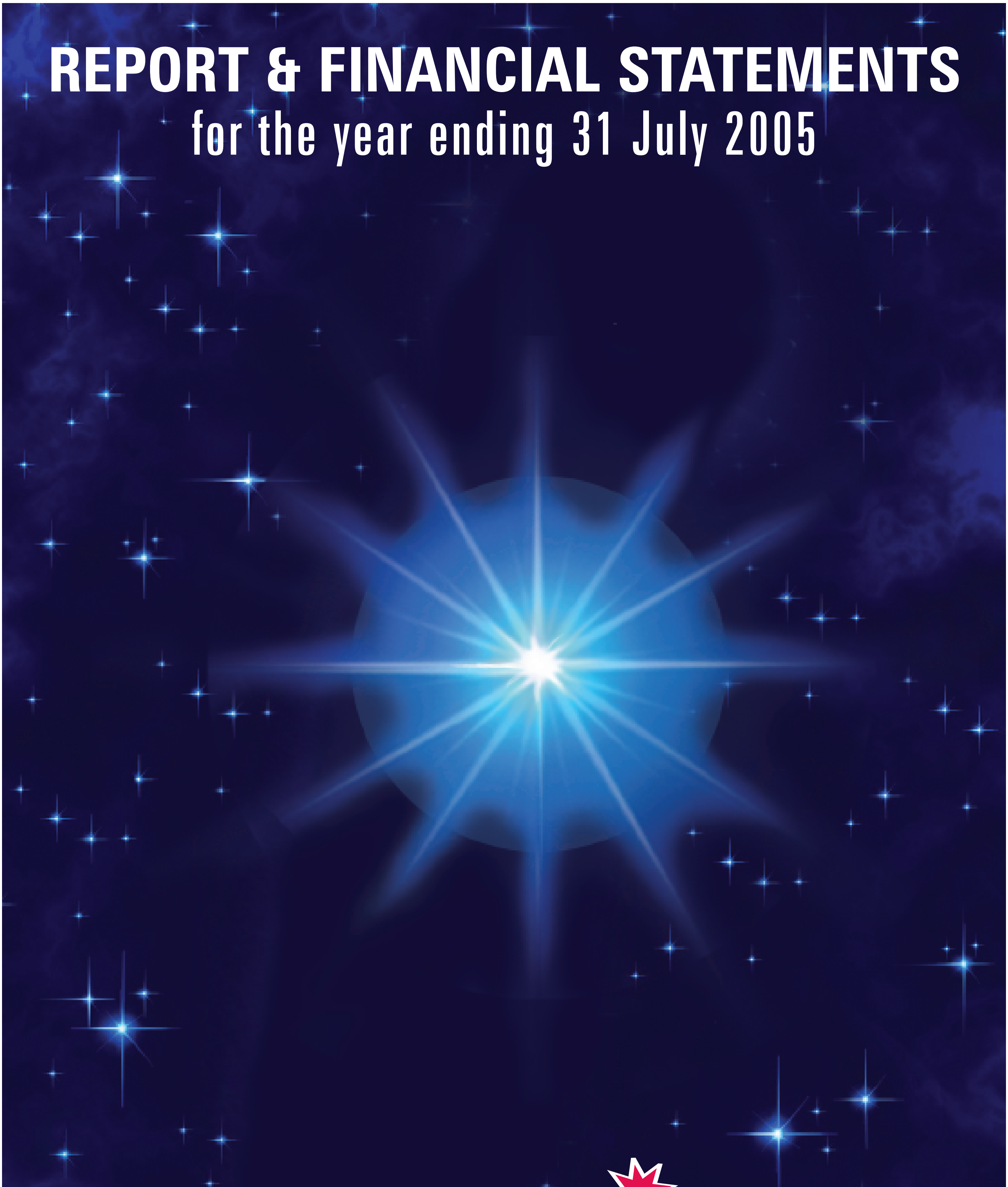
REPORT & FINANCIAL STATEMENTS

for the year ending 31 July 2005



STARVEST plc

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Company information

Directors	R Bruce Rowan – Chairman & Chief Executive A C R Scutt John Watkins
Secretary, registered office and business address	John Watkins, FCA 123 Goldsworth Road, Woking Surrey GU21 6LR Tel: 01483 771992 email@starvest.co.uk
Auditors	Grant Thornton UK LLP Churchill House Chalvey Road East Slough SL1 2LS
Registered number	3981468
Solicitors	Ronaldsons 55 Gower Street London WC1E 6HQ
Nominated advisor	Grant Thornton UK LLP Manor Court Barnes Wallis Road Segensworth Fareham Hampshire PO15 5GT
Bankers	Butterfield Private Bank 99 Gresham Street London EC2V 7NG
Nominated broker	Keith Bayley Rogers & Co Limited Sophia House 76-80 City Road London EC1Y 2EQ
Registrars	Share Registrars Limited Craven House West Street Farnham Surrey GU9 7EN Tel: 01252 821390

Chairman's statement

I am pleased to present my fourth annual statement to Shareholders for the year ended 31 July 2005.

Highlights

Your Directors continue to pursue the chosen investment policy which shows every sign of generating exciting results in the future as it has in the past twelve months to 31 July 2005 which record:

- a gross profit of £594,219,
- a profit before tax of £389,181, and
- a profit after tax of £304,181.

As at 31 July 2005, the Group had:

- £193,693 cash in the bank;
- net current assets and net assets of £1,698,905, an increase of 22% during the year;
- trading investments with a mid market valuation of £6,500,000, a fall of 5.65%;
- unrealised investment profits of £4,891,000.

The underlying net asset value per share based on the mid market quotations as at 31 July 2005 was 16.9 pence, a reduction since 31 July 2004 when it was 19 pence. However, by the close of business on 19 August 2005, this had recovered to 18.69 pence. These values are stated on a fully diluted basis but before tax on unrealised profits.

No dividend is proposed for the year.

Review of business and current activities

Your Company has 90% by value of its current investments in the natural resource sector where declining sentiment has been a feature of the market and therefore of share prices during the past few months. Therefore, it is not surprising to find that the net asset value has fallen since the high point at the end of January 2005.

This situation presents both challenges and opportunities. Notwithstanding the market conditions, your Board remains of the opinion that the natural resources sector holds considerable promise for exciting growth in the medium term. Much is written about the insatiable demand of China for access to natural resources; we believe that the population explosion leading to increased economic growth in India will significantly increase its demands too.

