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ANNUAL REPORT & FINANCIAL STATEMENTS
for the year ended 30 September 2007

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COMPANY INFORMATION

Directors	R Bruce Rowan – Chairman & Chief Executive Anthony C R Scutt – Non executive director John Watkins – Finance director
Secretary, registered office and business address	John Watkins, FCA 123 Goldsworth Road, Woking Surrey GU21 6LR email@starvest.co.uk Tel: 01483 771992 Fax: 01483 772087
Auditor	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 Grant Thornton House Melton Street London NW1 2EP
Bankers	Allied Irish Bank (GB) 10 Berkeley Square London W1J 6AA
Broker	Simple Investments Limited 1 High Street Godalming Surrey GU7 1AZ
Registrars	Share Registrars Limited Craven House West Street Farnham Surrey GU9 7EN Tel: 01252 821390
Listing	London Stock Exchange Alternative Investment Market (AIM) Ticker: SVE Traded on PLUS
Website	Register for email alerts at www.starvest.co.uk updated regularly to provide information as it is released to the market

CHAIRMAN'S STATEMENT

I am pleased to present my sixth annual statement to Shareholders for the twelve month period ended 30 September 2007.

HIGHLIGHTS

Your Directors' chosen investment policy has generated exciting returns during the year to 30 September 2007. The headline results are:

- ◆ a gross profit of £5.3m,
- ◆ a profit before tax of £5.0m,
- ◆ a profit after tax of £3.5m,
- ◆ a 36% increase in the fully diluted net asset value per share,
- ◆ the payment of a maiden dividend of one penny per share to be followed by a final dividend of 0.5 pence per share, making a total of 1.5 pence for the year, and
- ◆ the buy-back of 2,050,000 of the Company's Ordinary shares for treasury at prices from 17 to 32 pence.

As at 30 September, the Company had:

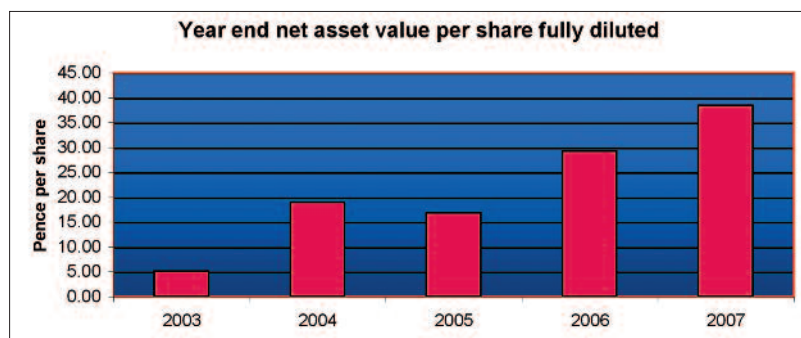
- ◆ net assets with a balance sheet value of £5.2m, an increase of 98% during the year;
- ◆ a net asset value of £15.1m consisting of trade investments at mid market valuation, cash less liabilities;
- ◆ unrealised investment appreciation of £9.9m before tax.

COMPANY STATISTICS

	30 September 2007	30 September 2006	C h a n g e
• Portfolio net asset value	£15.1m	£12.1m	+ 25%
• Net asset value - basic per share	42.89p	31.18p	+ 37%
• Net asset value - fully diluted per share	38.45p	28.29p	+ 36%
• Share price	29.75p	17.00p	+ 75%
• Discount to basic net asset value	44.17%	83.41%	

Unless otherwise stated, all net asset values are based on mid market prices or the Directors' valuation, if lower.

The year end values on a fully diluted basis but before tax on unrealised profits since July 2003 are as follows:



CHAIRMAN'S STATEMENT CONTINUED

REVIEW OF BUSINESS AND CURRENT ACTIVITIES

The highlight of the year must be the successful takeover of African Platinum plc (Afplats) by Impala Platinum Holdings Limited at 55 pence per share. Whilst the Company sold a part of its holding in earlier periods and made two market sales in the current year, the total proceeds during the year amounted to £5.49m. With a cost price of one penny per share, the result is excellent; not only has it facilitated the payment of a special dividend, but provided welcome cash for investment in new opportunities and a share buy-back programme.

Your Company now has 72% by value of its current investments in the natural resource sector, a reduction from 78% a year ago. This reduction arises in part from the diversification following the Afplats sale and in part from continued growth in Myhome International plc.

The natural resource sector continues to be the Company's prime focus; your Board remains of the opinion that this sector shows no sign of anything other than exciting growth in the medium term with the worldwide demand for access to natural resources continuing unabated. New opportunities are continually presented to us.

As occurred during 2006, this year the net asset value peaked in June, this time at 48 pence per share, since when declining sentiment has been a feature of the market and therefore of share prices generally. Therefore, as occurred during the previous year, it is not surprising to find that the net asset value has fallen a little from the peak.

During the year your Company made seven new investments and increased its commitment to seven existing investee companies. Of the new investments, five are mineral exploration ventures. Having added one further investment since the year end, your Company now holds a spread of thirty-one active investments of which sixteen are quoted on AIM, and ten are quoted on PLUS; one has suspended its PLUS quotation pending further developments. In addition, one is expecting to be admitted to AIM and another to PLUS during the December quarter, one is quoted on and another is intending to join the Toronto exchange.

Your Company has board representation on nine investee companies: Tony Scutt is a non executive director of Addworth plc, Agricola Resources plc, Beowulf Mining plc and of Oracle Coalfields plc. John Watkins is chairman of Lisungwe plc and of Franchise Investment Strategies plc and a non executive director of Greatland Gold plc, Red Rock Resources plc and of Regency Mines plc.

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

FUNDING REQUIREMENT

Given the £5.49m proceeds from the disposal of the remaining interest in Afplats, coupled with bank and loan facilities, the Company has been able to expand its spread of investments without the need to raise new finance and thereby dilute the existing shareholdings.

SHARE BUY-BACKS

During 2006, the Company was able to clear the deficit on the profit and loss account and so move to a position where, for the first time, it was in a position to pay a dividend and/or buy back its own shares for treasury. The buy-backs during the year totalled 2,050,000 shares which equates to 5.5% of the shares in issue.

At the annual general meeting in December 2007, the Board will seek a renewal of its authority to buy back up to 15% of its shares.

DIVIDENDS

In furtherance of our previously stated objective of paying a dividend, I am pleased that we were able to utilise the funds arising from the successful takeover of Afplats and pay a first special dividend of one penny per share on 20 June 2007.

At the forthcoming annual general meeting, your Board will seek Shareholders' approval for the payment of a final dividend of 0.5 penny, making a total of 1.5 pence for the year. The payment will be made on 11 January 2008 with a record date of 14 December 2007.

Subject to conditions at the time, it is the present intention of the Board to maintain a dividend in future years.

SHAREHOLDER INFORMATION

We expect to make a net asset value statement immediately prior to the annual general meeting. Thereafter, we expect to issue an interim statement during mid April and quarterly updates by mid January and mid July.

During the year, the Company's shares were admitted to trading on PLUS, although AIM remains the prime market.

Announcements made to the London Stock Exchange are sent to those who register at the Company website, www.starvest.co.uk where historic reports and announcements are also available.

OUTLOOK

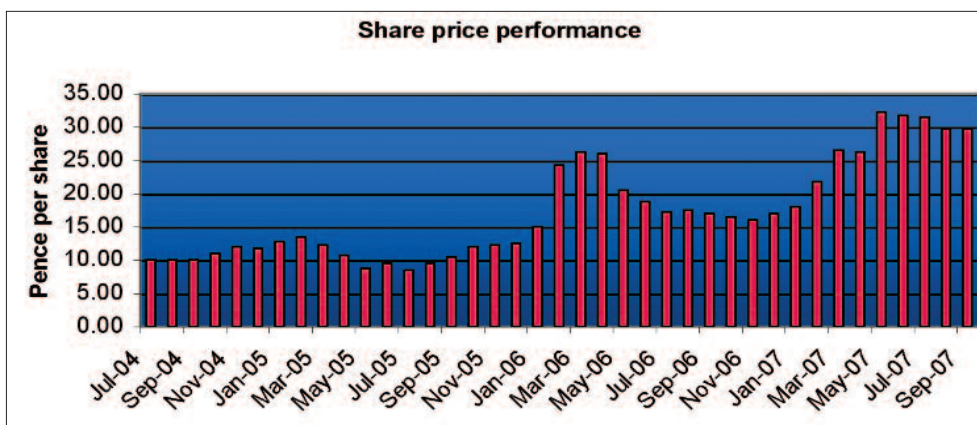
Given the increased spread of investments, the Directors look forward with optimism to reporting increased asset values in the year ahead.

