accordingly better. The board therefore proposes to maintain the final dividend at 3 pence per share for the year, payable on 26 June 2012 to shareholders on the register as at 8 June 2012.

The circular to shareholders proposes a new policy under which, in respect of each future period of six months and subject to the requirements of Guernsey law regarding solvency, it will pay out in cash 50 per cent of the net gains from all realisations made. The Board hopes that this policy will improve the attractiveness of the Company's shares and hence reduce the discount to net asset value per share of the Company's share price.

Outlook

There are many exciting companies in the portfolio (as discussed in the Investment Manager's report) which have made significant progress over the last year. These companies will no doubt seek to time their liquidity events to take advantage of appropriate market conditions, which will vary depending on their sector and location around the world. The process of value generation is evident; the precise timing of realisation more difficult to predict. St Peter Port has realised significant cash in recent months and will continue to do so where opportunities arise on good terms.

The Circular issued today to shareholders makes an overwhelming case for the continuation of the Company rather than a rapid realisation of its portfolio, which is likely to be on disadvantageous terms. Provided that the shareholders support the resolutions, there is exciting scope to continue to reinvest some of the proceeds of realisations where the Board is confident that we can obtain strong returns and exits within a further short period. The proposal from institutional shareholders to realign the performance conditions for dividends to the holders of the founder shares to relate solely to cash distributions seeks to ensure that all shareholders will share the risks and rewards in judging the balance between reinvestments and distributions. We note that the arbitrage gap between the prices of resource-related companies when private and publicly traded remains at an unusually attractive level at present, reflecting the reduced competition in our space and better public company valuations. This is notwithstanding the more negative sentiment for resource stocks since last June, which has fed into the pricing of pre-IPO deals. This will be a factor as will the shareholders' desire for cash from realisations.

Despite current stock market conditions for commodity-related stocks, a number of our pre-IPO investments are planning to come to market over the coming months. These developments offer the potential for further significant realisations, hopefully at a significant premium to our current carrying cost. We hope to be able to report further progress in realisations when we next issue results. Whilst the climate for crystallising value is clearly currently not ideal, the portfolio of high risk/high reward companies includes many prospects for strong returns on our original investment.

Bob Morton
Chairman

Investment Manager's Report

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

The sectoral composition of our portfolio changed during the year, principally as a result of the sale of our holding in HRT Petroleum which was completed in April 2011, but also from the sale of other oil stocks. We are therefore now more heavily weighted towards mining. Whilst the proportion held outside of the mining/oil and gas area increased during the year, the portfolio weighting towards investments of this type remains and we are also exposed to the soft commodity companies mentioned above.

Most of the portfolio companies have their main activity outside of the UK and a significant proportion were sourced from brokers whose main business is outside the UK. Some are now listed in Canada or Australia and we have been disposing of part or all of these holdings where there is sufficient liquidity. Others have plans to list in Hong Kong or Brazil, possibly together with a listing on another market. A third category are now more likely to seek acquisition by a larger company rather than an IPO. Of the total portfolio, £8.0 million was listed as at 31 March 2012, representing 13.34 per cent of the invested portfolio at that date. This percentage reduced during the year as a result of the sale of listed assets.

The table below shows the breakdown of the investments by sector as at 31 March 2012:

Investments by Sector as at 31 March 2010

Sector	Number	Cost £m	Value £m	Percentage (of value)
Oil and Gas	12	20.8	16.4	27.2
Mining	21	30.1	30.5	50.6
Technology	3	3.0	3.9	6.5
Renewable Energy	4	4.7	2.2	3.6
Other	7	9.8	7.3	12.1
Total	**47**	**68.4**	**60.3**	**100**

Realisations and listings

Over the last year several of the companies in our portfolio planned to go public, but difficult market conditions in the summer led them to delay their flotations. In particular Union Agriculture, a strong and well-financed company planned a listing in New York which it put on hold after filing with the SEC, whilst First Iron got to pathfinder stage. Other well-financed and exciting companies which were less well advanced in their flotation turned to another private funding round rather than an early IPO. For example Seven Energy raised substantial further funding from Petrofac (its largest shareholder). A few of our companies reversed into shells or merged with small quoted companies with other assets, but these did not necessarily give rise to liquidity events.

The largest realisation during the year was in April when we completed the sale of our warrants in HRT Participacoes em Petroleo SA ("HRT"), a Brazilian oil and gas exploration company. We also sold our entire holding in Quetzal, a Canadian company, at a small gain of £30,000 compared to the holding value. Quetzal has interests in petroleum producing assets in Guatemala and is listed on the TSX. It released positive results which provided the opportunity to dispose. Finally, we sold our entire equity holding in Providence Resources following successful drilling for oil in the Celtic Sea, which resulted in a profit of £460,000.

The Company also holds convertible loan stock in Providence Resources; a portion of this was redeemed by the company when it disposed of a Nigerian asset which was securing the loan. We continue to hold the balance of the convertible which is now bearing an interest rate of approximately 15 per cent in Euros and is due for redemption in July 2012. Providence has already raised the funding for this redemption.

During the year, we also made partial disposals of a further four listed holdings, taking advantage of liquidity when it arose. Another portfolio company providing a degree of public trading in its assets was Homeland Uranium, which has de-merged its silver interests and listed them on the TSX as Caracara Silver, a Canadian company with mineral rights in the Princesa-Piluani silver district of southern Peru. Southern Andes Energy (which was also a distribution in specie from Homeland Uranium) has merged with another TSX company and is now called Macusani Yellowcake.

Investments During The Year

During the 2012 financial year we made nine investments, five of which were follow-ons and four new investments. We invested £6.2 million in total during the year and another £144,000 just after the year end.

The follow-on investments were:

- African Timber and Farming, in which we had previously invested £750,000. We added another £256,000 in two rounds, the second completing after the year end. The company is developing fast growing timber in eastern Mozambique and has strong prospects.

- Mongolian Minerals, in which we had previously invested CDN$1 million and added a further CDN$2 million (£1.25 million) for common shares. The company has licences with a proven resource of 575 million tonnes of high quality coal.
- Nusantara, in which we had previously invested £2.26 million and added a further £100,000. It is developing a large deposit (at least 480 million tonnes) of thermal coal in Sumatra, Indonesia. These purely internal rounds were to provide additional finance for the company whilst it negotiates with potential Indonesian partners and were on terms where it would have been highly dilutive not to participate.
- Creso Exploration, in which we had already sold a substantial shareholding at a higher price. We invested CDN$360,000 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.
- iQur, in which we invested a further £6,500 in a rights issue. It is a medical research company developing a novel vaccine platform, initially focusing on the Hepatitis virus and has made good progress.

The four new investments were:

- US$2 million in Manabi Holding SA, a Brazilian iron ore company. It is developing a very large iron ore resource in the Minas Gerais province of Brazil. Our investment was part of a US$550 million round to secure the asset and fund further development. Its shares now have a listing on Tier 1 of the BOVESPA (Brazilian Stock Market) and the company is planning to list on its Nuevo Mercado of BOVESPA (the much more liquid market) in June 2012. The financiers behind this company were heavily involved in HRT, which also listed on this market.
- Global Atomic Fuels Corporation ("Global Atomic"), in which we invested CDN$2 million. Global Atomic is a uranium exploration and development company. It has exploration rights in Niger and has discovered an unusually high-grade of uranium mineralisation on the surface of its licensed area. Our investment was part of a round of CDN$25.5 million raised to develop the asset.
- Union Minerals, a company established to exploit mineral prospects in Uruguay and holds a number of attractive licences. We invested US$1 million. Union is currently raising new equity in a subsidiary holding its iron ore interests and has attracted strong interest.
- Royal Resources is an Australian company with a large iron ore deposit in South Australia, where we invested A$2 million. It is currently listed on the ASX, but is considering an additional listing in London when market conditions are more favourable.