The fact that your Company was able to take profits at a high point and so hold £744,000 of cash at 31 January 2005 has enabled us to acquire three new investments at attractive prices as well as add to two others during the past six months.

Your company now holds a spread of eighteen investments of which eleven are quoted on AIM, six are quoted on OFEX and one which joined OFEX during August. In addition, we are committed to a further opportunity which is expected to be quoted on OFEX during September 2005.

Your Company now has board representation on four investee companies: Tony Scutt is a non executive director of Agricola Resources plc and of Beowulf Mining plc; John Watkins is a non executive director of Red Rock Resources plc and of Regency Mines plc.

The Company continues to seek opportunities to invest in small company new issues and support pre-IPO opportunities so as to enhance shareholder value and to make disposals as market conditions permit.

Chairman's statement, continued

Funding requirement

In my 2004 Annual Report, I indicated that a further fundraising was possible by the end of 2004. In the event, we were able to raise cash to finance new investment opportunities by taking a very acceptable profit on investments, thus avoiding the necessity of raising new money at a substantial discount to the net asset value. Future funding requirements will be met from investment sales and other opportunities which may arise.

Outlook

Given the increased spread of investments, the Directors look forward with optimism to reporting increased asset values in the year ahead given the exciting opportunities which continue to be open to us. We have made an encouraging start with a 10% increase in net asset value by the close of business on 19 August 2005.

We look forward to reporting further progress in mid November when we plan to issue the next Chairman's update.

We will recommend a first dividend as soon as circumstances permit.

As indicated on page 26, we plan to hold our annual general meeting on Tuesday 11 October when we look forward to meeting those able to attend.

R Bruce Rowan

Chairman & Chief Executive

24 August 2005

Review of portfolio

Starvest's trade investment portfolio at 31 July 2005 comprised:

African Platinum plc ("Afplats") – (AIM: APP), formerly, Southern African Resources plc

Website: **www.afplats.com**

The progress of Afplats towards establishing itself as a major platinum group metal (PGM) resource company in Southern Africa has continued, with a significant broadening of its international institutional investor base. A successful £15.5m North American placement at 30p in late 2004 will finance the bankable feasibility study on its PGM +Gold (4E) mine project on the flagship Leeuwkop prospect on the Bushveld complex in South Africa.

A three-dimensional survey on the Leeuwkop prospect was completed in April with final data interpretation due for completion by end 2005; initial results having confirmed the company's geological model. Updated resource numbers show 50m ounces of 4E, with 8m ounces indicated and 42m inferred. Further prospecting rights granted could result in a resource base of over 100m ounces of 4E in its greater Leeuwkop development plan.

A secondary listing is expected this year on the American Stock Exchange.

Agricola Resources plc – (OFEX: AGC)

Website: **www.agricolaresources.com**

Agricola has broadened its base by acquiring two uranium exploration areas over 153 sq km of Finland. The first consists of ten claims in Eastern Finland, including the only previously operated uranium mine in Finland which produced 30 tonnes of uranium in yellowcake (solid uranium oxide) during a test mining operation in 1960-61; the second comprises seven claims in northern Finland.

Agricola has been encouraged by advice received from the Geological Survey of Finland and radon survey results; further radon testing is planned before drilling later in 2005. The Finnish Government plans to build a fifth nuclear power plant so demand is expected to grow; until now all its uranium requirements have been imported.

Agricola's interests in platinum exploration and development are confined to the island of Unst in the Shetland and to the Klappsjo area of Central Sweden.

Belmore Resources (Holdings) plc – (OFEX: BEL)

Belmore was successfully admitted to OFEX in March 2005, enjoying a 30% over-subscription. A net 320,000 Euros was raised at 5p per share to finance its programme of exploration drilling in County Clare, as well as desk studies and fieldwork on its other licences in the Republic of Ireland and Northern Ireland. A further placing was made in June at 5.75p for working capital purposes. Belmore's principal County Clare project targets zinc where it has a 50% interest in eight prospecting licences covering 330 sq. km.

Beowulf Mining plc – (AIM: BEM)

Website: **www.beowulfmining.com**

Beowulf graduated from OFEX to AIM in May 2005 and remains focused on exploration for world-class copper, gold and uranium deposits in Northern Sweden encouraged by the county's favourable fiscal climate for incoming mining and exploration companies. Beowulf's interests include Jokkmokk where a world-class drill intersection was obtained on the Majves 1 exploration permit. Most of the initial exploration was undertaken by Phelps Dodge Exploration Sweden; they have recently withdrawn for undisclosed reasons, but Beowulf will continue alone or seek another partner. In addition, Beowulf has: Grundtrask, with mineral rights over 43 sq. km; Ballek with two exploration permits over 78 sq km issued in May 2005 where uranium rich boulders have been discovered and Gold Fields Exploration has a right of first refusal which it is hoped will lead to a joint venture; Ussalahti with three exploration permits seen as prospective for massive sulphide copper and gold deposits.

Review of portfolio, continued

Black Rock Oil & Gas plc – (AIM: BLR)

Website: **www.blackrockpetroleum.com.au**

This oil and gas exploration company has a broad range of exploration interests including four licences in Southern England, one in Jordan and minor interests in Western Australia. In addition, it has a licence in Colombia where it has farm-in terms with Kappa Energy, a privately-owned company with bases in Bogotá and Calgary, from which it has taken 50% of the Las Quinchas licence in the Middle Magdalena Basin, a province with a prolific production history.

Black Rock has indicated that it is seeking further deals to expand its interests outside the UK and Ireland, with the emphasis on near-term production and low-risk exploration. In May it raised £880,000 at 1.4p per share for such future deals. Black Rock will come to attention if the Sandhills project on the Isle of Wight, in which it holds a 5% interest, meets with drilling success early in 2006. Before then drilling results on its 40% interest gas well in the Southern North Sea are expected.

Brazilian Diamonds Limited – (AIM: BDY)

Website: **www.braziliandiamonds.com**

Brazilian Diamonds is starting to benefit from the diamond exploration data bases acquired for cash and shares from De Beers, which is now a 3% shareholder. This deal was funded by an earlier £1.8 million placing of shares and by the disposal of a 16% interest it held in Hidefield. As a result, Brazilian Diamonds expects to start mining diamonds in 2006 from its 200,000 hectares in Minas Gerias, a province south of Brasilia. Other projects may also soon be productive: its Canastra licences await clearance from the Federal Environment Agency; drilling on its Tuscano 1 project has successfully intercepted kimberlite; two further projects on the Santo Antonio de Bonito River north of Canastra could yet yield a large-scale alluvial diamond mine, the kimberlite source of which Brazilian Diamonds may have located separately. Brazilian Diamonds seems to have a realistic chance of becoming Brazil's first kimberlite diamond producer.