ANNUAL GENERAL MEETING

As indicated on page 34, we plan to hold our annual general meeting on Wednesday 12 December when we look forward to meeting those Shareholders able to attend.

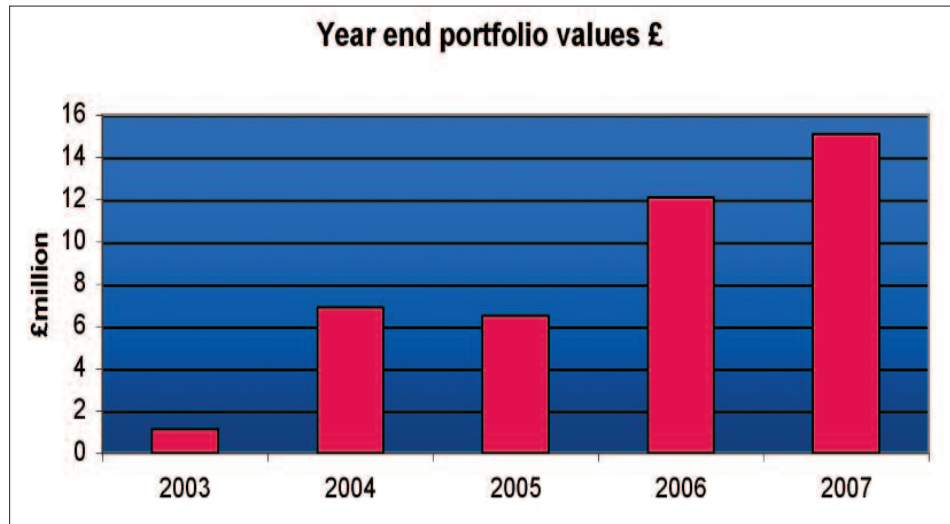
R Bruce Rowan
 Chairman & Chief Executive
 29 October 2007

The Starvest share price graph during the period since July 2004 shows the price having trebled, as follows:



REVIEW OF PORTFOLIO

The Starvest portfolio value has increased dramatically over the past five years with a 24% increase in the last year:



At 30 September 2007, the portfolio comprised investments in the following companies:

Addworth plc - (AIM ticker: ADW)

WEBSITE: www.addworth.co.uk



Addworth is an active capital investment company specialising in financing, promoting and launching early-stage entrepreneurially-managed companies, seeking eventual admission to the AIM or PLUS markets. Addworth provides strategic consultancy services for their further development while retaining key equity interests and thereby establishing its own investment portfolio. Successful introductions in the past year notably include Branded Entertainment plc, Gaming Ventures plc, Oil and Gas Support Services plc, and Uranium Prospects plc. Work continues on promoting a number of further new flotations in an expanding range of market sectors in the coming year.

Agricola Resources plc - (PLUS ticker: AGRI)

WEBSITE: www.agricolaresources.com



Agricola Resources is continuing its exploration for uranium in both Finland and Sweden, and has extended its work programme through a joint venture in Sweden with Beowulf Mining plc on the latter's Ballek four copper-gold-uranium exploration permits. In May Agricola placed a 29.9% strategic stake in its enlarged share capital with the Australian Energy Ventures Limited, enabling it to accelerate and broaden its exploration programme with the application of the resultant funds.

Ariana Resources plc - (AIM ticker: AAU)

WEBSITE: www.arianaresources.com



Ariana Resources focuses on exploring for, acquiring and developing economic gold deposits in Turkey, concentrating on the Tethyan metallogenic belt, which is believed to have the potential to host a multi-million ounce world-class deposit. The company portfolio extends over 1,820 sq km under 114 exploration permits across Turkey, as a result of its active

REVIEW OF PORTFOLIO CONTINUED

acquisition policy, with its flagship asset in western Turkey being the 235 sq km Sindirgi project, covering some 45 sq km of gold-silver bearing quartz alone. Its on-going drilling programme is being expanded as a result of a recent share placement which could lead to its current JORC gold resource reaching its baseline target of 250,000 oz.

Belmore Resources (Holdings) plc - (PLUS ticker: BEL)

WEBSITE: www.belmoreresources.com



Belmore Resources is a minerals exploration company focusing on projects in the Republic of Ireland and Northern Ireland, priority being given to its zinc exploration properties in County Clare. Here it has a 50% interest in six prospecting licences covering 267 sq km and a 100% interest in two prospecting licences covering 86 sq km. Previous exploration had identified a high grade resource of zinc and lead-rich massive sulphides of approximately 400,000 tonnes at 12% zinc plus lead and 75 g/t silver. Further 100% interest blocks are held in Donegal and Dromore, Northern Ireland.

Beowulf Mining plc - (AIM ticker: BEM)

WEBSITE: www.beowulfmining.com



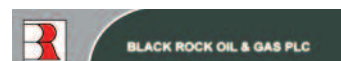
Beowulf's focus is on the exploration and development of mineral deposits in Northern Sweden where its more recent activities have been focused on its Ruotevare iron titanium deposit, its Grundtrask gold deposit, and its Ballek copper, gold and uranium prospect. Ruotevare has a non-JORC compliant resource of 116 million tonnes, grading 38.2% iron, 5.6% titanium dioxide, and 0.17% vanadium oxide. Detailed geological mapping has suggested that the ore reserves could be increased significantly by the extra diamond drilling now being undertaken so as to make them JORC-compliant. The project scoping study is expected to be completed in 2008.

The drilling programme completed in early 2007 in Grundtrask returned gold grades of up to 5.2m at 4.28 g/t from the Southern gold structure; Beowulf are seeking a joint venture partner to continue exploration and development.

Meanwhile for Ballek, an earn-in agreement with Agricola Resources plc has been concluded whereby the latter was granted the option to acquire a 51% interest by undertaking a specific programme of survey and diamond drilling work by the end of 2008, with this interest to be increased to 70% in the event of further specific project expenditures.

Black Rock Oil & Gas plc - (AIM ticker: BLR)

WEBSITE: www.blackrockoilandgasplc.co.uk



Black Rock Oil & Gas is an exploration and production company with licences in onshore Colombia, and in the Southern Gas Basin of the UK North Sea. In Colombia it is in a 50/50 joint venture with operator Kappa Resources in the Las Quinchas Association Contract and the Alhucema E & P Contract, both situated in the prolific hydrocarbon basin of the Middle Magdalena Valley. For Las Quinchas, following completion of its farm-in obligations, its 50% interest is subject to the approval of Ecopetrol, the state oil company. This block contains the Arce and Baul heavy oilfields and a number of exploration prospects including the Acacia Este oil discovery. The Arce oilfield is currently undergoing a steam injection test to determine commerciality and development options. Black Rock made a placement of new shares in June to raise additional working capital and to cover the costs of an appraisal well on the Acacia Este discovery and an exploration well for the Alhucema area planned for late 2007 and early 2008.

REVIEW OF PORTFOLIO CONTINUED

In the UK, Black Rock has a 15% interest in two adjacent North Sea blocks, one of which contains the Monterey Gas discovery and the Stinson and Winchester prospects; the joint venture has under application a four year extension to the licence with the aim of improving the marginal economics of the Monterey discovery, although a 50% relinquishment would be applied if the licence extension is approved.