Portfolio - Detail

The following is a list of the Company's current Investments (excluding those of nil value).

Company	Investment (initial terms)	Business
African Timber and Farming	£750,000 for ordinary shares. Further £256,000 for ordinary shares	A Mozambique-based timber company.
AmLib	US$2m subscription for ordinary shares	A Jersey based company established in May 2000 to explore for gold, diamonds and other natural resources in Liberia. AmLib holds one mineral development agreement and seven exploration licences covering a total surface area of 3,400km^2.
Astrakhan Oil	US$2.5m for ordinary shares	An oil development company with licence interests in the Volga Basin / Caspian Sea, Russia.
Brazil Potash	US$2.5m in ordinary shares	It has licences covering 22.5m hectares in the Amazon potash basin to develop potash mines.

Investment Manager's Report continued

Investments - Detail continued

Buried Hill	US$850,000 subscription for and US$2.7m acquisition of ordinary shares	An international oil and gas exploration company focused on Caspian Sea and West Africa which is in advanced discussions to conclude a farm-in agreement with an oil major to develop the Caspian assets.
Caracara Silver	Distribution in specie from Homeland Uranium	A Canadian company exploring for silver with mineral rights in the Princesa-Piluani silver district of southern Peru.
Celadon Mining Ltd	£3.7m subscription in two tranches	Chinese Government backed company which has acquired major coking coal mines in China and Mongolia.
Creso Exploration	CDN$2.2m subscription for common stock. Further CDN$700,000 subscription for common stock and warrants	A gold and base metals exploration company with prospects in Canada, Mexico and Guatemala. Creso is listed on the TSX.
Cuprum Resources	Acquired in an auction as a result of the default by Dominion Minerals on the US$2m secured bond held by the Company	A Panamanian company which holds the exploration licence over the Cerro Chorcha Copper Project in Panama.
Dominion Minerals (see Cuprum above)	US$1.5m subscription for common shares and warrants. Further US$2m in a secured bond	A US-based copper and gold exploration and development company focused on its Cerro Chorcha Copper Project in Panama and its gold and copper/gold ventures in China. We have exercised our charge over the asset.
Eden Energy	US$4.56m subscription for ordinary shares	An Australian diversified clean energy company with interests in hydrogen production, storage and transport fuel systems, together with coal-bed methane licences in South Wales. Eden is listed in Australia.
Enhanced Oil	CDN$4m subscription and further subscription of CDN$1.6m for common stock and warrants	A Houston-based enhanced oil recovery resources company which controls the largest undeveloped natural helium/CO2 resource in North America. Enhanced Oil has acquired depleted oilfields where significant enhanced oil recovery resources remain and where CO2 flooding is effective.
First Iron (formerly RAM Resources)	US$2m subscription for ordinary shares Further US$1m loan stock	A Jersey-based mineral and asset development company which controls a 100 per cent owned iron ore mining property in the Kurgan region of Russia.
Global Atomic	CDN$2m for ordinary shares	A Canadian company with exploration interests in Niger, which has discovered a high-grade uranium deposit.
Gourmet Express	US$3m subscription for ordinary shares. Further loan with warrants of US$600,000	A leading consumer products company specialising in the production, distribution and marketing of a wide variety of frozen food products, in particular the frozen skillet meal category.
HaloSource	Acquired in exchange for another investment	US-based company with a leading technology for purification of water at point of use. The company went public on AIM in October 2010.
Homeland Uranium	CDN$2.2m subscription for common stock and warrants	Exploration company with uranium and vanadium exploration in the USA, Africa and Peru The main emphasis has been on exploration for uranium in Niger.

Investments - Detail continued

Ilika	£2.5m subscription for ordinary shares	A company spun out of the University of Southampton which specialises in the development and application of high throughput, combinatorial R&D techniques for the discovery of new materials. Ilika was admitted to AIM in May 2010 and our holding increased by a ratchet.
International Goldfields ("IGS") (formerly Latin Gold)	£1m subscription for ordinary shares in Latin Gold. Our interest was acquired by IGS for cash and shares	IGS is an Australian quoted company which controls gold exploration assets in Australia. It purchased Latin Gold (our original investment) and thereby acquired mineral rights in Brazil to a previously mined area where low-tech artisanal miners have produced an estimated 4.5m oz from soils over the last 11 years.
Iona Energy	CDN$2m for ordinary shares	A now publicly traded (TSX) Canadian company with development interests in the North Sea.
iQur	£0.5m subscription for ordinary shares. Further £6,500 for ordinary shares	A medical research company that is developing a novel vaccine platform, initially focusing on the Hepatitis virus.
Jordan Energy	US$1.05m subscription for ordinary shares	A company with rights to extract large shale oil deposits in Jordan.
Macusani Yellowcake (after merger with Southern Andes post year end)	Distribution in specie from Homeland Uranium	Explorer and developer of uranium projects in Peru. It also has silver/lead – zinc projects in Peru. The company is listed on the TSX.
Manabi Minerals	US$2m for ordinary shares in the company, which is now listed on Tier 1 of the BOVESPA (Brazilian Stock Market)	A Brazilian iron ore development company with a resource of 3.5bn tonnes of high-grade iron ore in the Minas Gerais province of Brazil. The company is planning to list on the Nuevo Mercado of BOVESPA in June 2012.
Mediatainment including Stream TV (formerly STV)	US$2m subscription for common shares	A US developer of 3D electronic entertainment solutions and Google Android tablets.
MinCore	CDN$2.025m subscription for ordinary shares	Has large base metal deposits in Mexico – both copper and molybdenum.
Mongolian Minerals	CDN$1m and a further CDN$2m for common shares	A Canadian exploration and development company focused exclusively on Mongolia. The company is currently developing a high-quality thermal coal asset called Khotgor, in the north western portion of the country. Current resources at Khotgor are 575 million tonnes.
Nusantara Energy	£2.25m subscription for shares and warrants	Nusantara is developing a large deposit (at least 490 million tonnes) of thermal coal in Sumatra, Indonesia and seeking to acquire further coal interests in Sumatra. Following an extensive drilling programme, Nusantara has confirmed that the resource is good quality thermal coal in thick seams very close to the surface. This deposit is ideally located to supply the market for coal-fired power generation in South East Asia, where demand is strong. It is currently exploring a trade sale.
Petro Kamchatka Resources (formerly CEP Resources)	US$2m and further US$1.875m subscription of equity after the year-end	A Canadian based oil and gas exploration company which owns interests in two exploration licences in Eastern Russia. It is publicly traded in Canada.