Carpathian Resources Limited – (AIM: CPNR and Sydney ASX)

Carpathian Resources, based in Perth, Western Australia, is an oil and gas exploration and production company focusing on Central Europe, currently on the Czech Republic and Slovakia. It has recently carried out a re-mapping and re-evaluation of its Ja11 prospect (Unigeo operator) following re-processing of its related seismic data and announced the results as "extremely encouraging". The well, in which Carpathian holds 60%, is now targeting a gas prospect with the potential to hold up to 6.5 BCF of gas. Drilling of Ja11 should be completed by mid-September and with the well only 1.5 km from the 2004 Ja3a gas discovery, the results will be important for the Company.

Franconia Minerals Corporation – (OFEX: FRA and Toronto TSV-V)

Website: **www.franconiaminerals.com**

Alberta based Franconia Minerals has three areas of exploration acreage in the USA: the first is the Birch Lake property in the Duluth Complex of Minnesota with an inferred platinum-group metal, copper, nickel resource of an estimated 51 million tones; the second is the San Francisco property, a high-grade zinc exploration target covered by a joint venture agreement with Teck Cominco, and with a successful limited previous drilling history; and the third is the Mahoney property, a high-grade zinc target in New Mexico, with platinum-palladium targets in the Duluth Complex of Minnesota.

Franconia recently reported positive pressure leaching results undertaken on the Birch Lake property, which Franconia's President described as strengthening their belief in the potential economic viability of the project.

Review of portfolio, continued

Gippsland Limited – (AIM: GIP and Sydney ASX)

Website: **www.gippslandltd.com.au**

Gippsland is a natural resources developer of world-scale mining projects in Egypt and Tasmania. These consist of the Abu Dabbab and Nuweibi tantalum, tin, feldspar projects and the Wadi Allaqi gold, copper, nickel projects, both in Egypt; and the Zeehan tin project in Tasmania.

The Abu Dabbab deposit is covered by exploration leases in which Gippsland has an equal interest with the Egyptian Government. The project has an end capital requirement of some $65 million which is expected to be funded by a combination of debt and equity. The project could be the world's second largest tantalum producer from which the anticipated 650,000 lbs production has been pre-sold for the first 5 years.

Gippsland has 50% interests in both the Nuweibi and the Wadi Allaqi projects, and a 40% joint venture interest in the Zeehan project with the insolvent public company Western Metals Ltd presently in administration. With the price of tin having recently improved, Gippsland is considering various commercial and technical options resolving the present impasse.

Hidefield Gold plc – (AIM: HIF)

Website: **www.hidefield.co.uk**

Hidefield acquires and develops gold projects of merit in North and South America where it has a large portfolio. Hidefield's management seeks to maximize opportunity while reducing the considerable risks associated with mineral exploration by identifying and acquiring projects at the lowest cost possible and having them independently funded and managed by associate companies in which Hidefield has a substantial interest and board representation. Its North American assets are managed in this manner, whereas its projects in Brazil and Argentina are directly owned, its principal operational activities being the Cata Preta gold project in the "Iron Quadrangle" of Minas Gerais, Brazil.

Hidefield has been active in securing new interests in the past year; a recent transaction was its agreement with Minera Sud Argentina SA whereby it obtained the option to acquire a 50% participating interest in sixteen gold exploration licences in the Santa Cruz, Chubut and Rio Negro provinces of Argentina.

India Star Energy plc – (AIM: INDY)

India Star Energy, an investment company seeking to invest in the oil, gas and metals sectors was introduced to AIM following a placement of shares in February 2005. It has recently acquired a 50% share in a joint venture with East West Resources Corporation to develop uranium properties, the first being a North West Ontario property called Maggotte where surface geophysical studies are to be undertaken.

Matisse Holdings plc – (AIM: MAT)

Matisse is a cash shell, with the objective of investing in publishing businesses. It is pursuing a number of opportunities which, if completed, are likely to be classified under AIM rules as a reverse take-over.

Myhome International plc – (OFEX: MYH)

Website: **www.myhomeplc.com**

Myhome, established originally by Unilever which remains a shareholder, is a leading home services franchise business currently enjoying an impressive expansion rate across the UK. By careful selection and training policies, Myhome management has ensured that its franchise partners have developed a sound reputation for providing premium house cleaning services to the residential market. Currently these are limited to cleaning and carpet care, but could be extended to gardening services, lawn and pool care, home security etc. Thirty new franchises a year has been set as an internal target. Myhome's franchise programme has been accredited by the British Franchise Association.

Review of portfolio, continued

The valuable experience gained in converting its localized direct services into franchise operations UK wide has led Myhome to promote **Franchise Investment Strategies plc – (OFEX: FIN)**, a consultancy venture aimed at applying its franchising model to other lines of business. Myhome and Starvest both hold interests in this new venture which joined OFEX on 18 August 2005.

Red Rock Resources plc – (AIM: RRR)

Website: **www.rrrplc.com**

Red Rock Resources was admitted to AIM at the end of July 2005 following a placing to raise £476,000 net of expenses. It has been established as a mineral exploration and development company focused on iron ore and manganese projects in Western Australia and in Tasmania where it has acquired a total of nine tenements of which it will be a 100% beneficiary. Mapping, geophysics and drilling will be carried out for further evaluation purposes. Regency Mines plc holds a controlling interest.

Regency Mines plc – (AIM: RGM)

Website: **www.regency-mines.com**

Regency Mines was admitted to AIM in February 2005 following a successful offer that was over-subscribed at a time when the market was enjoying a minor boom in resource stock valuations. Its objective of investing in established projects in the mining and minerals sector, more especially in producing assets, and primarily Australian-based, was soon evidenced with a flurry of acquisitions of iron ore and gold projects in Western Australia and two iron ore projects in Tasmania. Regency has since spun off 28% of its subsidiary Red Rock Resources but retains direct ownership of its Bundarra copper-gold project in Queensland and of various nickel assets.