Brazilian Diamonds Limited - (AIM ticker: BDY)

WEBSITE: www.braziliandiamonds.com



Brazilian Diamonds is a leading Brazil-based exploration company focused on the discovery of kimberlites in its 100% owned properties in the States of Minas Gerais and Bahia. Its diamond exploration databases were largely acquired from De Beers. The Company now awaits final approval before seeking local State environmental authorisation for the development of the Canastra 1 kimberlite, for which mine feasibility work has been completed and Mines Department approval granted. Mines Department and Bahia State environmental licences have already been obtained to start planned bulk testing on the Salvador 1 kimberlite; excavation work of trenches to collect large samples for further assessment of its diamond potential are expected to yield first results before the 2007 year-end. The company strategy for non-core activities on its properties is to form joint ventures. A feasibility study is also currently underway for a joint venture to mine alluvial diamonds on its San Antonio river drainage properties.

Carpathian Resources Limited -

(AIM ticker: CPNR and Sydney ASX ticker: CPN)

WEBSITE: www.carpathian.com.au



Carpathian Resources is an Australian oil and gas explorer and producer focusing on projects in the Czech Republic. Its main producing asset is its 60% interest in the Janovice gas field in Northern Moravia with the adjacent marginal Krasna oil field where the current 75% interest reduces to 50% after pay-out. Janovice produces 1.2 million cubic feet of gas a day, and from latest production testing, shows up to 4 billion cubic feet in place.

Exploration activities cover the 90% interest Mosnov, Roznov, and Morava permits and the 60% interest Raskovice - Moravka permit. The Morava project is located in the northern part of the Vienna Basin, an area of prolific oil and gas production, and while oil is the principal target with a 5 million barrel potential, gas is also seen as a possibility. The company is evaluating the acquisition of other interests in Russian, European, Middle Eastern, and Kazakhstan oil and gas fields and infrastructure to broaden its growth strategy.

Concorde Oil and Gas plc

WEBSITE: www.concordeoilandgas.com



Concorde Oil & Gas was incorporated in August 2005 to locate, evaluate, acquire, explore, develop, and operate oil and gas properties and projects primarily in the Russian Federation. The company experienced difficulties in 2006 in raising sufficient finance for its first major acquisition target, Pechora Energy which holds an exclusive production licence valid until 2014 for the Luzkoye oil field in the Komi Republic of Russia. Following the agreement of a financing package with Altima Partners LLP, an offer to acquire Pechora for US\$33 million was accepted. Subsequently, Altima injected US\$41 million in exchange for the issue of 113 million new Concorde shares valued at 0.9p a share, the value now used by Starvest.

REVIEW OF PORTFOLIO CONTINUED

Existing shareholders have faced a substantial dilution of their original stake, but now have an investment in a much larger company as a result of the restructuring, since when the Kuwait Energy Company has acquired part of the Altima stake and now holds one third of the equity. Kuwait Energy appointees have assumed the chairmanship and two non-executive directorships of the company.

Concorde's listing was suspended in November 2006 and withdrawn from PLUS in October 2007. The company has deferred its intention to seek an alternative listing until late 2008, by which time further expansion and development plans in Russia already under consideration should have been concluded, promising drilling results released, new oil reserve figures officially ratified, production expected to reach 8,000 barrels/day, and any further funding needs by then secured.

The Core Business plc - (AIM ticker: CORE)

WEBSITE: www.thecorebusiness.co.uk

The Core Business seeks to create, develop, launch and distribute personal care products from make-up and skin care to men's grooming and hair care. As a personal care and beauty management group, it assists companies and individuals in leveraging, diversifying, and creating brands in the global beauty sector, and helps in the developing of existing brands and the creating of new ones. It continues to attract considerable retailer interest through dynamic presentation of its brands and consultancy services.

THE
CORE
BUSINESS
INSPIRING BRANDS

DTT plc - (PLUS ticker: DTT)

WEBSITE: www.drivertransporttraining.co.uk

DTT is the UK's largest and fastest growing group of companies specialising in the training of commercial drivers. Operating through a network of 11 regional training centres, practical and theoretical courses are offered leading to licences and qualifications with some 5,500 drivers being trained each year followed by support into employment through its recruitment services offering temporary or permanent staff employment through its Driver Supply brand. Under the company's strategic plan, growth by acquisitions is expected over the next two years to enable DTT to be in a position to capitalise on the advent of the European Training Directive and the business opportunities that this will create. The recent acquisition of ODK for a mixture of cash and DTT shares is the first step in this plan. DTT sees growth being achieved by establishing further new branch operations or developing new partnerships through DTT franchising arrangements.



Franchise Investment Strategies plc - (PLUS ticker: FIN)

Franchise Investment Strategies was originally created as a holding company for the development of franchising operations in diverse sectors of the UK, with a view to applying the franchise model that had been so successfully developed by Myhome International, and by supporting particularly strong franchise businesses in subscribing for key equity stakes if they were ultimately to be launched as quoted companies. However, the lack of experienced managers specialising in franchise operations has severely restricted the development of this business, which currently serves as an investment holding company with interests held in Myhome International and DTT only.

REVIEW OF PORTFOLIO CONTINUED

Franconia Minerals Corporation

- (Toronto ticker: TSX-V)

WEBSITE: www.franconiaminerals.com

Franconia Minerals, an Alberta-formed corporation, is focused on the exploration and development of Platinum Group Metals (PGM) and Base Metals in the continental United States, with its corporate head office in Spokane, Washington. Its most advanced project is the Birch Lake Platinum-Palladium-Copper-Nickel project located in the Duluth Complex in north eastern Minnesota. The project includes two inferred PGM resources, the 100 million tonnes Birch Lake resource and the 120 million tonnes Maturi resource. The company is also actively exploring for base metals at its Red Knoll copper property in Arizona. Franconia has exploration agreements with Teck Cominco American Inc. to advance zinc and copper projects in the western United States.

**Fundy Minerals Limited - (PLUS ticker: FUND)**WEBSITE: www.fundyminerals.com

Fundy Minerals, with head office in New Brunswick, Canada, is actively involved in the exploration of gold, diamond and base metals in Canada and Africa. It has a 100% interest in eight mineral exploration and development properties in New Brunswick, two of which have gold deposits, one a deposit model, and three reflect base metal deposits. Also, it has a high-grade limestone deposit, with production expected by December 2007. In West Africa, Fundy holds a permit over 2,000 sq km of Liberia, where it has confirmed that a significant quantity of gem quality alluvial diamonds has been extracted. Its initial interest in Liberia was in possible gold mineralisation, but its alluvial diamond discovery in the southern area of its permit led to its efforts being concentrated on locating the Kimberlitic source of these diamonds. The company has expressed its intention to move from trading on PLUS to a more senior exchange.

**Gippsland Limited**

- (AIM ticker: GIP and Sydney ASX ticker: GIP)

WEBSITE: www.gippslandltd.com.au

Gippsland is an Australian-based international resource company with its prime assets being tantalum-tin projects in the Central Eastern desert of Egypt adjacent to the Red Sea, and notably include the 40 million tonne Abu Dabbab and the 98 million tonne Nuweibi projects, where its 50% interest is matched by an Egyptian State partner. The recently completed Abu Dabbab feasibility study, based on an annual mill-feed rate of 2 million tonnes for a production level in excess of 650,000 lbs of tantalum pentoxide, will rank Gippsland as the world's second largest producer. Current spot market prices for tantalum pentoxide are approaching US\$ 50 per lb. However, several years of production has been already pre-sold. In addition, Gippsland has been undertaking exploration drilling within the Wadi Allaqi region and has obtained highly encouraging gold results in three separate tenements.

**Goliath Resources Inc - (Pink sheets: GHRI)**WEBSITE: www.goliathresources.com

Goliath Resources is a Vancouver-based minerals exploration company with interests in copper, gold and molybdenum in Canada and Zambia. It acquired three mineral projects in Canada from the BellMin Group in late 2006, the main focus being on the Phelps Dodge-owned Mazenod Lake in the North-West Territories where, under a joint venture agreement, Goliath will ultimately earn a 75% interest. Previous drilling and geophysics had identified project



REVIEW OF PORTFOLIO CONTINUED

areas of mineralisation prospective for large-scale copper, gold and possibly uranium. The second project is the Flume Licence in the Yukon, again owned by Phelps Dodge, in which Goliath has the right to earn a 100% interest under earn-in expenditure commitments; large areas of this project are as yet unexplored, but earlier geochemical studies indicated a high potential for gold mineralisation. The third project is the Java property in British Columbia, a copper-molybdenum porphyry prospect formerly owned by Kennecott. The Zambia project involves a Goliath-led consortium which has been issued a 25 year mining licence covering main tailing dumps exceeding 100 million tons in the Zambian Copper Belt; their treatment is seen by management to have substantial near-term cash-flow potential.