Investment Manager's Report continued

Investments - Detail continued

Providence Resources	€3.2m subscription for convertible loan notes. Further £1m in ordinary shares	An Irish oil and gas company with substantial offshore exploration interests in Ireland, further offshore interests in Nigeria and (largely producing) onshore and offshore assets in the UK and USA. Listed on AIM; the convertibles are currently listed in the Cayman Islands.
Puma Hotels plc	£1.95m subscription for convertible preference shares	Puma Hotels holds a portfolio of 20 leading British conference and leisure hotels.
Red Flat Nickel	US$4.2 million investment in loan notes in a complex deal	The company controls two nickel laterite deposits in Oregon. The St Peter Port loan has partly funded some exploration of deposits on the two fully owned tenements. Following the loan reaching its term, St Peter Port has acquired a majority equity interest as well as improving the security of the loan.
Royal Coal	US$1m subscription for ordinary shares	An American coal producing company approaching profitable production. It since went public through a reverse takeover.
Royal Nickel	CDN$4m subscription for ordinary shares	A Canadian nickel developer with a world-class nickel deposit in northern Quebec. The company floated on the TSX in Canada in December 2010.
Royal Resources	A$2m subscription for shares	A mineral exploration and development company operating in South and Western Australia, focused on iron ore. Their flagship project is the Razorback iron ore deposit, 240km from Adelaide. Listed on the ASX
Seven Energy	US$5m subscription for ordinary shares	A Nigerian company with major gas interests planning to serve the local heavy industry and utility market.
Southern Andes Energy	Distribution in specie from Homeland Uranium	Explorer and developer of uranium projects in Peru. It also has silver/lead – zinc projects in Peru. The company listed on the TSX in December 2010. It merged with Macusani Yellowcake (see above) after the year end.
Specialist Energy Group (Formerly Nviro)	£500,000 subscription for ordinary shares	Specialist Energy Group reversed into Nviro, an AIM listed clean tech company. SEG specialises in engineering, particularly boiler pumps, for the power sector.
TMO Renewables	£2.5m subscription for ordinary shares	A world leader in novel ethanol fermentation technology which produces bio-ethanol from low-grade sugar by means of a new fermentation technique with significantly higher yields and lower investment cost.
Tuscany Energy	CDN$1.4m subscription for shares	A Canadian development company focused on horizontal drilling of heavy oil in Alberta and Saskatchewan. Listed on the TSX
Tuscany International Drilling	US$2.25m subscription for ordinary shares	A (now) listed Brazilian oil drilling services company.
Union Agriculture	US$2m subscription for ordinary shares after the year-end Further US$1m in ordinary shares	Uruguayan farming company which is now the largest owner of agricultural land in Uruguay and applying capital and agronomy expertise to enhance its value. Union is currently planning to list in the USA.
Union Minerals	US$1m subscription for ordinary shares	Uruguayan mineral exploration company and holder of the largest minerals exploration portfolio in Uruguay including iron ore, gold, titanium, ferrochrome and diamonds.

We also hold securities in Rock Well Petroleum, Develica Asia Pacific, Continental Petroleum, Bio-thermal Technology and China Molybdenum; these are carried at nil or negligible value.

Top Ten Investments as at 31 March 2012

The following table lists our top ten investments by value as at 31 March 2012: Where we hold more than one instrument in a company, the holdings have been aggregated.

Company	Cost £ 000's	Valuation £ 000's	Gain/ (Loss) £ 000's	Status
Red Flat Nickel Corp	2,271	6,255	3,984	Unquoted
Buried Hill Energy (Cyprus) Plc	1,749	5,791	4,042	Unquoted
Nusantara Energy Plc	2,361	3,682	1,321	Unquoted
Brazil Potash Corp	1,526	3,440	1,914	Unquoted
Ilika Technologies Limited	2,500	3,371	871	Listed
Seven Energy Limited	3,121	3,128	7	Unquoted
Mongolia Minerals Corporation	1,895	2,945	1,050	Unquoted
Union Agriculture	1,878	2,775	897	Unquoted
Astrakhan Oil Corporation Limited	1,550	2,424	874	Unquoted
Cuprum Resources (arising from loan to Dominion Minerals)	1,211	2,189	978	Unquoted
Total	20,062	36,000	15,938	

Commentary on Other Significant Developments

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

There have been important developments in two companies in the portfolio, Red Flat Nickel and Dominion Minerals. In both of these cases we have now taken control of the asset, in one case with an 80 per cent equity interest and the other 100 per cent. In each case, we had held secured loan notes. These companies were unable to repay their loans on the maturity date and the equity interest we have acquired arose from these defaults. We are now working to exploit the considerable potential which each of them offer.

Red Flat Nickel has licences over two nickel laterite deposits in Oregon. The St Peter Port loan partly funded some exploration of deposits, but the company had management issues. Following a restructuring of the company's balance sheet, management and ownership, we now hold 80 per cent of the company's ordinary shares in addition to our loan, the repayment due from this loan now being more than US$14 million. We have agreed, as part of this re-structuring, not to determine the loan earlier than October 2012. We are now in a position to organise the development of these substantial nickel laterite deposits. We have recruited a management team with strong expertise in the exploitation of nickel laterite and are currently seeking outside funding to develop this exciting prospect. We have revalued our investment in Red Flat Nickel to reflect these developments.

Cuprum Resources is a Panamanian company which holds the exploration licence over the Cerro Chorcha copper project in Panama. This was the principal asset of Dominion Minerals and we had advanced a loan of US$2 million secured over Dominion's shares in Cuprum Resources. The company had difficulties with the Panamanian authorities which culminated in a court suspending the licence for Cerro Chorcha because of environmental objections and Dominion entered into a dispute with the Panamanian government. As a consequence, it was unable to re-pay its loan to us on the due date. We have exercised our security and, following an auction process, satisfied the principal of our loan through acquiring its interest in the shares of Cuprum Resources. The licence for this concession remains suspended, but we are working towards having it restored. When the licence was suspended, we wrote off the original equity investment of US$1.5 million in Dominion

Investment Manager's Report continued

in its entirety, but have written up the value of our shares in Cuprum reflecting progress made.

Gourmet Express, the US frozen food manufacturer, has re-structured its balance sheet. We had previously written off our US$3 million investment in the equity of the company but retained the valuation of the loan we hold in it. The company has re-gained its contract with Walmart and is planning an IPO in the Autumn. We have therefore written back the value of our equity holding to US$2.3 million.

Stream TV Networks, a subsidiary of Mediatainment, (formerly STV) has developed a 3D TV platform, building on intellectual property it has licensed from Philips. Philips closed their television division a few years ago and Stream recruited some of their research and development team. It has significantly enhanced the platform work done by Philips and created its own solution to the provision of 3D TV images. Its 3D system works differently to most of the competitors': it projects (and the mind super-imposes), images from both the back and front of the screen rather than from lateral positions across the screen. As a result, it can offer 3D without glasses, from a wide range of viewing positions and without making the viewer uncomfortable after a few minutes. It has recently contracted with a major manufacturer to supply units under licence to three major customers in East Asia and is currently raising funds at a large premium to our previous holding valuation.

Nusantara Energy, which has a large coal resource in Sumatra, Indonesia, has been negotiating a trade sale for some time. To facilitate this sale, it has been seeking to acquire an exploration licence for an area beyond its current licensed area, but the process has been slow. The recent re-financings, discussed above have been accompanied by some board changes to reinvigorate activity. We have been actively involved with other major investors in effecting these changes. To reflect the slower progress than hoped, we have reduced the value of the holding from 43 pence per share to 30 pence, a reduction of £1.6 million.

We have re-valued Union Minerals to US$2 million from our initial investment of US$1 million as a result of its planned fundraising in its iron ore subsidiary discussed above. As also discussed above, RAM Resources (now re-named First Iron) was planning to float last summer. It is currently raising finance at a reduced valuation and we have therefore written down our holding by US$2 million.

There have been a number of other significant developments in the portfolio during the year, which led us to re-value and which we have previously reported upon. There are many companies which could achieve large increases in value from our current holding value if progress continues as it has done. We would mention particularly Astrakhan Oil, Brazil Potash, Buried Hill, Global Atomic Fuels, Seven Energy, TMO Renewables and Union Agriculture.