Sheba Exploration (UK) plc – (OFEX: SHE)

Website: **www.shebagold.com**

This UK registered company was incorporated in July 2004 to acquire the whole of the capital of the Sheba Exploration Ltd, a gold explorer in Ethiopia with the Amora Hill gold mineralization discovery in the Mereto concession to its credit. During September 2004 it was admitted to OFEX.

A detailed trench survey at Amora Hill has been completed with encouraging results. Wider regional grassroots exploration work and the acquisition of further new licences, not just within Ethiopia, are being considered by management as an appropriate near-term work-plan.

St Helen's Capital plc – (OFEX: STH)

Website: **www.sthelenscapital.co.uk**

St Helen's Capital is a dynamic and innovative integrated corporate finance house that has rapidly established itself as a conduit for the introduction of fledgling companies to the junior London markets. As an FSA regulated financial advisor and arranger of funding and financial services, St Helen's is a valuable contributor to the surge of interest shown in the OFEX market in which it specialises, arranging regular introductions and acting as corporate adviser to a growing list of OFEX companies. St Helen's saw its client Oakdene Homes plc win the OFEX Company of the Year award, and was itself nominated for the Best Corporate Adviser of the Year award.

Board of directors

R Bruce Rowan – Chairman and Chief Executive

Bruce Rowan has managed the Group's operations since January 2002. He is a director and substantial shareholder of several public companies.

Anthony C R Scutt – Non-executive Director

Tony is an experienced private investor and investment analyst as well as a director of other companies including Agricola Resources plc and Beowulf Mining plc.

John Watkins, FCA – Finance Director and Company Secretary

John is a chartered accountant in practice who provides financial and company secretarial services to the Company. He is a director of other companies including Red Rock Resources plc and Regency Mines plc.

Directors' report

The Directors present their fifth annual report on the affairs of the Company and Group, together with the financial statements for the year ended 31 July 2005.

Principal activities and business review

Since Bruce Rowan was appointed Chief Executive on 31 January 2002, the Group's principal activity has been the use of his expertise to invest in small company new issues and to support pre IPO opportunities.

The developments during the period are given in the Chairman's statement and in the trade investment portfolio review.

Results and dividends

The Group's results are described in the profit and loss account on page 12. The audited accounts for the year ended 31 July 2005 are set out on pages 12 to 24.

The Directors do not recommend the payment of a dividend.

Directors and their interests

The Directors who served during the period, together with all their beneficial interests in the shares of the Company at 31 July 2005 are as follows:

	31 July 2005			1 August 2004	
	Ordinary shares of £0.01 each	%	Share options *(Note 1)*	Ordinary shares of £0.01 each	Share options
Ronald Bruce Rowan	8,570,000	23.03	3,350,000	8,570,000	1,600,000
Anthony Charles Raby Scutt *(Note 2)*	160,000	0.42	550,000	160,000	200,000
John Watkins	835,000	2.21	1,675,000	750,000	800,000

Note 1: Options over 2,600,000 Ordinary shares have been issued under the 2002 share options scheme. On 14 February 2005 options over 2,975,000 Ordinary shares were issued under the 2005 share options scheme. Further information with respect to share options is given in Note 13 to the Financial Statements.

Note 2: Of the Ordinary shares registered in the name of Tony Scutt, 64,000 are beneficially held, 25,000 are held as a joint trustee with Mrs Amelia Robinson for The Ridgeway Investors Group and 71,000 are held as joint trustee with Mr Peter Rickwood for the Acumen Brigade Investors Group.

Apart from the interests disclosed above, no director held any other interest in the share capital of the Company during the year. No changes in the interests disclosed above have taken place since the year end.

Substantial shareholdings

On 31 July 2005, the following were registered as being interested in 3% or more of the Company's ordinary share capital:

	Ordinary shares of £0.01 each	Percentage of issued share capital
Barclayshare Nominees Limited	5,770,512	15.5%
John McNair	1,350,000	3.63%
Ronald Bruce Rowan	8,570,000	23.03%
TD Waterhouse Nominees (Europe) Limited	1,148,568	3.09%

Share capital

As shown in Note 13 to the accounts, there were no share issues or other changes to the share capital during the period.

Charitable and political donations

During the period there were no charitable or political contributions.

Payment of suppliers

The Company's policy is to settle terms of payment with suppliers when agreeing terms of business, to ensure that suppliers are aware of the terms of payment and to abide by them. It is usual for suppliers to be paid within 14 days of receipt of invoice. There were no trade creditors of the Company at the year-end.

Post balance sheet events

Since the balance sheets date, the Company has increased its investment in Regency Mines plc.

Transition to International Financial Reporting Standards (IFRS)

In the light of changes to the way in which AIM is regulated, the directors are currently considering the most appropriate timing for publishing first accounts under IFRS. Whilst no decision has been made, it is possible that the Company will take advantage of the exemption available to AIM companies and so defer the transition until 2008 when both the January interim results and the full year results will be reported under IFRS. The matter will be kept under review.

The directors have identified the main areas of the financial statements that will be affected by the transition, namely the valuation of investments, share based payments and deferred tax. Steps have been taken to ensure that all IFRS information is captured in the Company's financial reporting systems.

Auditors

The Directors will place a resolution before the annual general meeting to reappoint Grant Thornton UK LLP as auditors for the coming year.

Remuneration

The remuneration of the Directors has been fixed by the Board as a whole. This has been achieved acknowledging the need to maximise the effectiveness of the Company's limited resources during the year.

Details of directors' fees and of payments made for professional services rendered are set out in Note 5 to the accounts, directors' emoluments.

Management incentives

Other than the 2002 and 2005 share option schemes noted above, the Group has no bonus, share purchase, share option or other management incentive scheme. In accordance with legislation, the Company has introduced a stakeholders' pension plan for the benefit of any future employees.

Corporate governance

It is the opinion of the Board that compliance with the recommendations of the Combined Code on corporate governance at this stage in its development would be unduly onerous bearing in mind the size of the business and limited cash resources. The Board appointed Tony Scutt as a non-executive director during 2003 and has established such procedures as are appropriate for the size of the business and will keep the matter under review.

Control procedures

The Board has approved financial budgets and cash forecasts; in addition, it has implemented procedures to ensure compliance with accounting standards and effective reporting.