Greatland Gold plc - (AIM ticker: GGP)

WEBSITE: www.greatlandgold.com



Greatland Gold has gold projects covering a total area of some 300 sq km in Tasmania, consisting of the Firetower project in the north with an initial inferred JORC-compliant resource of 90,000 oz. of gold, and three historic gold fields, Warrentinna, Forrester and Waterhouse, which were mined some 100 years ago and had produced a substantial amount of high grade gold at surface. In addition to these Tasmanian interests, the company has the Lackman Rock project in Western Australia where gold and nickel sulphide have already been ear-marked as targets for future exploration drilling. The main focus of the company until now has been on Firetower, and on deciding whether to mine an existing resource of some 50,000 oz, or whether to establish first a larger resource and then to build its own mine. However recent rock chip sampling at Warrentinna has also yielded very encouraging results, and calls for further exploration effort to be undertaken on seeking new high-grade shoots beneath the historic workings and in un-mined quartz-lodes. The future therefore holds useful promise.

Guild Acquisitions plc - (PLUS ticker: GACQ)

Guild Acquisitions is a fledgling investment trading company established to grow early-stage small to medium sized companies by injecting seed capital, management support, and access to further funds from capital markets for their development.



Hidefield Gold plc - (AIM ticker: HIF)

WEBSITE: www.hidefieldgold.com



Hidefield is a gold company focusing on the acquisition and development of highly prospective projects in North and South America. The company has a diverse portfolio of projects. In South America and Alaska the projects are directly held by Hidefield, while those projects in Canada, Nevada and Arizona are held in independent self-funded associate companies.

The company's substantial direct gold project interests are principally in Argentina where it is actively exploring the advanced stage East Santa Cruz gold project in Santa Cruz Province.

Hidefield also operates in joint venture with Minera Sud Argentina S.A. with which it is currently exploring a number of gold exploration licences in three Patagonian provinces. In Brazil the company is focused on the evaluation of the advanced stage Cata Preta gold project in Minas Gerais state. In Alaska Hidefield has a 60% interest in the Golden Zone and South Estelle mineral projects and an option to earn up to 100% subject to its expenditures. The Golden Zone property has a measured and indicated resource of 253,000 oz of gold, 1.2 million oz of silver, and 6.1 million pounds of copper. The South Estelle property is in joint venture with International Tower Hill Mines.

REVIEW OF PORTFOLIO CONTINUED

India Star Energy plc - (AIM ticker: INDY)WEBSITE: www.indiastarenergy.co.uk

India Star Energy is an investment company focused on gold, platinum group metals and uranium interests in Canada. Investments include a 15% stake in Canadian Golden Dragon with interests in two high grade platinum and palladium properties in Ontario; an interest in Canadian explorer East West Resource Corporation with a portfolio of early stage properties for platinum, palladium, gold and base metals, a copper-molybdenum deposit in Thunder Bay, and a 50% share in the Magotte joint venture with East West Resource, targeting uranium.

KEFI Minerals plc - (AIM ticker : KEFI)WEBSITE: www.kefi-minerals.com

Kefi Minerals is an early stage gold and copper exploration company with four 100%-owned projects in Turkey and one in Bulgaria. It owns an extensive exploration database which contains information regarding some one hundred further prospective sites in Turkey, where recent changes to the mining law and the progressive development attitude of the Turkish Government have generated a positive environment for exploration and mining companies. Kefi has recently announced a gold discovery at its Yanikli Prospect in the Artvin project in north eastern Turkey, with geological mapping and geochemical data already having defined 15 new targets in the same project area. The Bulgarian interest is focused on the Lehovo project area, located 150 km south of Sofia and bordering Greece, where Kefi has met with encouraging results for gold and silver from its initial rock chip sampling work. Bulgaria has a long tradition of mining for base metals and precious metals and currently has a number of operating mines; the growing benefits of the change-over from a state to a market economy form an increasingly attractive background to the local mining sector.

Lotus Resources plc - (Expected to be admitted to PLUS)WEBSITE: www.lotus-resources.com

Lotus Resources is focused on China where it is assembling a portfolio of mining and exploration interests that have the potential to generate early cash flow from production and where it can add value through the application of modern Western techniques thus improving productivity. The initial focus is on a number of gold projects. The company has a mixed Board of Chinese and British executives and a team of experienced Chinese geologists. The company expects to be admitted to PLUS during the fourth quarter 2007 and to move to AIM during 2008.

Matisse Holdings plc - (AIM ticker: MAT - suspended)

Matisse Holdings was originally established to invest in publishing businesses. It has been seeking either reverse takeovers or key acquisitions, but presently has its shares suspended through the application of AIM regulations governing inactive cash shells.

Myhome International plc - (PLUS ticker: MYH)WEBSITE: www.myhomeplc.com

Myhome International is a leading residential homecare services franchise business continuing to enjoy an impressive rate of expansion throughout the UK, Ireland and, more recently, Australia.

REVIEW OF PORTFOLIO CONTINUED

The past year has seen a further extension of the range of branded services offered to its clients through its very successful franchising model, which is being rapidly rolled out across the whole of the UK. In addition to home cleaning and garden maintenance, its range of services now include fabric cleaning (Stainbusters), ironing and dry cleaning (Ferrum), and plumbing and drainage (DSH Services), all services appealing to “cash rich, time poor” clients, encouraging significant cross-selling opportunities, and attracting serious reliable entrepreneurs as franchisees, who now total over 400 in number. There is clear potential for Myhome’s model to be applied more widely through overseas expansion and joint ventures with, say, insurers and financial services companies. Myhome is well down the path to becoming a multi-branded, multi-product international residential franchise operation. The acquisition of Chipsaway was announced in October 2007 which, subject to shareholder approval, will increase the number of franchisees to 750.

Oracle Coalfields plc - (PLUS ticker: ORCP)

Oracle Coalfields PLC

WEBSITE: www.oraclecoalfields.com

Oracle Coalfields operates as an explorer and developer of coal in the Sindh Province of Pakistan. In February 2007, an exploration licence was granted over a 100 sq km area of the Indus East coalfield and after the company’s successful introduction to PLUS in August, a programme of exploration drilling to establish the best location of the envisaged mine site is being undertaken from October onwards, with the exploration licence then expected to be converted to a mining lease. Plans for the financing and construction of the coal mine and the commencement of production will follow. Oracle has entered into a joint venture agreement (Oracle 80% interest) with Sindh Koela Limited, a local Pakistani company, which will work with Oracle to achieve these objectives as well as assuming the role of establishing one or more mine-mouth power plants. Pakistan has a major, yet largely untapped, coal resource of 185 billion tonnes (Indus East 1.8 billion tonnes), along with a serious shortage of electricity that is hindering its planned economic growth, so the role of Oracle Coalfields should assume increasing importance as its project nears fruition. Oracle recognises its major ethical responsibility of ensuring that any coal-fired power generating plant with which it is associated, conforms to international emission standards.

Red Rock Resources plc - (AIM ticker: RRR)



WEBSITE: www.rrrplc.com

Red Rock, in which Regency Mines holds a 43.5% interest, operates as a mineral exploration and development company focusing on manganese, iron ore and gold and hopes to move to early bulk production and sales of manganese from its high grade Zambian resource. Two of its high grade iron ore properties in Western Australia have been farmed out in an option/royalty agreement with Jupiter Mines, although its nearby Mt Alfred property has been retained. It also has tenements in the Northern Territory of Australia containing further iron ore mineralisation and manganese targets.

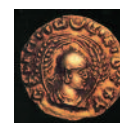
It has recently disposed of its Australian and Malawi uranium interests to Retail Star Limited (ASX: RSL) for shares equivalent to 15.6% of Retail Star with options to increase which suggests a readiness to exchange assets for equity interests at the right price. Its wide portfolio suggests that it is well placed to benefit from rising commodity prices.