Pipeline and Prospects

The portfolio has developed well and many of the companies in it have added significantly to their value during our investment period. We fully expect that process to continue. Inevitably, the timing of exit for the Company will depend upon market conditions and opportunities arising and early liquidation would be unlikely to be on good terms. Mostly these liquidity events are outside of our control. Where we have taken control of the investee company, we have more opportunity to influence the process and have exciting prospects to achieve value gains in these cases.

We are very cognisant of investors' desire to see cash returned where it cannot be deployed to great effect. At the same time, we can see reduced competition in pre-IPO financing, which has enabled us to strike some exceptional deals over the last few years, exploiting the large arbitrage gap between pre-IPO and public companies. We do not see that gap closing in the short-term. If the continuation vote is passed, we will therefore focus both on seeking to harvest the results of our investments as companies in the portfolio reach liquidity events and to re-invest where we see compelling near-term return opportunities which can generate significant value for shareholders.

Tim Childs as Investment Advisor to
St Peter Port Investment Management Limited
23 May 2012

Directors' Biographies

Arthur Leonard Robert Morton (aged 70), 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 three quoted companies: Armour Group PLC, Servoca PLC, WFCA PLC and is a non executive director of RSM Tenon Group PLC. He is also a director of a large number of private companies.

Timothy Erling Childs (aged 51), 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 56), Director

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

Simon Charles Bourge (aged 51), 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 Stenham Investment Management PCC Limited and several other funds and companies and served as a former President of the Guernsey International Legal Association..

Peter Francis Griffin (aged 53), Director

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

Report of the Directors

Directors' responsibilities

The Directors have pleasure in submitting their Annual Report and the Audited Consolidated Financial Statements for the year ended 31 March 2012 for St Peter Port Capital Limited ("the Company") and its wholly owned subsidiaries (together "the Group").

The Directors are responsible for preparing financial statements for each financial year which give a true and fair view, in accordance with The Guernsey Company Law, 2008 and International Financial Reporting Standards (IFRS), of the state of affairs of the Group and of the profit or loss of the Group for that period. In preparing those financial statements the Directors are required to:

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

The Directors confirm that they have complied with the above requirements in preparing the financial statements. The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and to enable them to ensure that the financial statements have been properly prepared in accordance with The Guernsey Company Law, 2008. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Status and activities

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

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

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

Note 2(o) of the Audited Consolidated Financial Statements describes the circumstances giving rise to a "continuation vote". An Extraordinary General Meeting of the Company will be convened for 18 June 2012 when the ordinary shareholders will vote on whether or not the life of the Company should be continued and the Company not be, for the time being, wound up through a process of orderly realisation by the Company of its investments and cessation of further investment.

Results and dividends

The results attributable to the Shareholders for the year and the transfer to reserves are shown in the Consolidated Statement of Comprehensive Income. During the year, the Group paid an inaugural dividend of 3p per ordinary share and a special dividend of 2p per ordinary share (2011: nil).

During the year the Company repurchased 2,128,500 of its ordinary shares at a cost of £1,363,008 (2011: 2,400,000 at a cost of £1,201,800). As at 31 March 2011, 2,250,000 (2011: 4,650,000) shares were held in treasury. The share buy back represented 3.0% (2011 3.3%) of the total ordinary shares issued and fully paid.

In respect of the year ended 31 March 2012, the Directors propose a final dividend of 3 pence per ordinary share, to be paid to shareholders on, or near 26 June 2012.

Directors and their interests

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

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

Directors and their interests (continued)

At 31 March 2012 the Directors' interests in the Ordinary Shares of the Company were as follows:

		2012 Ordinary shares	2011 Ordinary shares
Southwind Limited	1.	**nil**	2,500,000
Hawk Investment Holdings Limited	1.	**2,800,000**	300,000
Groundlinks Limited	1.	**100,000**	nil
Simon Charles Bourge (Director)		**nil**	nil
Broughton Limited	2.	**2,500,000**	2,500,000
Peter Francis Griffin (Director)		**nil**	nil
Graham Barry Shore (Director)		**nil**	nil
Timothy Erling Childs (Director)		**nil**	nil
Shore Capital Group Investments Limited	3.	**5,600,000**	5,600,000
Arthur Leonard Robert Morton (Chairman)		**nil**	nil

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

There have been no changes in the interests of the Directors from 31 March 2012 to the date of signing these financial statements.

Directors' remuneration

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

	2012 £	2011 £
Arthur Leonard Robert Morton (Chairman)	**nil**	nil
Graham Barry Shore (Director)	**nil**	nil
Timothy Erling Childs (Director)	**nil**	nil
Simon Charles Bourge (Director)	**15,000**	15,000
Peter Francis Griffin (Director)	**15,000**	15,000

The above fees do not include reimbursed expenditure.

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

Substantial shareholdings

At 10 May 2012 the following interests in 3% or more of the issued Ordinary Shares (excluding treasury shares) had been notified to the Company.

		Number of Ordinary shares	Percentage of share capital
Pershing Nominees Limited (SKCLT)	1.	**16,285,004**	23.87%
Nortrust Nominees Limited (GSYA)		**4,250,000**	6.23%
Singer Nominees Limited		**4,065,000**	5.96%
Pershing Nominees Limited (PSL981)	2.	**2,929,000**	4.29%
Bank of New York Nominees Limited		**2,920,000**	4.28%
Nortrust Nominees Limited		**2,705,224**	3.97%
Broughton Limited	3.	**2,500,000**	3.66%
HSBC Global Custody Nominee		**2,152,550**	3.16%

1. Includes 16,285,004 (2011: 18,908,239) Ordinary Shares held by clients of Shore Capital Limited and Shore Capital Stockbrokers Limited, including 5,600,000 shares in respect of Shore Capital Group Investments Limited.
2. Includes 2,800,000 shares in respect of Hawk Investment Holdings Limited, a company which is held entirely by related parties of Arthur Morton.
3. Broughton Limited, a company in which Timothy Childs has an interest as a beneficiary and settlor of the trust that owns the company.

Independent Auditors

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

APPROVED BY THE BOARD OF DIRECTORS

Director Director

Date: 23 May 2012

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

Report on the Financial Statements

We have audited the accompanying consolidated financial statements (the "financial statements") of St Peter Port Capital Limited which comprise the consolidated statement of financial position as of 31 March 2012 and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion the consolidated financial statements give a true and fair view of the financial position of the Group as of 31 March 2012, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the requirements of The Companies (Guernsey) Law, 2008.

Emphases of matter

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

Without modifying our opinion on this matter, we also draw attention to note 2(o) in the financial statements which indicates that on 18 June 2012, in accordance with the AIM listing Admission document, the holders of Ordinary Shares may elect to commence the process of winding up St Peter Port Capital Limited. Whilst the Directors have a reasonable expectation in the shareholders voting to continue the Company, this condition in note 2(o) indicates the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

Report on other Legal and Regulatory Requirements

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information is detailed in the contents page and we have nothing to report in this respect.

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

The maintenance and integrity of St Peter Port Capital Limited's website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

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

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 262 of The Companies (Guernsey) Law, 2008 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers CI LLP
Chartered Accountants
Guernsey, Channel Islands
23 May 2012

Consolidated Statement of Financial Position

As at 31 March 2012

Assets	Notes	As at 31 March 2012 £'000	As at 31 March 2011 £'000
Current assests			
Financial assets designated at fair value through profit or loss	12	**61,108**	73,095
Trade and other receivables	13	**32**	5,839
Cash and cash equivalents	14	**11,610**	12,649
Total assests		**72,750**	91,583
Liabilities			
Current liabilities			
Financial liabilities designated at fair value through profit or loss	12	**–**	3,185
Trade and other payables	15	**440**	3,418
Total liabilities		**440**	6,603
Net assets		**72,310**	84,980
Equity			
Capital and reserves attributable to equity holders of the company			
Share capital	16	**–**	–
Share premium	17	**–**	–
Special reserve	17	**64,963**	68,498
Treasury reserve	16	**3,498**	2,733
Retained earnings		**3,849**	13,749
Total Equity		**72,310**	84,980
Net asset value per share (pence per share)	19	**105.99**	120.80

Approved by the Board of Directors on 23 May 2012

Director .... Director ....