By order of the Board

John Watkins

Finance Director and Company Secretary

24 August 2005

Statement of directors' responsibilities

Directors' responsibilities for the financial statements

Company law in the United Kingdom requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and 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 are responsible for keeping proper accounting records, for safeguarding the assets of the group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The maintenance and integrity of the Starvest 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 the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

Report of the Independent Auditors to the members of Starvest plc

We have audited the financial statements of Starvest plc for the year ended 31 July 2005 which comprise the consolidated profit and loss account, the balance sheets, the consolidated cash flow statement, the statement of accounting policies and notes 1 to 21. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the group is not disclosed.

We read other information contained in the annual report and consider whether it is consistent with the audited financial statements. This other information comprises the Chairman's statement, Review of Portfolio, Board of Directors and the Directors' report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group at 31 July 2005 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
LONDON THAMES VALLEY OFFICE
SLOUGH

24 August 2005

Consolidated profit and loss account

for the year ended 31 July 2005

	Notes	**Year ended 31 July 2005**	Year ended 31 July 2004
		£	£
Operating income	1	**628,019**	305,232
Direct costs		**(33,800)**	(36,250)
Gross profit		**594,219**	268,982
Administrative expenses		**(205,038)**	(203,172)
Profit on ordinary activities before taxation		**389,181**	65,810
Tax on profit on ordinary activities	3	**85,000**	9,500
Profit on ordinary activities after taxation		**304,181**	56,310
Retained profit for the year		**304,181**	56,310
Earnings per share – basic	7	**0.82 pence**	0.18 pence
Earnings per share – diluted	7	**0.74 pence**	0.17 pence

There are no recognised gains or losses in either year other than the profit for the year.

All of the operations are considered to be continuing.

The accompanying accounting policies and notes form an integral part of these financial statements.

Consolidated balance sheet

As at 31 July 2005

	Notes		**Year ended 31 July 2005**		Year ended 31 July 2004
			£		£
Fixed assets					
Tangible assets	8		-		-
Current assets					
Debtors	10	**50,538**		22,727	
Trade investments	11	**1,578,456**		793,857	
Cash at bank		**193,693**		606,417	
		1,822,687		1,423,001	
Creditors – amounts due within one year	12	**(123,782)**		(28,277)	
Net current assets			**1,698,905**		1,394,724
Total assets less current liabilities			**1,698,905**		1,394,724
Share capital and reserves					
Called-up share capital	13	**372,173**		372,173	
Share premium account	14	**2,026,396**		2,026,396	
Profit and loss account	14	**(1,124,074)**		(1,428,255)	
Merger reserve	14	**424,410**		424,410	
Equity shareholders' funds	15		**1,698,905**		1,394,724

The accounts on pages 12 to 24 were approved by the Board of Directors on 24 August 2005 and signed on its behalf by:

R Bruce Rowan
Chairman and Chief Executive

John Watkins
Finance Director

24 August 2005

The accompanying accounting policies and notes form an integral part of these financial statements.

Company balance sheet

As at 31 July 2005

	Notes		Year ended 31 July 2005		Year ended 31 July 2004
			£		£
Fixed assets					
Investments	9		435,794		435,794
Current assets					
Debtors	10	50,538		22,727	
Trade investments	11	1,578,456		793,857	
Cash at bank		193,693		606,417	
		1,822,687		1,423,001	
Creditors – amounts due within one year	12	(559,576)		(464,071)	
Net current assets			1,263,111		958,930
Total assets less current liabilities			1,698,905		1,394,724
Share capital and reserves					
Called-up share capital	13	372,173		372,173	
Share premium account	14	2,026,396		2,026,396	
Profit and loss account	14	(699,664)		(1,003,845)	
Equity shareholders' funds	15		1,698,905		1,394,724

The accounts on pages 12 to 24 were approved by the Board of Directors on 24 August 2005 and signed on its behalf by:

R Bruce Rowan
Chairman and Chief Executive

John Watkins
Finance Director

24 August 2005

The accompanying accounting policies and notes form an integral part of these financial statements.

Consolidated cash flow statement

for the year ended 31 July 2005

	Notes	**Year ended 31 July 2005**	Year ended 31 July 2004
		£	£
Net cash outflow from operating activities	16	**(404,865)**	(339,707)
Taxation paid		**(7,859)**	-
Cash outflow before management of liquid resources and financing		**(412,724)**	(339,707)
Management of liquid resources	17	**-**	(559,502)
Financing – issue of Ordinary share capital	17	**-**	769,664
Decrease in cash in the year	18	**(412,724)**	(129,545)

The accompanying notes and accounting policies form an integral part of these financial statements.

Statement of accounting policies

for the year ended 31 July 2005

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the previous year.

Basis of accounting

The accounts have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

Basis of consolidation

The group accounts consolidate the accounts of Starvest plc, and its dormant subsidiaries drawn up to 31 July 2005.

Operating income

Operating income represents amounts receivable for trade investment sales and interest in the normal course of business. Operating income is recognised on the date of sale contract and, in the case of interest, when it becomes receivable.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Fixtures and fittings	20% straight line

Investments

Fixed asset investments are stated at cost less any provision for impairment. Trade investments are stated at the lower of cost or mid-market valuation; profits and losses, including profits arising from warrants held are accounted for as realised.

Taxation

Corporation tax payable is provided on taxable profits at the current rate.

Deferred tax

Deferred tax is provided on a full provision basis on all timing differences which have arisen but not reversed at the balance sheet date.

Options

No charge to profit is made in respect of the options over the Company's shares held by Directors.

Notes to financial statements

for the year ended 31 July 2005

1 Operating income

The total operating income of the Group for the year has been derived from its principal activities and is wholly undertaken in the United Kingdom.

	2005	2004
	£	£

2 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	2005 £	2004 £
Auditors' remuneration – audit	10,825	9,000
Auditors' remuneration – non-audit services	11,050	21,858
Depreciation of tangible assets	-	250
Directors' emoluments	48,000	42,000

Auditors' remuneration for non-audit services provided during the year comprises nominated advisor fees of £8,000, and tax compliance service fees of £3,050; (2004: nominated advisor fees of £8,333, tax compliance fees of £2,900 and tax advisory fees of £10,625).