REVIEW OF PORTFOLIO CONTINUED

Regency Mines plc - (AIM ticker: RGM)

WEBSITE: www.regency-mines.com

Regency Mines, apart from its interest in Red Rock Resources, is focused on exploring areas of copper and nickel potential in Western Australia and Queensland and, where appropriate, on the development of these assets by joint venture, acquisition or disposal. The company broadened its portfolio in 2006 with the acquisition of a 75% interest in the 140 sq km Mambare open pit nickel and cobalt project in Papua New Guinea where the aim is to offer direct shipping of ore production to Asian Pacific rim customers within the next two years. Regency has assembled a sound investment portfolio including equity interests in small mining companies, evidencing its well executed strategy of converting licence interests into equity stakes.

Sheba Exploration (UK) plc - (PLUS ticker: SHE)

WEBSITE: www.shebagold.com

Sheba is a mineral exploration company operating in the Tigray State of Ethiopia within the Northern Ethiopia gold fields area, which it chose for its numerous gold occurrences, most of which have not been explored. Sheba holds a 100% interest in the two exclusive exploration licences for Mereto and Shehagne, and has new projects under current licence application. At Mereto, trenches at the Adi Gefa prospect have returned gold intersections of 8m at 2.3g/t and 6m at 3.7 g/t, directly beneath the soil anomaly, while soil sampling on the flanks of the licence area located a further extension of the soil anomaly up to 690 ppb gold. The trenching here has indicated at least five drill-ready targets, with more in the pipeline, and the style of gold mineralisation is seen to enforce the potential for low cost bulk mining. Joint venturing of mature properties, to raise capital for resource estimation and new property acquisitions, and the initiation of feasibility studies of small-scale opportunities for mining gold, remain the strategic objectives for this operation.

St Helen's Capital plc - (PLUS ticker: SHCP)

WEBSITE: www.sthelenscapital.co.uk

St Helen's Capital is a fully integrated corporate financial services firm with a fast-growing list of clients formed by start-up, early-stage, and fast-growing companies. Its services on offer include fund-raising, financial services, investment recommendations, leasing, mergers and acquisitions, and business service advice. It sees itself as a one-stop shop for growth, and as a reliable experienced corporate adviser. It has thus established itself as a major conduit for fledgling companies seeking to access the AIM and PLUS markets.

Sunrise Diamonds plc - (AIM ticker : SDS)WEBSITE: www.sunrisediamonds.com

Sunrise Diamonds is focused on the identification, acquisition, exploration, and development of diamond projects in its present Finland operations in the Karelian Craton, a prospective block which, over the border in Russia, hosts world-class diamond deposits. Sunrise's planned drilling operations this summer have been held back somewhat by the current global shortage of drilling service providers which with the larger number of explorers operating today in Scandinavia, caused tightened drill rig availability. As a result, Sunrise was not able to complete all its drilling plans, and had to concentrate instead on gathering and analyzing more geophysical data. Sunrise enjoys exclusive access to the valuable BHP Billiton database from its former Finnish diamond exploration activities, which has resulted in Sunrise now having a surplus of drilling targets on hand, so that the rig slots that it has been able to book for the coming year should ensure faster progress and more regular news flow.

Treslow Limited - (Expecting to be admitted to AIM)

Treslow has a copper-nickel prospect near Armstrong in north-west Ontario, Canada. Following its conversion to a plc and expected introduction to AIM, it will be seeking further funding to advance the project. Drilling is expected to be started in January 2008. Commercial quantities of uranium and rare earths are also a possibility, but the initial focus is on nickel.

BOARD OF DIRECTORS



R Bruce Rowan
- CHAIRMAN AND CHIEF EXECUTIVE

Bruce Rowan, who has managed the Company's operations since January 2002, is well known in London as an investor in small mineral exploration start-up ventures. In addition to his chairmanship of the Company, he is chairman of AIM quoted Tiger Resource Finance plc, of Australian ASX quoted Sunvest Corporation Limited and is a non-executive director of PLUS quoted Gledhow Investments plc.



Anthony C R Scutt
- NON-EXECUTIVE DIRECTOR

Tony is an experienced private investor and investment analyst as well as a director of investee companies Addworth plc, Agricola Resources plc, Beowulf Mining plc and Oracle Coalfields plc.



John Watkins, FCA
- FINANCE DIRECTOR AND COMPANY SECRETARY

John is a chartered accountant in public practice and a non-executive director of other companies including AIM quoted investees Greatland Gold plc, Red Rock Resources plc and Regency Mines plc. In addition, he is chairman of PLUS quoted Lisungwe plc and Franchise Investment Strategies plc.

DIRECTORS' REPORT

The Directors present their seventh annual report on the affairs of the Company, together with the financial statements for the year ended 30 September 2007. Comparative information is for the fourteen month period ended 30 September 2006.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

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

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

KEY RISKS AND UNCERTAINTIES

This business carries with it a high level of risk and uncertainty, although the rewards can be outstanding. Often there is a lack of liquidity in the Company's investments, most of which are, or in the case of pre IPO investments expect to be, quoted on AIM or PLUS, such that the Company may have difficulty in realising the full value in a forced sale. Accordingly, an investment is only made after thorough research into both the management and the business of the investment target, both of which are closely monitored thereafter. Furthermore, the Company limits the amount of each investment, both as to the absolute amount and percentage of the investee company. Details of other financial risks and their management are given in Note 17 to the financial statements.

RESULTS AND DIVIDENDS

The Company's results are set out in the profit and loss account on page 22. The audited financial statements for the year ended 30 September 2007 are set out on pages 22 to 33.

As approved by the Members at an extraordinary general meeting on 23 May 2007, on 20 June 2007, a special dividend was paid at the rate of one penny per share to those shareholders whose names were on the register on 25 May 2007.

At the annual general meeting to be held on 12 December 2007 the Directors will propose a resolution that a final dividend for the year of 0.5 pence per share be paid on 11 January 2008 to those shareholders whose names are on the register on 14 December 2007.

DIRECTORS AND THEIR INTERESTS

The Directors who served during the period, together with all their beneficial interests in the shares of the Company at 30 September 2007 are as follows:

	30 September 2007			30 September 2006	
	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	3,350,000
Anthony Charles Raby Scutt (Note 2)	160,000	0.43	550,000	160,000	550,000
John Watkins	835,000	2.24	1,675,000	835,000	1,675,000

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 11 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.

DIRECTORS' REPORT CONTINUED

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

At the close of business on 26 October 2007, 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
Ronald Bruce Rowan	8,570,000	23.03%
Barclayshare Nominees Limited	5,197,732	13.97%
JIM Nominees Limited	1,597,740	4.29%
LR Nominees Limited	1,443,579	3.88%

SHARE CAPITAL

There were no share issues during the year.

In accordance with the authority to purchase up to 5,600,000 Ordinary shares granted at the 2006 annual general meeting, the Company purchased 2,050,000 of its own Ordinary shares in the year to be held in treasury. The prices paid ranged from 17 pence to 32 pence and the total cost amounted to £577,732.

These purchases were made to enhance the underlying net asset value per share given the substantial discount at which shares have been traded. The Directors will place a further resolution before Shareholders at the forthcoming annual general meeting so as to give themselves the opportunity to make further purchases should circumstances be favourable.

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. At 30 September 2007, the Company's trade creditors were equivalent to less than one day's costs.

POST BALANCE SHEET EVENTS

There are no reportable post balance sheet events.

TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

The directors understand that the requirement to prepare financial statements in accordance with IFRS currently only applies to groups. As the Company is not part of a group it will continue to take advantage of the exemption available to AIM companies which do not prepare consolidated accounts and so defer the transition for the foreseeable future. The matter will be kept under review.

As the IFRS rules currently stand, transition may be deferred indefinitely.

DIRECTORS' REPORT CONTINUED

AUDITOR

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

REMUNERATION

The remuneration of the Directors has been fixed by the Board as a whole. The Board seeks to provide appropriate reward for the skill and time commitment required so as to retain the right calibre of director without paying more than is necessary.