The accompanying notes 1 to 22 form an integral part of these financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2012

Income	Notes	Year ended 31 March 2012 £'000	Year ended 31 March 2011 £'000
Net changes in fair value on financial assets	12(c)	(5,939)	20,683
Gains on foreign exchange		201	62
Interest income	4	179	110
Other income	4	417	–
Net investment (loss)/income		(5,142)	20,855
Administrative expenses	2(b)	(2,647)	(2,387)
Withholding tax		–	(3,399)
Net (loss)/income from operations before finance costs		(7,789)	15,069
Interest expense		–	(1)
Total finance costs		–	(1)
(Loss)/profit for the year		(7,789)	15,068
Basic and diluted return per Ordinary Share (pence)	11	(0.1130)	0.2098

The accompanying notes 1 to 22 form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 March 2012

	Notes	Share Premium £'000	Special Reserve £'000	Treasury Reserve £'000	Revenue Reserve £'000	Total £'000
Opening balance		–	68,498	2,733	13,749	84,980
Loss for the year		–	–	–	(7,789)	(7,789)
Dividends Paid	18		(1,407)	–	(2,111)	(3,518)
Repurchased shares held in treasury		–	–	765	–	765
Ordinary shares repurchased	17	–	(2,128)	–	–	(2,128)
Balance at 31 March 2012		–	64,963	3,498	3,849	72,310

For the year ended 31 March 2011

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

The accompanying notes 1 to 22 form an integral part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 March 2012

Cash flows from operating activities	**Notes**	**Year ended 31 March 2012 £'000**	**Year ended 31 March 2011 £'000**
Interest and investment income received		576	573
Interest from legal settlement		395	–
Interest paid		–	(1)
Operating expenses paid		(2,486)	(5,608)
Prepayments to brokers		–	(2,475)
Sale of investments		14,641	14,771
Purchase of investments		(9,274)	(1,421)
Net cash generated in operating activities		3,852	5,839
Cash flows from financing activities			
Dividends paid		(3,518)	–
Purchase of own shares	17	(1,363)	(1,202)
Cash outflow from financing activities		(4,881)	(1,202)
Cash (outflow)/inflow for the year		(1,029)	4,637
Exchange losses during the year		(10)	–
Opening cash and cash equivalents		12,649	8,012
Closing cash and cash equivalents	14	11,610	12,649

The accompanying notes 1 to 22 form an integral part of these financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

1. General information – investing strategy

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

During the year the Company acquired 100% ownership of Cerro Chorcho Limited, acquired a further equity stake in Red Flat Nickel Corp. (an investee company) bringing the Company's holding up to 80% of its ordinary share capital, and acquired a further equity stake in Cuprum Resources Corp. (also an investee company) bringing the Company's holding up to 100% of its ordidnary share capital. The Company continued to hold 100% ownership of St Peter Port Capital (RFN) Limited and 100% ownership of SPPC Securities Holdings Limited, (together "the Group"). Cerro Chorcha Limited and St Peter Port Capital (RFN) Limited are registed in Guernsey, and SPPC Securities Holdings Limited is registered in Ireland. Red Flat Nickel Corp is registered in Panama and Cuprum Resources Corp is registered in the USA.

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

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

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

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

These financial statements were authorised by the Board for publication on 24 May 2012.

2. Summary of Significant Accounting Policies

This financial information for the year ended 31 March 2012 has been prepared in accordance with International Financial Reporting Standards ("IFRS"). IFRS include standards and interpretations approved by the International Accounting Standards Board, including International Accounting Standards ("IAS") and interpretations issued by the International Financial Reporting Interpretations Committee who replaced the Standards Interpretation Committee.

Basis of preparation

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

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

Consolidation

(a) Subsidiaries

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

During the year ended 31 March 2012 the Company acquired controlling interests in two investee companies as a result of exercising the Company's rights under loan agreements with those companies, being Red Flat Nickel Corp. and Cuprum Resources Corp. In both cases, as a result of rights over the assets of these companies, in respect of Red Flat Bickel Corp. by virtue of 80% beneficial ownership and in respect of Cuprum Resources Corp. by virtue of 100% beneficial ownership, both of these companies have been consolidated financial statements.

2. Summary of Significant Accounting Policies (continued)

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

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

(i) Standards and amendments mandatory for periods ending 31 March 2012

IAS 24 (revised) Related Party Disclosures - effective 1 January 2011
FRIC 19 Extinguishing financial liabilities with equity instruments - effective 1 July 2010
Annual improvements (2010) - effective 1 January 2011
Amendment to IFRS 7 Financial instrument disclosures - effective 1 July 2011
Amendment to IFRS 7 Financial instruments - transfers of financial assets - effective 1 July 2011
Amendment to IFRS 1 First time adoption on financial instrument disclosures - effective 1 July 2010

(ii) Standards and Instruments issued by not yet effective at 31 March 2012

Amendment to IAS 1 - Presentation of financial statements on other comprehensive income (OCI) - effective for annual periods beginning on or after 1 July 2012
IAS 27 (revised 2011) Separate financial statements - effective for annual periods beginning on or after 1 January 2013
Amendment to IAS 32 Financial instruments presentation on offsetting financial assets and financial liabilities - effective for accounting periods beginning on or after 1 January 2014
Amendment to IFRS 7 Financial instruments disclosures on offsetting financial assets and financial liabilities - effective for accounting periods beginning on or after 1 January 2013
IFRS 9 Financial instruments - effective for accounting periods beginning on or after 1 January 2013
IFRS 10 Consolidated financial statements - effective for accounting periods beginning on or after 1 January 2013
IFRS 11 Joint arrangements - effective for accounting periods beginning on or after 1 January 2013
IFRS 12 Disclosures of interests in other entities - effective for accounting periods beginning on or after 1 January 2013
IFRS 13 Fair value measurement - effective for accounting periods beginning on or after 1 January 2013

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

Income

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

(b) Running costs and expenses

The Company will bear all fees and out of pocket expenses properly incurred by the Investment Manager which for the years ended 31 March 2011 and 2012 was St Peter Port Investment Management Limited, the Administrator which for the years ended 31 March 2011 and 2012 was Intertrust Fund Services (Guernsey) Limited, and the Registrar which for the years ended 31 March 2011 and 2012 was Capita Registrars (Guernsey) Limited. Expenses borne on behalf of the Company are recharged to the Company on a quarterly basis. In addition, the Company will meet all of its own costs and expenses, including aborted transaction fees, the remuneration of those Directors for whom fees are payable and their expenses and the costs of all employees, advisers and consultants acting in the performance of the Company's business, commissions, banking fees, legal expenses, insurance costs, regulatory fees, acquisition and disposal fees, auditors' 2.

Notes to the Consolidated Financial Statements continued

For the year ended 31 March 2012

Summary of Significant Accounting Policies (continued)

(b) Running costs and expenses (continued)

fees, listing costs and the costs of distribution of reports and accounts and other documentation to shareholders. The Administrative expenses during the year were as follows;

Administration expenses

	31 March 2012 £'000	31 March 2011 £'000
Administration fees	71	74
Audit fees	78	61
Investment Management fees	1,910	1,749
Legal and professional fees	462	358
Directors and Consultancy fees	90	90
Insurance	11	15
Sundry expenses	25	40
	2,647	2,387

(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.