3 Taxation

Current year taxation

	2005 £	2004 £
UK corporation tax at 30% (2004: 19%) on profits for the year	85,000	9,500

The tax assessed is lower than the standard rate of corporation tax in the UK at 30% (2004: 19%).
The differences are explained below:

	2005 £	2004 £
Profit on ordinary activities before taxation	389,181	65,810
Profit on ordinary activities at 30% (2004: 19%)	116,754	12,504
Effect of:		
Expenses not deductible for tax purposes	58	3,178
Capital allowances for the year in excess of depreciation	-	47
Tax losses utilised in the year	-	(6,229)
Marginal relief	(30,171)	-
Prior year adjustment	(1,641)	-
Current tax charge for the year	85,000	9,500

4 Staff costs

The Group had no employees during the year or the previous year; the two executive directors provide professional services as required on a part time basis.

Notes to financial statements

for the year ended 31 July 2005, continued

5 Directors' emoluments:

	2005 £	2004 £
Executive directors		
R B Rowan	24,000	24,000
J Watkins	10,000	10,000
Non-executive director:		
A C R Scutt	14,000	8,000
	48,000	42,000

No pension benefits are provided for any director.

Directors' share options
Aggregate emoluments disclosed above do not include any amounts for the value of options to acquire Ordinary shares in the company granted to or held by the directors.

During the year Bruce Rowan, Tony Scutt and John Watkins were granted options over a total of 2,975,000 ordinary shares as set out in Note 13.

Additional amounts paid to third parties
The director, Bruce Rowan, received the sum of £12,000 (2004: £12,000) during the year through his business for the provision of office facilities and £24,000 (2004: £24,000) for professional services.

The director, John Watkins, FCA received the sum of £25,340 plus VAT (2004: £15,386 plus VAT) during the year through his business for professional services.

6 Profit attributable to parent undertaking

The whole of the profit for the year was dealt with in the accounts of the parent company.

(During 2004, of the loss of £1,005,629, £991,781 arose as a consequence of a necessary impairment to the value placed upon the subsidiary, The Web Shareshop Limited, following the transfer of its business to the Company on 31 July 2004).

7 Earnings per share

	2005 £	2004 £
The basic earnings per share is derived by dividing the profit for the year attributable to ordinary shareholders by the weighted average number of shares in issue.		
Profit for the period	304,181	56,310
Weighted average number of Ordinary shares of £0.01 in issue	37,217,259	30,941,061
Earnings per share - basic	0.82 pence	0.18 pence
Weighted average number of Ordinary shares of £0.01 in issue inclusive of outstanding options	41,178,423	33,391,746
Earnings per share - diluted	0.74 pence	0.17 pence

Notes to financial statements

for the year ended 31 July 2005, continued

8 Tangible fixed assets

Group	Office equipment
Cost	£
At 1 August 2004	1,250
Additions during the year	-
At 31 July 2005	1,250
Depreciation	
At 1 August 2004	1,250
Charge for the year	-
At 31 July 2005	1,250
Net book amount	
At 31 July 2005	-
At 31 July 2004	-

9 Fixed asset investments

Company	Total
Cost	£
At 1 August 2004 and 31 July 2005	1,427,575
Amounts written off	
At 1 August 2004 and 31 July 2005	991,781
Net book value	
At 1 August 2004 and 31 July 2005	435,794

The parent Company of the Group holds more than 20% of the share capital of the following companies:

Company	**Country of registration**	**Class**	**Proportion held by group**	**Nature of business**
Starvest Nominees Limited	England & Wales	Ordinary	100%	Dormant
The Web Shareshop Limited	England & Wales	Ordinary	100%	Dormant

10 Debtors

	Group		**Company**	
	2005	2004	2005	2004
	£	£	£	£
Prepayments	50,538	22,727	50,538	22,727
Total	50,538	22,727	50,538	22,727

Notes to financial statements

for the year ended 31 July 2005, continued

11 Current asset investments, at cost or market value if lower

Group and company	2005 £	2004 £
Publicly traded investments	1,458,506	805,107
Unrealised loss	(30,050)	(11,250)
	1,428,456	793,857
Unquoted investments	150,000	-
	1,578,456	793,857
The market value of these investments was:		
Quoted on AIM	4,801,208	5,590,175
Quoted on OFEX	1,548,919	1,299,133
Unquoted investments at cost	150,000	-
Total	6,500,127	6,889,308

Trade investments
The Company has holdings in the companies described in the Investment Report on pages 3 to 6.

12 Creditors

	Group		Company	
	2005 £	2004 £	2005 £	2004 £
Amounts falling due within one year:				
Owing to group undertakings	-	-	435,794	435,794
Trade creditors	-	2,490	-	2,490
Corporation tax	86,641	9,500	86,641	9,500
Social security and other taxes	739	1,431	739	1,431
Accruals	36,402	14,856	36,402	14,856
Total	123,782	28,277	559,576	464,071

Notes to financial statements

for the year ended 31 July 2005, continued

13 Share capital

The authorised share capital of the Company and the called up and fully paid amounts were as follows:

	Number	Nominal £
Authorised		
As at 31 July 2004 Ordinary shares of £0.01 each	100,000,000	1,000,000
Increase by special resolution on 7 October 2004	150,000,000	1,500,000
As at 31 July 2005 Ordinary shares of £0.01 each	250,000,000	2,500,000
Called up, allotted, issued and fully paid		
At 31 July 2004 and 31 July 2005	37,217,259	372,173

The Company has established share option schemes: on 27 June 2002 the 2002 share option scheme; and on 14 February 2005 the 2005 share option scheme. Options have been granted under both schemes to subscribe for ordinary shares as follows:

	At 1 August 2004	Granted during the year	At 31 July 2005	Exercise price	Date from which exercisable	Expiry date
R B Rowan	1,400,000	-	1,400,000	5 pence	27 June 2002	27 June 2007
R B Rowan	200,000	-	200,000	6 pence	18 November 2003	27 June 2007
R B Rowan	-	1,750,000	1,750,000	15 pence	14 February 2005	14 February 2010
A C R Scutt	200,000	-	200,000	6 pence	18 November 2003	27 June 2007
A C R Scutt	-	350,000	350,000	15 pence	14 February 2005	14 February 2010
J Watkins	700,000	-	700,000	5 pence	27 June 2002	27 June 2007
J Watkins	100,000	-	100,000	6 pence	18 November 2003	27 June 2007
J Watkins	-	875,000	875,000	15 pence	14 February 2005	14 February 2010

The market value of shares at 31 July 2005 was 8.5p (2004: 10.0p) and the range during the year was 8.25p to 14.25p (2004: 2.7p to 17.7p), the average for the year being 10.9p (2004: 9.5p).