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

MANAGEMENT INCENTIVES

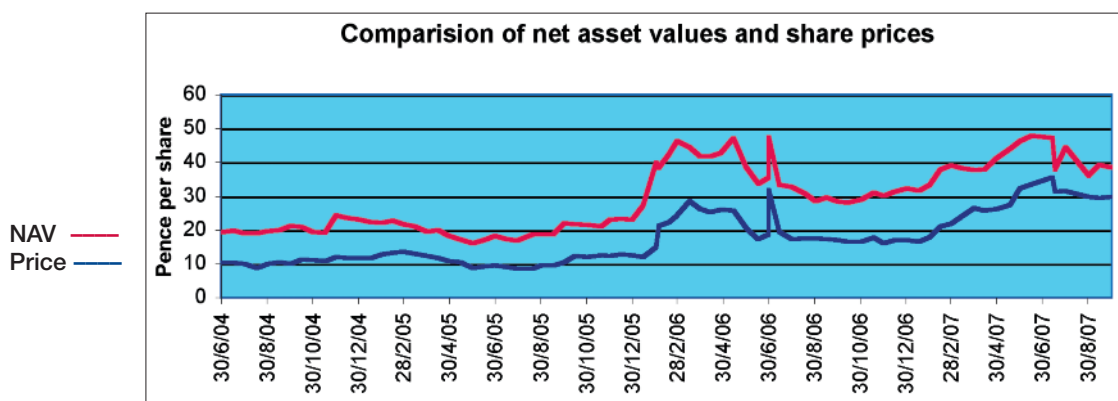
Other than the 2002 and 2005 share option schemes noted above, the Group has no bonus, share purchase, share option or other management incentive scheme. In accordance with legislation, the Company has introduced a stakeholders' pension plan for the benefit of any future employees.

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
 29 October 2007



STATEMENT OF DIRECTORS' RESPONSIBILITIES

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware:

- ◆ there is no relevant audit information of which the company's auditor is unaware; and
- ◆ the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF STARVEST PLC

We have audited financial statements of Starvest plc for the year ended 30 September 2007 which comprise the profit and loss account, the balance sheet, the cash flow statement and notes 1 to 18. 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 auditor's 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 AUDITOR

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, whether the financial statements have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the Directors' Report is consistent with the financial statements. We also report to you if, in our opinion, 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 other transactions is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only 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 parent company financial statements. Our responsibilities do not extend to any other information.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the parent company financial statements, and of whether the accounting policies are appropriate to the company'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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 September 2007 and of its profit for the year then ended;
- ◆ the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- ◆ the information given in the Directors' Report is consistent with the financial statements for the year ended 30 September 2007.

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

29 October 2007

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 SEPTEMBER 2007

	Notes	Year ended 30 September 2007	14 month period ended 30 September 2006
		£	£
Operating income		5,494,067	1,699,430
Direct costs		(177,924)	(97,613)
Gross profit		5,316,143	1,601,817
Administrative expenses		(272,076)	(266,683)
Operating profit		5,044,067	1,335,134
Interest receivable		71,114	7,728
Interest payable		(84,413)	(4,334)
Profit on ordinary activities before taxation	2	5,030,768	1,338,528
Tax on profit on ordinary activities	3	(1,505,236)	(400,000)
Profit on ordinary activities after taxation		3,525,532	938,528
Earnings per share - basic	6	9.6 pence	2.5 pence
Earnings per share - fully diluted	6	8.8 pence	2.4 pence

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

All of the operations are continuing.

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

BALANCE SHEET

AS AT 30 SEPTEMBER 2007

	Note	30 September 2007		30 September 2006	
		£	£	£	£
Fixed assets					
Investments	7		–		2
Current assets					
Debtors	8	10,257		107,902	
Trade investments	9	4,750,185		3,082,898	
Cash at bank		3,006,588		–	
		<u>7,767,030</u>		<u>3,190,800</u>	
Creditors - amounts due within one year	10	(2,548,969)		(553,369)	
Net current assets			<u>5,218,061</u>		<u>2,637,431</u>
Total assets less current liabilities			<u>5,218,061</u>		<u>2,637,433</u>
Share capital and reserves					
Called-up share capital	11	372,173		372,173	
Share premium account	12	2,026,396		2,026,396	
Profit and loss account	12	<u>2,819,492</u>		<u>238,864</u>	
Equity shareholders' funds	13		<u>5,218,061</u>		<u>2,637,433</u>

The financial statements on pages 22 to 33 were approved by the Board of Directors on 29 October 2007 and signed on its behalf by:

R Bruce Rowan
Chairman and Chief Executive

John Watkins
Finance Director

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

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 SEPTEMBER 2007

	Notes	Year ended 30 September 2007 £	14 month period ended 30 September 2006 £
Net cash inflow/(outflow) from operating activities	14	3,484,305	(234,249)
Returns on investment and servicing of finance:			
Interest receivable		71,114	7,728
Interest payable		(84,413)	(4,334)
		(13,299)	3,394
Taxation paid		(395,880)	(86,472)
Equity dividends paid		(367,172)	-
Financing:			
Company shares repurchased		(577,732)	-
New short term loan		1,000,000	-
		422,268	-
Increase/(decrease) in cash in the year	15	3,130,222	(317,327)

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

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2007

1 STATEMENT OF ACCOUNTING POLICIES

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.

Operating income

Operating income represents amounts receivable for trade investment sales. Operating income is recognised on the date of sale contract.

Direct costs

Direct costs include the book cost of investments sold during the year together with any impairment in value of investments recognised in the year.

Investments

Fixed asset investments are stated at cost less any provision for impairment. Current asset 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 as all of the options had fully vested prior to 1 October 2006 and the extension of the life of the options during the year had no impact on their fair values.

Treasury shares

Where the Company acquired its own shares ('treasury shares') these are deducted from shareholders' funds. No profit or loss is recognised on purchase or subsequent sale of treasury shares.

NOTES TO FINANCIAL STATEMENTS CONTINUED

2 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	Year ended 30 Sept 2007 £	14 month period ended 30 Sept 2006 £
Profit on ordinary activities before taxation is stated after charging:		
Auditor's remuneration - audit	13,206	11,888
Auditor's remuneration - non-audit services	20,445	20,053
Directors' emoluments	144,525	107,642

Auditor's remuneration for non-audit services provided during the year comprises nominated advisor fees of £16,744, tax compliance service fees of £3,231 and tax advisory fees of £470; (2006: nominated advisor fees of £9,333 and tax compliance fees of £2,500 and tax advisory fees of £8,220).

3 TAXATION

	Year ended 30 Sept 2007 £	14 month period ended 30 Sept 2006 £
Current year taxation		
UK corporation tax at 30% (2006: 30%) on profits for the year	1,509,342	400,643
Adjustments in respect of prior years	(4,106)	(643)
Total current tax charge for the year	<u>1,505,236</u>	<u>400,000</u>
The tax assessed is lower than the standard rate of corporation tax in the UK at 30% (2006: 30%). The differences are explained below:		
Profit on ordinary activities before taxation	5,030,768	1,338,528
Profit on ordinary activities at 30% (2006: 30%)	1,509,230	401,598
Effect of:		
Expenses not deductible for tax purposes	112	40
Marginal relief	-	(995)
Adjustments in respect of prior years	(4,106)	(643)
Current tax charge for the year	<u>1,505,236</u>	<u>400,000</u>

4 STAFF COSTS

The Company 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 CONTINUED

5 DIRECTORS' EMOLUMENTS:

	Year ended 30 Sept 2007 £	14 month period ended 30 Sept 2006 £
R B Rowan	84,000	52,000
A C R Scutt	16,500	16,000
J Watkins	44,025	39,462
	<u>144,525</u>	<u>107,462</u>

Amounts paid to third parties

Included in the above are the following amounts paid to third parties:

- ◆ In respect of the management services of Bruce Rowan, £84,000 (2006: £24,000) was paid to Sunvest Corporation Limited, a company of which he is a director and shareholder. (In 2006: £28,000 of the above remuneration was paid through his business, in respect of professional services)
- ◆ In respect of the professional services of John Watkins, FCA, £26,525 + VAT (2006: £29,462+ VAT) of the above remuneration was paid through his business.