Financial assests

	31 March 2012 £'000	%	31 March 2011 £'000	%
Oil & Gas	**16,454**	26.93	27,188	37.20
Mining	**31,058**	50.82	27,619	37.79
Technoogy	**3,877**	6.34	3,810	5.21
Renewable energy	**2,186**	3.58	2,310	3.16
Other	**7,533**	12.33	12,168	16.65
	61,108		73,095	

Financial liabilities

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

2. Summary of Significant Accounting Policies (continued)

(c) Segmental reporting (continued)

And in companies with the following countries of domicile.

	31 March 2012 £'000	%	31 March 2011 £'000	%
Australia	**1,067**	1.75	659	0.90
Brazil	**1,877**	3.07	8,777	12.01
Canada	**10,937**	17.90	14,319	19.59
Cyprus	**5,791**	9.48	5,775	7.90
United Kingdom	**20,857**	34.13	28,389	38.84
United States of America	**10,685**	17.49	10,837	14.83
Russia	**2,424**	3.97	1,572	2.15
Uruguay	**4,026**	6.59	2,767	3.79
Niger	**1,255**	2.05	–	–
Panama	**2,189**	3.58	–	–
	61,108		**73,095**	

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

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

(d) Valuation of investments

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

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

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

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

Where the investment being valued was acquired in the week leading up to the period end, its cost will generally provide a good indication of fair value. Methodologies used in arriving at the fair value include prices of recent investments, earnings multiples, net assets and industry valuation benchmarks. Notwithstanding the above, the variety of valuation bases 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.

Notes to the Consolidated Financial Statements continued

For the year ended 31 March 2012

2. Summary of Significant Accounting Policies (continued)

(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 is liable to an annual fee of £600. Subsidiaries are subject to tax in their respective jurisdictions.

(g) Foreign currency translation

(i) Functional and reporting currency

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

(ii) Transactions and balances

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

(h) Financial liability and equity

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

(i) Financial assets

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

(j) Trade and other payables

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

(k) Trade and other receivables

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

(l) Cash and cash equivalents

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

(m) Loans

Loans are held at fair value through profit and loss.

(n) Intangible assests

The Group holds mining licences in 2 of its subsidiaries, Red Flat Nickel Corp. and Cuprum Resources Corp. These licences are held at fair value according to the directors' valuation.

(o) Going concern

The Company's directors have made an assessment of the Company's ability to continue as a going concern and are satisfied that the Company has resources to continue in business for the foreseeable future, other than in respect of one future event that is uncertain in outcome. Under the particulars of the Company's AIM listing Admission document, not later than 30 days after the fifth anniversary of Admission to trading, and at five yearly intervals thereafter if the Company remains in existance, the Directors will propose an ordinary resolution whereby holders of Ordinary Shares can elect to commence the process of winding up, whereupon the Company will cease to make new investments and the Directors commence a process of orderly realisation of the Company's investments, (the "Continuation Vote").

Notwithstanding any uncertainty of the outcome of the Continuation Vote, these financial statements have been prepared on the going concern basis. The directors are hopeful that the Company will continue and will be encouraging of members to use their vote accordingly.

3. Critical Accounting Estimates and Judgement

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

4. Interest and Other Income

	Year ended 31 March 2012 £'000	Year ended 31 March 2011 £'000
Bank and broker interest	**179**	110
Total interest received	**179**	110
Income received from legal settlement	**395**	–
Sundry income	**22**	–
Total other income	**417**	–

5. Administration Fees

Under the Administration Agreement the Administrator is entitled to receive an annual administration fee at a rate as may be agreed from time to time between the Company and the Administrator. The present administration fee is up to a maximum of £75,000 per annum for the performance of the administration services. There is an additional fee for the provision of any directors to the Board of the Company and for the production of annual and interim financial accounts. The Administrator will also be entitled to reimbursement for its reasonable expenses in providing the administration services. Total administration fees for the year ended 31 March 2012 amounted to £71,461 (2011: £73,660) with £11,250 (2011: £50,474) outstanding at the year end.

6. Management Fees

Under the Investment Management Agreement, the Investment Manager is entitled to receive a management fee of 2 per cent per annum (or 1 per cent until 50 percent of the net placing proceeds are invested in portfolio companies) of Net Asset Value which shall accrue on the first day of each quarterly period ending on 31 March, 30 June, 30 September and 31 December in each year and all reasonably and properly incurred expenses of the Investment Manager with respect to Company business. The Company's investment into pre-IPO companies passed the hurdle at which management fees became payable at 2 per cent per annum on 18th October 2007. Total management fees for the year to 31 March 2012 amounted to £1,910,081 (2011: £1,748,868) with £92,360 outstanding (2011: £28,346 prepaid) at the year end.

7. Directors' and Consultancy Fees

Under their letters of appointment, Mr Bourge and Mr Griffin are paid a remuneration of £15,000 per annum. Hawk Consulting, a company in which Mr Morton is interested, is paid a fee of £60,000 per annum (inclusive of all expenses) with respect to services provided from time to time by either that company or Mr Morton on its behalf. Mr Childs and Mr Shore have waived their entitlement to a Directors fee but are able to recover reasonable expenses. Total directors' fees for the year to 31 March 2012 amounted to £30,000 (2011: £30,000) with £3,750 (2011: £7,500) outstanding at the year end. Total consultancy fees for the year amounted to £60,000 (2011: £60,000).

Notes to the Consolidated Financial Statements continued

For the year ended 31 March 2012

8. Broker Fees

Under the Broker Agreement between the Company, Shore Capital Stockbrokers Limited and Shore Capital and Corporate Limited, the Company pays an annual retainer of £30,000 plus VAT together with the reasonable expenses plus VAT of Shore Capital Stockbrokers Limited and Shore Capital and Corporate Limited in connection with the broker agreement. Total broker fees for the year to 31 March 2012 amounted to £30,976 (2011: £30,278) with nil (2011: nil) outstanding at the year end.

9. Nomad Fees

Under the Nominated Advisor Agreement between the Company and Deloitte Corporate Finance the Company pays an annual retainer of £30,000 with any VAT if applicable. The Company is also responsible for all out-of-pocket expenses incurred by Deloitte Corporate Finance in connection with its appointment as nominated advisor of the Company. Any expenditure in excess of £5,000 must be authorised by the Board of Directors. Total Nomad fees for the year to 31 March 2012 amounted to £30,007 (2011: £30,087) with £1,230 (2011: nil) prepaid at the year end.

10. Audit Fees

Audit fees for the year to 31 March 2012 amounted to £78,055 (2011: £61,490) with £69,000 (2011: £54,000) outstanding at the year end.

11. Earnings/(Loss) Per Share

The calculation of basic return per Ordinary Share is based on the net loss from continuing operations for the year of £7,789,000 (2011: profit £15,068,000) and on 68,948,050 (2011: 71,813,700) shares being the weighted average number of shares in issue during the year. There is no difference between basic earnings per share and diluted earnings per share.