Notes to financial statements

for the year ended 31 July 2005, continued

14 Reserves

The movements on reserves during the year were as follows:

	Share premium account	Profit and loss account	Merger reserve
	£	£	£
Group			
As at 31 July 2004	2,026,396	(1,428,255)	424,410
Profit for the year	-	304,181	-
As at 31 July 2005	2,026,396	(1,124,074)	424,410
Company			
As at 31 July 2004	2,026,396	(1,003,845)	
Profit for the year	-	304,181	
As at 31 July 2005	2,026,396	(699,664)	

15 Movement on equity shareholders' funds

	2005	2004
	£	£
Group		
Profit for the year	304,181	56,310
Proceeds of share issues	-	785,150
Share issue expenses	-	(15,486)
Net increase in shareholders' funds	304,181	825,974
Opening shareholders' funds	1,394,724	568,750
Closing equity shareholders' funds	1,698,905	1,394,724

16 Reconciliation of operating profit to operating cash flows

	2005	2004
	£	£
Operating profit	389,181	65,810
Depreciation	-	250
Unrealised trade investment loss	18,800	11,250
Increase in debtors	(27,811)	(10,677)
Increase / (decrease) in creditors	18,364	(23,733)
Increase in trading investments at cost	(803,399)	(382,607)
Net cash outflow from operating activities	(404,865)	(339,707)

Notes to financial statements

for the year ended 31 July 2005, continued

17 Analysis of cash flows

	2005	2004
	£	£
Management of liquid resources		
Cash placed on deposit	-	(559,502)
Net cash outflow	-	(559,502)
Financing		
Issue of ordinary share capital	-	785,150
Share issue expenses	-	(15,486)
Net cash inflow	-	769,664

18 Analysis and reconciliation of net funds

	31 July 2004	Cash flow	31 July 2005
	£	£	£
Cash in hand and at bank	606,417	(412,724)	193,693

	2005	2004
	£	£
Decrease in cash in year	(412,724)	(129,545)
Cash flow from movement in liquid funds	-	559,502
Movement in net funds in the year	(412,724)	429,957
Net funds at 1 August 2004	606,417	176,460
Net funds at 31 July 2004	193,693	606,417

19 Commitments

As at 31 July 2005, the Company had entered into a commitment to invest in a new issue of securities by a company expecting to join the OFEX market. The maximum commitment amounted to £125,000 of which £40,000 had been paid in advance.

Notes to financial statements

for the year ended 31 July 2005, continued

20 Financial instruments

The Company uses financial instruments, comprising cash, trade investments and trade creditors, which arise directly from is operations. The main purpose of these instruments is to further the group's operations.

Short term debtors and creditors
Short term debtors and creditors have been excluded from all the following disclosures.

Trade investments
Trade investments are stated at cost less any provision for impairment. The difference between fair and book value is set out in Note 11. The Board meets bi-monthly to consider investment strategy in respect of the group's portfolio.

Interest rate risk
The Company finances its operations through retained profits and new investment funds raised. Currently, the group does not borrow funds. The Board utilises short term floating rate interest bearing accounts to ensure adequate working capital is available whilst maximising returns on deposits.

Liquidity risk
The Company seeks to manage financial risk, to ensure sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

Borrowing facilities
Currently the Company has no overdraft facility arranged (2004: £NIL).

Currency risk
The Company trades substantially within the United Kingdom and all transactions are denominated in Sterling. Consequently, the group is not significantly exposed to currency risk.

Fair values
Except where shown above, the fair values of the group's financial instruments are considered equal to the book value.

21 Control

There is considered to be no controlling related party.

Company share price information and announcements

Share price information is available from the following information providers:

- Financial Times
- The Times
- Evening Standard
- London Stock Exchange website: www.londonstockexchange.com using EPIC: **SVE**

Company announcements are available from:

- Company website: www.starvest.co.uk and by email alert for those who register on the site.
- London Stock Exchange website: www.londonstockexchange.com using EPIC: **SVE**

Company quarterly updates, interim and annual reports are mailed to all Shareholders and others who may request them from the Company Secretary by writing to the registered office or by registering on the website: www.starvest.co.uk.

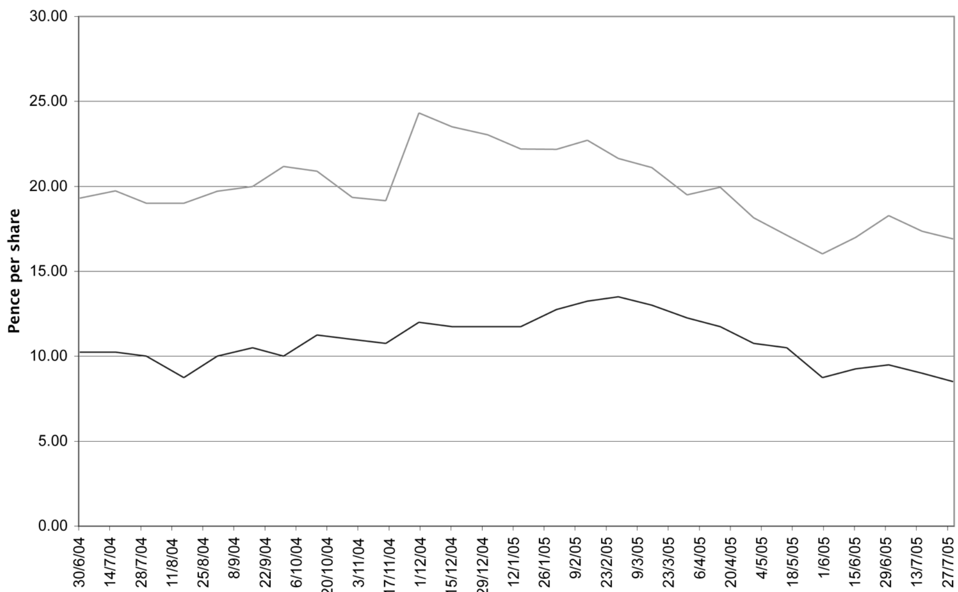
Expected timetable for 2005/06:

- November Chairman's update by 15 November 2005
- Interim report to 31 January 2006 by 15 February 2006
- May Chairman's update by 15 May 2006

Starvest net asset value and share price:

For most of the year, the Starvest share price has traded at a discount to net asset value in the range of 40% to 50%.