Pensions

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.

Details of share options held by the directors are set out in Note 11.

Other transactions involving directors

In addition to the remuneration disclosed above, £nil (2006: £14,000) was paid to Bruce Rowan, through his business, for the provision of office facilities.

NOTES TO FINANCIAL STATEMENTS CONTINUED

6 EARNINGS PER SHARE

	Year ended 30 Sept 2007 £	14 month period ended 30 Sept 2006 £
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 year/period	3,525,532	938,528
Weighted average number of Ordinary shares of £0.01 in issue	36,608,492	37,217,259
Earnings per share - basic	9.6 pence	2.5 pence
Weighted average number of Ordinary shares of £0.01 in issue inclusive of outstanding options	40,229,710	39,373,141
Earnings per share - fully diluted	8.8 pence	2.4 pence

7 FIXED ASSET INVESTMENTS

The Company's dormant subsidiary, Starvest Nominees Limited, was dissolved on 1 May 2007.

8 DEBTORS

	30 Sept 2007 £	30 Sept 2006 £
Prepayments	10,257	107,902
Total	10,257	107,902

9 CURRENT ASSET INVESTMENTS, AT COST OR MARKET VALUE IF LOWER

	30 Sept 2007 £	30 Sept 2006 £
Publicly traded investments at cost	4,723,134	3,153,061
Unrealised loss	(130,096)	(70,163)
	4,593,038	3,082,898
Unquoted investments	157,147	-
	4,750,185	3,082,898

NOTES TO FINANCIAL STATEMENTS CONTINUED

9 CURRENT ASSET INVESTMENTS CONTINUED

	30 Sept 2007 £	30 Sept 2006 £
The market value of these investments was:		
Quoted on AIM	7,526,412	5,732,312
Quoted on PLUS	3,585,079	6,360,677
Quoted on foreign stock exchanges	3,371,961	-
Unquoted investments at cost	157,147	-
Total	<u>14,640,599</u>	<u>12,092,989</u>

Trade investments

The Company has holdings in the companies described in the review of portfolio on pages 6 to 15.

Of these, the Company has holdings amounting to 20% or more of the issued share capital of the following companies:

Name	Country of incorporation	Class of shares held	Percentage of issued capital	Profit/(loss) for the last financial year	Capital and reserves at last balance sheet date	Accounting year end
Franchise Investment Strategies plc - see note 1	England & Wales	Ordinary	27.43%	16,123	£801,911	31 May
Lotus Resources plc	England & Wales	Ordinary	36%	Note 2	Note 2	Note 2
Sheba Exploration (UK) plc	England & Wales	Ordinary	30.65%	£(92,252)	£374,480	28 February
Treslow Limited	England & Wales	Ordinary	23%	Note 2	Note 2	Note 2

Note 1: Franchise Investment Strategies plc is considered to be an associated undertaking. Equity accounting has not been used as the Company does not prepare consolidated accounts. The other companies named above are not associated undertakings as the Company does not exercise significant influence.

Note 2: The Company is supporting Lotus Resources plc and Treslow Limited through their respective pre IPO processes; the required information is either not available or could be misleading as the deals were in progress at 30 September 2007.

10 CREDITORS

	30 Sept 2007 £	30 Sept 2006 £
Amounts falling due within one year:		
Bank overdraft	-	123,634
Short term loan	1,000,000	-
Trade creditors	1,502	13,176
Owing to group undertakings	-	2
Corporation tax	1,510,000	400,643
Social security and other taxes	292	-
Accruals	37,175	15,914
Total	<u>2,548,969</u>	<u>553,369</u>

NOTES TO FINANCIAL STATEMENTS CONTINUED

10 CREDITORS CONTINUED

The bank overdraft is secured by a charge over certain of the Company's investments having a value at the balance sheet date of £3.5m.

The short term loan is secured by a charge over certain of the Company's investments having a value at the balance sheet date of £2.4m.

11 SHARE CAPITAL

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

Authorised	Number	Nominal £
As at 30 September 2006 and 30 September 2007, Ordinary shares of £0.01 each	250,000,000	2,500,000
<i>Called up, allotted, issued and fully paid</i>		
As at 30 September 2006 and 30 September 2007	37,217,259	372,173

Shares held in treasury

Between 19 January 2007 and 24 August 2007, the Company purchased a total of 2,050,000 of its own shares to be held in treasury. The prices paid were between 17 pence and 32 pence.

Share options

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 30 Sept 2006	Granted during the year	At 30 Sept 2007	Exercise price	Date from which exercisable	Expiry date (Note 1)
RB Rowan	1,400,000	-	1,400,000	5 pence	27 June 2002	31 May 2012
RB Rowan	200,000	-	200,000	6 pence	18 November 2003	31 May 2012
RB Rowan	1,750,000	-	1,750,000	15 pence	14 February 2005	31 January 2015
ACR Scutt	200,000	-	200,000	6 pence	18 November 2003	31 May 2012
ACR Scutt	350,000	-	350,000	15 pence	14 February 2005	31 January 2015
J Watkins	700,000	-	700,000	5 pence	27 June 2002	31 May 2012
J Watkins	100,000	-	100,000	6 pence	18 November 2003	31 May 2012
J Watkins	875,000	-	875,000	15 pence	14 February 2005	31 January 2015
	<u>5,575,000</u>		<u>5,575,000</u>			

Note 1: By resolution at the extraordinary general meeting held on 23 May 2007, the expiry dates of options were extended to the dates quoted above.

Note 2: The market value of shares at 30 September 2007 was 29.75p (2006: 17.25p) and the range during the year was 15.0p to 36.5p (2006: 7.5p to 29.5p), the average for the year being 24.25p (2006: 18.75p).

NOTES TO FINANCIAL STATEMENTS CONTINUED

12 RESERVES

The movements on reserves during the year were as follows:

	Share premium account £	Profit and loss account £
As at 30 September 2006	2,026,396	238,864
Profit for the period	-	3,525,532
Dividend paid at the rate of one penny per share on 20 June 2007	-	(367,172)
Company repurchase of shares for treasury	-	(577,732)
As at 30 September 2007	<u>2,026,396</u>	<u>2,819,492</u>

13 MOVEMENT ON EQUITY SHAREHOLDERS' FUNDS

	Year ended 30 Sept 2007 £	Period ended 30 Sept 2006 £
Profit for the period	3,525,532	938,528
Dividend paid	(367,172)	-
Shares held in treasury	<u>(577,732)</u>	-
Net increase in shareholders' funds	2,580,628	938,528
Opening shareholders' funds	<u>2,637,433</u>	<u>1,698,905</u>
Closing equity shareholders' funds	<u>5,218,601</u>	<u>2,637,433</u>

14 RECONCILIATION OF OPERATING PROFIT TO OPERATING CASH FLOWS

	Year ended 30 Sept 2007 £	Period ended 30 Sept 2006 £
Operating profit	5,044,067	1,335,134
Unrealised trade investment loss	73,266	40,113
Decrease in debtors	97,645	42,635
Increase/(decrease) in creditors	9,877	(7,577)
Increase in trading investments at cost	<u>(1,740,550)</u>	<u>(1,644,554)</u>
Net cash inflow/(outflow) from operating activities	<u>3,484,305</u>	<u>(234,249)</u>

NOTES TO FINANCIAL STATEMENTS CONTINUED

15 ANALYSIS AND RECONCILIATION OF NET FUNDS

	30 Sept 2006 £	Cash flow £	30 Sept 2007 £
Cash in hand and at bank/(bank overdraft)	(123,634)	3,130,222	3,006,588
Short term loan	-	(1,000,000)	(1,000,000)
Net funds	(123,634)	2,130,222	2,006,588

	Year ended 30 Sept 2007 £	Period ended 30 Sept 2006 £
Increase/ (decrease) in cash in the year	3,130,222	(317,327)
Advance of new short term loan	(1,000,000)	-
Movement in net funds in the year	2,130,222	(317,327)
Net debt at 1 October 2006	(123,634)	193,693
Net funds at 30 September 2007	2,006,588	(123,634)

16 COMMITMENTS

As at 30 September 2007, the Company had entered into commitments to invest in new issues of securities by two companies, one expecting to be admitted to AIM and the other to PLUS. The maximum commitment amounted to £325,000 (2006: £300,000, of which £100,000 was paid in advance).