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

(a) Designated at fair value through profit or loss

Financial assests	Historic cost at 31 March 2012 £'000	Market Value at 31 March 2012 £'000	Historic cost at 31 March 2011 £'000	Market Value at 31 March 2011 £'000
Listed equity securities	**16,142**	**8,045**	16,061	20,047
Unlisted equity securities	**46,948**	**42,141**	43,244	42,132
Unlisted debt securities	**5,338**	**10,922**	7,043	10,916
Total financial assets at fair value through profit or loss	**68,428**	**61,108**	66,348	73,095
Financial liabilities				
Financial liabilities designated at fair value through profit or loss	–	–	(3,337)	(3,185)
	–	–	(3,337)	(3,185)

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

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

	Unlisted Equity Securities £'000	Listed Equity Securities £'000	Unlisted Debt £'000	Total £'000
Valuation at 31 March 2011	**42,132**	**20,047**	10,916	73,095
Purchase at cost	**4,597**	**1,558**	–	6,155
Movement to listed during year	**(1,904)**	**1,904**	**–**	**–**
Disposal proceeds	**(279)**	**(11,027)**	(499)	(11,805)
Realised gains/(losses) on disposals	**–**	**7,726**	–	7,726
Net unealised gains/(losses) on revaluation of investments	**(2,405)**	**(12,163)**	505	(14,063)
Valuation at 31 March 2012	**42,141**	**8,045**	10,922	61,108
Book cost at 31 March 2012	**46,948**	**16,142**	5,338	68,428
Net unrealised gains/(losses) at 31 March 2012	**(4,807)**	**(8,097)**	5,584	(7,320)
Valuation at 31 March 2012	**42,141**	**8,045**	10,922	61,108

For the year ended 31March 2011

	Unlisted Equity Securities £'000	Listed Equity Securities £'000	Unlisted Debt £'000	Total £'000
Valuation at 31 March 2010	**49,217**	**5,823**	8,238	63,278
Purchase at cost	**4,606**	**–**	–	4,606
Trades awaiting settlement	**3,121**	**–**	–	3,121
Disposal proceeds	**–**	**(18,131)**	–	(18,131)
Realised gains/(losses) on disposals	**–**	**12,683**	–	12,683
Net unealised gains/(losses) on revaluation of investments	**(14,812)**	**19,672**	2,678	7,538
Valuation at 31 March 2011	**42,132**	**20,047**	10,916	73,095
Book cost at 31 March 2011	**43,244**	**16,061**	7,043	66,348
Net unrealised gains/(losses) at 31 March 2011	**(1,112)**	**3,986**	3,873	6,747
Valuation at 31 March 2011	**42,132**	**20,047**	10,916	73,095

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

	Year ended 31 March 2012 £'000	Year ended 31 March 2011 £'000
Realised gain/(loss) on dispocal	**7,726**	12,683
Investment income	**398**	462
Unrealised gain/(loss) on revaluation	**(14,063)**	7,538
Total net changes on financial assets at fair value	**(5,939)**	20,683

Notes to the Consolidated Financial Statements continued

For the year ended 31 March 2012

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

(d) Fair value of financial instruments

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

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included within level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

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

The following table analyses within the fair value hierarchy the Company's financial assets and liabilities (by class) measured at fair value at 31 March 2012.

As at 31 March 2012

Financial assets	**Level 1 £'000**	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Financial investments designated at fair value through profit or loss	8,045	–	53,063	61,108
Assets measured at fair value	8,045	–	53,063	61,108

As at 31 March 2011

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

(e) Transfers between Level 1 and 3

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

Financial assets	**Transfers from Level 3 to Level 1 Year ended 31 March 2012 £'000**	**Transfers from Level 3 to Level 1 Year ended 31 March 2011 £'000**
Equity securities	1,904	7,757

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

(f) Level 3 reconciliation

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

Assets	31 March 2012 £'000	31 March 2011 £'000
Opening balance	**53,048**	57,455
Total gains/(losses) during the year	**(1,900)**	(9,013)
Purchases	**4,597**	4,606
Disposals	**(2,682)**	–
Assets as at 31 March	**53,063**	53,048

13. Trade and other Receivables

	31 March 2012 £'000	31 March 2011 £'000
Receivables from brokers	**–**	3,360
Prepayments	**32**	2,479
	32	5,839

14. Cash and cash equivalents

	31 March 2012 £'000	31 March 2011 £'000
	11,610	12,649

The cash equivalent investments are considered to be highly liquid, so that book cost is considered equivalent to fair value. The weighted average interest rate on cash balances at 31 March 2012 was 1.36% (2011: 0%). The Company has no material interest bearing liabilities.

Notes to the Consolidated Financial Statements continued

For the year ended 31 March 2012

15. Trade and other Payables

	31 March 2012 £'000	31 March 2011 £'000
Administration fee payable	**11**	50
Directors' fees payable	**4**	8
Audit fee payable	**69**	54
Sundry creditors	**212**	187
Trades awaiting settlement	**144**	3,119
	440	3,418

16. Share Capital

Founder Shares	31 March 2012 £'000	31 March 2011 £'000
10,000 Founder Shares of £0.01 each authorised issued and fully paid	**–**	–

Founder Shares have been created to facilitate the payment of carried interest. This performance based interest is calculated by reference to Absolute Shareholder Returns of the Company from Admission to the Alternative Investment Market of the London Stock Exchange. The carried interest will be paid by way of dividend on Founder Shares subject to two conditions: first that the average middle market closing price of an Ordinary Share on the 30 dealing days before the last day of the previous accounting period (the "Benchmark Price") exceeds the Benchmark Price for all prior periods; and second that Absolute Returns exceed 8 per cent per annum (non-compounded) of the subscribed ordinary share capital of the Company. Further details regarding this dividend are outlined in note 18.

Ordinary Shares

There are an unlimited number of ordinary shares of nil par value authorised. At the end of the reporting period 68,221,500 (2011:70,350,000) have been issued and fully paid. The Ordinary Shares do not carry any right to fixed income.

Treasury shares

The Company had 2,250,000 (2011: 4,650,000) Ordinary Shares held in Treasury at 31 March 2012.

17. Share Premium and Special Reserve

	31 March 2012 £'000	31 March 2011 £'000
Share Premium	**–**	–
Special reserve		
Opening balance	**68,498**	70,898
Dividends paid	**(1,407)**	–
Shares repurchased	**(2,128)**	(2,400)
Closing balance	**64,963**	68,498

On 2 August 2011, the Company purchased 1,000,000 of its own shares at a price of £0.65 per share and on 5 August 2011, the Company purchsed 1,128,500 of its own shares at a price of £0.63 per share.

18. 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. There are 10,000 Founder Shares in issue and these are held by Shore Capital Limited (5,000 shares), and Broughton Limited (5,000 shares).

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.

No performance dividend arising under the terms noted above has been paid or is payable in respect of the year ended 31 March 2012.

19. Net Asset Value per Share

	31 March 2012 £'000	31 March 2011 £'000
Net Asset Value	**73,310**	84,980
Ordinary Shares in issue	**68,222**	70,350
Net Asset Value per Ordinary Share (pence per share)	**105.99**	120.80

The Net Asset Value per Ordinary Share is based on the Net Asset Value at the end of the reporting period and on 68,221,500 (2011: 70,350,000) Ordinary Shares being the shares in issue at the year end.

Notes to the Consolidated Financial Statements continued

For the year ended 31 March 2012

20. Related Party Transactions

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

Included in the financial statements is a fee payable to Shore Capital Ltd totalling £40,000 (2011: £50,000) which relates to legal services provided by Shore Capital Ltd to the Company.

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

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

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

21. Subsequent Events

As summarised in the Investment Manager's Report, subsequent to the year end, a further follow on investment in East African Timber was completed. This follow on investment was in the amount of £144,000, being the final part of the follow on investment amount of £256,000.