Starvest NAV & share price 2004-2005



Notice of Annual General Meeting

STARVEST plc

Notice is hereby given that the fifth Annual General Meeting of STARVEST plc will be held at the offices of Grant Thornton, Euston Square, London, NW1 2EP on Tuesday 11 October 2005 at 3.00 pm for the purpose of considering and, if thought fit, passing the following resolutions which will be proposed as ordinary resolutions in the case of resolutions 1 to 3 and as special resolutions in the case of resolutions 4 to 6.

ORDINARY BUSINESS

1 To receive the report of the Directors and the audited financial statements of the Company for the year ended 31 July 2005.

2 To re-appoint John Watkins retiring by rotation as a Director in accordance with the Articles of Association at the conclusion of the meeting and, being eligible, offers himself for re-election as a director of the Company.

3 To re-appoint Grant Thornton UK LLP as auditors of the Company to act until the conclusion of the next Annual General Meeting and to authorise the Directors to determine their remuneration.

SPECIAL BUSINESS

4 THAT for the purposes of section 80 of the Companies Act 1985 (“the Act”), the Directors be and they are hereby generally and unconditionally authorized to exercise all the powers of the Company to allot any relevant securities (as defined in section 80(2) of the Act) up to a maximum aggregate nominal amount of £2,101,827, provided that:

a) this authority shall expire on whichever is the earlier of the conclusion of the next Annual General Meeting of the Company or the date falling fifteen months from the date of passing of this Resolution, unless previously varied, revoked or renewed by the Company in General Meeting;

b) the Company shall be entitled to make, prior to the expiry of such authority, any offer or agreement which would or might require relevant securities to be allotted after the expiry of such authority and the directors may allot any relevant securities pursuant to such offer or agreement as if such authority had not expired; and

c) all prior authorities to allot relevant securities be revoked but without prejudice to the allotment of any relevant securities already made or to be made pursuant to such authorities.

5 THAT the Directors be and they are hereby empowered pursuant to section 95 of the Act to allot equity securities (within the meaning of section 94 of the Act) wholly for cash pursuant to the authority conferred on them by resolution 4 as if section 89(1) of the Act did not apply to any such allotment provided that:

a) such power shall be limited to the allotment of equity securities, in connection with a rights issue, subject to such exclusions or other arrangements as the directors may deem necessary or expedient to deal with fractional entitlements or legal or practical problems under the laws of, or the requirements of, any regulatory body or any stock exchange or otherwise in any territory; and for the purposes of this resolution “rights issue” means an offer of equity securities to holders of ordinary shares in proportion to their respective holdings (as nearly as may be);

b) such power shall be limited to the allotment (otherwise than pursuant to paragraph (a) above) of equity securities up to an aggregate nominal value of £2,101,827;

c) such power shall expire at the conclusion of the next Annual General Meeting of the Company unless previously varied, revoked or renewed by the Company in General Meeting provided that the Company may, before such expiry, make any offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities pursuant to any such offer or agreement as if the power hereby conferred had not expired; and

d) all prior powers granted under section 95 of the Act be revoked provided that such revocation shall not have retrospective effect.

6 THAT the Company be unconditionally and generally authorised to make market purchases (as defined by the Companies Act 1985 Section 163(3)) of Ordinary shares of £0.01 each in its capital, provided that:

a) the maximum number of shares that may be so acquired is 5,600,000, being a number that approximates to 15% of the issued ordinary share capital of the Company at the date of the meeting;

b) the minimum price that may be paid for the shares is £0.01 per share, being the nominal value per share;

c) the maximum price that may be so paid per share is an amount equal to 20% higher than the average of the middle market quotations per share as derived from the Daily List of the Alternative Investment Market of the London Stock Exchange for the fifteen business days immediately preceding the day on which the shares are purchased; and

d) the authority conferred by this resolution shall expire on the date falling eighteen months from the date of passing of this resolution but not so as to prejudice the completion of a purchase contracted before that date.

If you are a registered holder of Ordinary Shares in the Company, whether or not you are able to attend the meeting, you may use the enclosed form of proxy to appoint one or more persons to attend and vote on a poll on your behalf. A proxy need not be a member of the Company.

A form of proxy is provided, which may be sent to the Company's registrar. This may be sent by facsimile transfer to 01252 717233, or by mail using the reply paid response tear-out sheet to:

The Company Secretary
Starvest plc
c/o Share Registrars Limited
Craven House, West Street
Farnham
Surrey GU9 7BR

In either case, the signed proxy must be received by 3.00 pm on Friday 7 October 2005.

By Order of the Board

John Watkins
Director and Company Secretary

Registered Office:

123 Goldsworth Road
Woking
Surrey GU21 6LR

24 August 2005

Form of Proxy for use at an Annual General Meeting

I, a Member of **STARVEST plc** (hereinafter referred to as 'the Company') and entitled to vote, hereby appoint the Chairman, or ______________________________ as my proxy to attend and vote for me and on my behalf at the fifth Annual General Meeting of the Company to be held on 11 October 2005 at 3.00 pm and at any adjournment thereof.

(Please indicate below how you wish your votes to be cast. If the form of proxy is returned without any indication as to how the proxy should vote on any particular matter, the proxy will vote as they think fit.)

Resolution number	**ORDINARY BUSINESS**	*Please delete as appropriate*
1	To receive the report and the audited financial statements for the year ended 31 July 2005.	For / Against / Abstain
2	To re-appoint John Watkins retiring as a Director.	For / Against / Abstain
3	To re-appoint Grant Thornton UK LLP as auditors of the Company and to authorise the Directors to determine their remuneration.	For / Against / Abstain
	SPECIAL BUSINESS	
4	To authorise the Company to allot relevant securities	For / Against / Abstain
5	To authorise the Company to allot relevant securities for cash	For / Against / Abstain
6	To authorise the Company to make purchases of its Ordinary shares	For / Against / Abstain

Signature:	
Date:	
Full name:	
Address:	

This form of proxy may be sent to the Company's registrar by facsimile transfer to 01252 717233, or, by mail using the reply paid response tear-out sheet to:

The Company Secretary, Starvest plc
c/o Share Registrars Limited
Craven House, West Street
Farnham, Surrey, GU9 7BR

In either case, the signed proxy must be received by 3.00 pm on Friday 7 October 2005.

SECOND FOLD

LICENCE No. GI 2155

The Company Secretary, Starvest plc
c/o Share Registrars Limited
Craven House
West Street
Farnham
Surrey
GU9 7BR

FIRST FOLD

THIRD FOLD AND TUCK IN