17 FINANCIAL INSTRUMENTS

The Company uses financial instruments, comprising cash, bank overdraft, short term loan, trade investments and trade creditors, which arise directly from its operations. The main purpose of these instruments is to further the company'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 9. The Board meets bi-monthly to consider investment strategy in respect of the Company's portfolio.

Interest rate risk

The Company finances its operations through retained profits and new investment funds raised. The Board utilises short term floating rate interest bearing accounts and a short term floating rate loan to ensure adequate working capital is available whilst maximising returns on deposits.

NOTES TO FINANCIAL STATEMENTS CONTINUED

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 an overdraft facility of £750,000 arranged with its bankers (2006: £750,000).

On 6 November 2006, the Company was granted a loan of £1million, for a period of one year extendable at the Company's option, secured on certain investments with a market value at 30 September 2007 of £2,409,750. Interest is payable at the rate of 3.5% above the Barclays Bank plc base rate for the time being.

Currency risk

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

Fair values

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

18 CONTROL

There is considered to be no controlling related party.

NOTICE OF ANNUAL GENERAL MEETING

STARVEST PLC

Notice is hereby given that the seventh Annual General Meeting of **STARVEST plc** will be held at St Ethelburga's, 78 Bishopsgate, London EC2N 4AG on Wednesday 12 December 2007 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 4 and as special resolutions in the case of resolutions 5 to 7.**

ORDINARY BUSINESS

- 1 To receive the report of the Directors and the audited financial statements of the Company for the year ended 30 September 2007.
- 2 To re-appoint Ronald Bruce Rowan 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.
- 4 THAT in respect of the year ended 30 September 2007, the Directors be empowered to pay a final dividend on 11 January 2008 at the rate of 0.5 pence per share to those Members on the register as at 14 December 2007.

SPECIAL BUSINESS

- 5 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 £2,072,077, 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.
- 6 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

NOTICE OF ANNUAL GENERAL MEETING CONTINUED

- 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 £2,072,077;
 - 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.
- 7** 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 719232, or by mail using the enclosed reply paid card to:

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

In either case, the signed proxy must be received by 3.00 pm on Monday 10 December 2007.

By Order of the Board

John Watkins
Director and Company Secretary
29 October 2007

Registered Office:

123 Goldsworth Road
Woking
Surrey
GU21 6LR

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**
- ◆ PLUS Markets website: www.plusmarketsgroup.com using EPIC: **SVE**
- ◆ Price information relating to investee companies traded on AIM is also available from the London Stock Exchange website using the EPIC quoted in the investment report on pages 6 to 15. Prices relating to investee companies quoted on PLUS are available at www.plusmarketsgroup.com.

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 2007/08:

- ◆ January Chairman's update by 15 January 2008
- ◆ Interim report to 31 March 2008 by 23 April 2008
- ◆ July Chairman's update by 16 July 2008
- ◆ Annual report to 30 September 2008 by 14 November 2008.

Taxation of Shareholders: It must always be the personal responsibility of each Shareholder to deal with all matters of personal taxation and to take professional advice as necessary.

However, so as to assist Shareholders, in response to questions the Company has taken professional advice concerning the tax status of private investors holding the Company's shares. In their letter dated 2 August 2006, HM Customs & Revenue stated "that the company may be regarded as a qualifying company for taper relief purposes for the period April 2000 to date."

So long as this position maintains and may be relevant, the Company's shares may be regarded as business assets and so qualify for enhanced taper relief.

Original share certificates in the name of Web Shareshop (Holdings) plc remain valid.

AGM VENUE

St Ethelburga's

78 Bishopsgate

London EC2N 4AG

Directions to St Ethelburga's

The Centre is located within St Ethelburga's Church, on the east side of Bishopsgate between St Helen's Place and Clarke's Place, just south of Camomile Street. (It is exactly opposite a very tall office block clearly marked no. 99 Bishopsgate.)

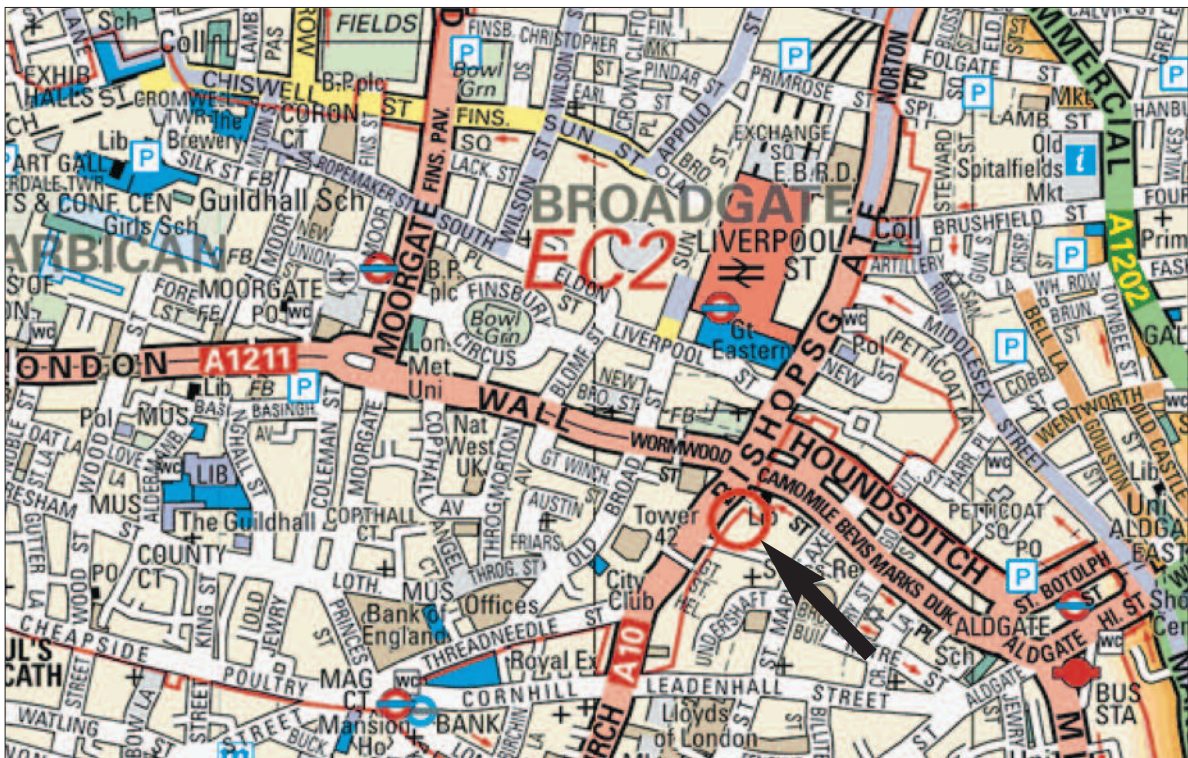
Entrance is by the passageway at the side of the church.

The nearest mainline/underground station is Liverpool Street (about 3 minutes walk). Exit the mainline Station onto Bishopsgate, turn right (south) and cross over the road. Continue past Houndsditch and Camomile Street and St Ethelburga's is a few yards further on, on the left.

Alternatively Bank or Monument Underground stations are both about 6/7 minutes walk. From Bank, take Threadneedle Street to Bishopsgate. Turn left into Bishopsgate and cross over the road. Pass under the foot-bridge and St Ethelburga's is a few yards up the road on the right. From Monument, take Gracechurch Street, which becomes Bishopsgate after you cross Leadenhall Street. Pass under the foot-bridge and St Ethelburga's is a few yards up the road on the right.

Bus route numbers 8, 26, 35, 47, 48, 149, 242, 344 and 388 stop outside the Centre.

The Centre has no car park and Bishopsgate is a red route. The nearest NCP car park is in Stoney Lane, off Houndsditch.



www.starvest.co.uk