22. Financial Risks

(a) Strategy in using financial instruments

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

(b) Market risk

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

22. Financial Risks (continued)

(b) Market risk (continued)

Investments

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

Investments in small unquoted companies

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

Concentration risk

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

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

	31 March 2012		31 March 2011	
	Fair Value	% of Net Assets	Fair Value	% of Net Assets
	£'000		£'000	
Pre-IPO Investments (including corporate debt)	**53,063**	**73.38**	53,048	62.42
Listed Investments	**8,045**	**11.14**	20,047	23.60
	61,108	**84.52**	73,095	86.02

The Company's market risk is affected by three main components: changes in market prices for those listed entities, interest rate and foreign currency movements. Interest rate and foreign exchange movements are covered in notes below. If the market value of the listed investments at year end had increased / (decreased) by 5% with all other variables held constant, this would have impacted the assets attributable to shareholders of ordinary shares by approximately £402,000 (2011: £1,002,000).

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

Notes to the Consolidated Financial Statements continued

For the year ended 31 March 2011

22. Financial Risks (continued)

(c) Interest rate risk

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

As at 31 March 2012	Weighted Average Interest Rate	Interest bearing Less than 1 month £'000	Non-interest bearing £'000	Total £'000
Assets				
Fixed interest rate securities	12.00%	2,230	–	2,230
Fixed interest rate securities	0.00%	–	1,287	1,287
Equity Securities	0.00%	–	50,187	50,187
Floating interest rate securities	8.52%	7,404	–	7,404
Floating interest rate cash at bank	1.36%	11,610	–	11,610
Other receivables and prepayments	0.00%	–	32	32
Total assets		21,244	51,506	72,750
Liabilities				
Trade and other payables		–	440	440
Total interest sensitivity gap		21,244	51,066	72,310

As at 31 March 2011	Weighted Average Interest Rate	Interest bearing Less than 1 month £'000	Non-interest bearing £'000	Total £'000
Assets				
Fixed interest rate securities	12.00%	4,388	62,179	66,567
Floating interest rate securities	8.52%	6,528	–	6,528
Fixed interest rate cash at bank	0.00%	139	–	139
Floating interest rate cash at bank	0.00%	12,510	–	12,510
Other receivables and prepayments	0.00%	–	5,839	5,839
Total assets		23,565	68,018	91,583
Liabilities				
Financial liabilities designated at fair value through profit or loss		–	3,185	3,185
Trade and other payables		–	3,418	3,418
Total interest sensitivity gap		23,565	61,415	84,980

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

22. Financial Risks (continued)

(d) Currency risk

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

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

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

	31 March 2012		31 March 2011	
	Value	% of Net Assets	Value	% of Net Assets
	£'000		£'000	
Australian Dollar	**1,686**	**2.33**	659	0.77
Canadian Dollar	**8,958**	**12.39**	11,478	13.51
Euro	**2,230**	**3.08**	2,891	3.40
US Dollar	**28,073**	**38.82**	31,084	36.58
Brazilian Real	**6**	**0.01**	8,777	10.33

At year end, had the exchange rate between the currencies above and Sterling increased or decreased by 2% with all other variables held constant, the increase or decrease respectively in net assets attributable to holders of ordinary shares would amount to approximately £ 34,000 (2011: £13,000) in the case of Australian Dollars, £179,000 (2011: £230,000) for Canadian Dollars, £45,000 (2011: £58,000) for Euro, £120 (2011: £176,000) for Brazilian Real and £561,000 (2011: £622,000) for US Dollars.

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

(e) Price risk

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

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

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

Notes to the Consolidated Financial Statements continued

For the year ended 31 March 2012

22. Financial Risks (continued)

(e) Price risk (continued)

A 5% increase in the value of stock at year end would have increased the net assets attributable to shareholders by £2,509,000 (2011: £3,625,000). An equal change in the opposite direction would have decreased the net assets attributable to shareholders by an equal but opposite amount.

Other price risk

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

Investment assests	**31 March 2012 % of Net Assets**	**31 March 2011 % of Net Assets**
Equity investments:		
Unlisted equities	**58.28**	49.58
Listed equities	**11.13**	23.59
Debt instruments:		
Corporate debt	**15.10**	12.84
Total investments assets	**84.51**	86.01

(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 quickly liquidate 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 2012

All amounts stated in £'000	**Less than 1 month**	**1–3 months**	**3 months to 1 year**	**No stated maturity**
Accounts payable	**144**	**–**	**–**	–
Accrued expenses	**296**	**–**	**–**	–
	440	**–**	**–**	–

31 March 2011

All amounts stated in £'000	**Less than 1 month**	**1–3 months**	**3 months to 1 year**	**No stated maturity**
Financial liabilities designated at fair value through profit and loss	3,185			
Accounts payable	112	–	–	–
Accrued expenses	187	–	–	–
Trades awaiting settlement	(3,119)	–	–	–
	365	–	–	–

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

22. Financial Risks (continued)

(g) Credit risk

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

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

	31 March 2012 £'000	31 March 2011 £'000
Investments in debt instruments	**10,922**	10,916
Cash and cash equivalents	**11,610**	12,649
Other assets	**32**	5,839
Total	**22,564**	29,404

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

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

	31 March 2012 % of Net Assets	31 March 2011 % of Net Assets
Oil & Gas	**22.75**	32.01
Mining	**42.95**	32.50
Technology	**5.36**	4.49
Renewable energy	**3.02**	2.70
Other	**10.42**	14.31
Total	**84.50**	86.01

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

St Peter Port Capital Limited
Notice of Annual General Meeting

PO Box 119
Martello Court
Admiral Park
St Peter Port
Guernsey

25 May 2012

NOTICE IS HEREBY GIVEN THAT THE FIFTH 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 18 JUNE 2012 AT 11.00A.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 2012.
2. To consider the re-appointment of Timothy Childs 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

6. THAT the Company be and is hereby re-authorised in accordance with Section 5 of The Companies (Purchase of Own Shares) Ordinance, 1998 to make market purchases of its own shares provided that:

   (a) the maximum number of ordinary shares authorised to be acquired is such number as represents 14.99 per cent of the shares in issue from time to time (rounded to the nearest whole number);

   (b) the minimum price which may be paid for a share is £0.01;

   (c) the maximum price which may be paid for a share is not more than 5 per cent. above the average of the middle market quotations for the relevant shares, as published by the London Stock Exchange for the five business days before the purchase is made; and

   (d) such authority shall expire on the date of the annual general meeting of the Company in 2013 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

for Intertrust Fund Services (Guernsey) Limited
Corporate Secretary

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

See notes below

Notes:

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

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

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

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

5. If, within fifteen minutes from the appointed time for the Meeting, a quorum is not present, then the Meeting will be adjourned to the same time on 19 June 2012 at the same address. At the adjourned Meeting, those Shareholders present, in person or by proxy, will form a quorum whatever their number and the number of Ordinary Shares held by them. Again, a majority of not less than seventy-five per cent. (75%) of the total number of votes cast is required to pass any special resolutions. The majority required for the passing of any ordinary resolutions is more than fifty per cent. (50%) of the total number of votes cast on each such ordinary resolution.

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

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

Officers and Professional Advisers

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

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

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

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

Registrar
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

Independent Auditors
PriceWaterhouseCoopers CI LLP
Royal Bank Place
1 Glategny Esplande
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
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London EC4R 9HA

Legal advisor to the Company as to Guernsey Law
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St. Peter Port
Guernsey GY1 4BZ

Bankers
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(formerly MeesPierson (CI) Limited)
PO Box 253
Martello Court
Admiral Park
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Guernsey GY1 3QJ

The Royal Bank of Scotland
International Limited (RBS International)
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