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ANNUAL REPORT & FINANCIAL STATEMENTS
for the year ended 30 September 2008

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COMPANY INFORMATION

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Broker	Simple Investments 1 High Street Godalming Surrey GU7 1AZ
Auditor	Grant Thornton UK LLP Churchill House Chalvey Road East Slough SL1 2LS
Solicitors	Ronaldsons 55 Gower Street London WC1E 6HQ
Bankers	Allied Irish Bank (GB) 10 Berkeley Square London W1J 6AA
Registrars	Share Registrars Limited First Floor, Suite E 9 Lion & Lamb Yard Farnham Surrey GU9 7LL Tel: 01252 821390
Listing	London Stock Exchange Alternative Investment Market (AIM) Ticker: SVE Also, traded on PLUS Markets
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 seventh annual statement to Shareholders for the year ended 30 September 2008.

REVIEW OF THE CURRENT MARKET

After six years of steady progress, this year my annual report shows that your Company is not immune from the turmoil we have all seen in world markets during the past year. By any measure, the declared trading loss is high and the net asset value has fallen by 78% since September 2007. This is not pleasant for you, our Shareholders, nor for your Board.

Whilst we must face the past, we must also look to the future. In spite of the recent gloom in world markets, it continues to be the belief of the Board that your Company is well placed to take advantage of the improvement in world commodity markets which must follow a necessary period of turmoil as true asset values are re-established in the financial markets. Also, we continue to believe that millions of people in the fast developing countries of China, India, Pakistan and elsewhere will demand many of the everyday products which we in the West take for granted: refrigerators, washing machines, motor cars, mobile telephones are but a few. The manufacture of such products demands iron ore, nickel, manganese, tantalum and many other natural resources which these countries do not have in sufficient quantities if at all; Starvest is in business to support those exploring for such essential minerals; some have found them in commercial quantities and are actively engaged in the long process of realising value. Whilst there are often temporary setbacks, it remains our belief that many of the trading companies we support will repay our faith in the days ahead. We have a fundamental belief in a future for these companies, some of which we believe to have great projects and promise.

Where we have diversified away from mineral exploration, we have not covered ourselves in glory. In particular, we are most disappointed by the demise of Myhome International plc, a company we were pleased to support five years ago and which became a significant contributor to the value of our portfolio during 2007. Since the balance sheet date, DTT plc has announced the appointment of a receiver. The total loss on these companies was £236,787. Others are struggling; we have provided a detailed commentary in the following pages.

Over the next year or so, we will contain our overheads to the minimum, seek to use the limited cash resources to best advantage and otherwise be patient as we await a recovery.

TRADING ACTIVITY

In furtherance of the stated trading objectives, during the year Starvest has supported three new mineral exploration companies, Alba Mineral Resources plc, CAP Energy Limited and Lisungwe plc. In addition, follow-on support has been given to fifteen companies, either through market purchases or by subscriptions to new issue placings.

TRADING PORTFOLIO VALUATION

In view of the current economic challenges, this year we have taken the opportunity to critically examine the valuations we place on all our trading investments. Accordingly, we have taken a cautious view and valued them all at bid price or lower where we believe those facts of which we are aware cast doubt on the market prices or where the Company's interest is of such a size as to inhibit selling into a depressed market. This explains the trading portfolio valuation of £3.9m and the greater part of the loss of £3.7m before taxation, see note 8 to the financial statements. To some extent we expect that the latter will be ameliorated by a partial recovery of the tax paid on the exceptional profits of 2007.

CHAIRMAN'S STATEMENT CONTINUED

Since making the quarterly net asset value announcement of £6.44m on 1 October 2008, the Board has reassessed the values attributed to some holdings as a result of which a further provision of £2.5m has been made. The adjusted values are included in the following table.

COMPANY STATISTICS

	30 September 2008 at BID values as adjusted	30 September 2007 at MID values	Change %
• Trading portfolio value	£3.9m	£17.6m	-78
• Company asset value net of debt	£3.4m	£15.1m	-78
• Net asset value – fully diluted per share	9.06p	38.45p	-77
• Closing share price	12.25p	29.75p	-59
• Premium/(discount) to net asset value	35%	(22.63%)	
• Market capitalisation	£4.28m	£10.46m	-59

The net asset values at 30 September 2008 are based on bid prices or the Directors' valuation, if lower. The values at 30 September 2007 are based on mid market values or the Directors' valuation, if lower. These values include unrealised gains on elements of the trading portfolio that are not reflected in the financial statements.

DIVIDENDS

Owing to the depletion of cash resources and the overall result, it is not our intention to pay a dividend this year. For the future, your Board will keep the matter under review.

SHAREHOLDER INFORMATION

The Company's shares are traded on AIM and PLUS.

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.

ANNUAL GENERAL MEETING

We plan to hold our annual general meeting at 3.00 pm on Wednesday 10 December 2008 when we look forward to meeting those Shareholders able to attend.

R Bruce Rowan
Chairman & Chief Executive
29 October 2008

REVIEW OF TRADING PORTFOLIO

At 30 September 2008, the portfolio comprised interests in the following companies:

Addworth plc - (AIM ticker: ADW – quotation suspended)



WEBSITE: www.addworth.co.uk

Addworth is an active capital investment company specialising in the financing, promotion and launching of 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 for its own investment portfolio. Difficult market conditions this year have seriously impacted on the flow of suitable opportunities for new quoted introductions, and in turn have reduced current income generation from these activities. In addition, Addworth's core investment portfolio has inevitably declined in value along with the general depression in junior market share values, and thus restricted its fund-raising possibilities. Therefore, management has reduced its activity in identifying new flotation projects as part of a provisional cost-cutting exercise and requested the suspension of its share listing while it re-defines its future strategy.

Agricola Resources plc - (PLUS ticker: AGRI)



WEBSITE: www.agricolaresources.com

Agricola Resources is focused on mineral exploration and development in the Baltic Region. Its principal interests are in Sweden, where it has six areas under exploration licences covering 171 square kilometers, considered prospective for uranium or for nickel, copper, and platinum group elements; also, it is in joint venture with Beowulf Mining plc over four licences covering 110 square kilometers in the Ballek area which are considered prospective for iron oxide, copper, gold and uranium deposits. The Australian concern, Energy Ventures Limited, holds a 29.9% strategic equity stake in Agricola Resources which has enabled the considerable broadening of Agricola's exploration endeavours and its technical resources.

Alba Mineral Resources plc - (AIM ticker: ALBA)



WEBSITE: www.albamineralresources.com

Alba Mineral Resources is a mineral explorer focusing on nickel, uranium and gold prospects in Scotland, Mauritania, Sweden, and Ireland. Additional fund-raising in late 2007 and in July 2008 has been primarily expended on ground exploration work in Mauritania where Alba has established a jointly-owned company and acquired seven uranium exploration licences covering 13,500 sq. km of prospective ground, while still negotiating for five further permits in Southern Mauritania for iron oxide-copper-gold style mineralisation. Several companies have approached Alba towards establishing joint venture operations in Mauritania and discussions are in progress.

REVIEW OF PORTFOLIO CONTINUED

Ariana Resources plc - (AIM ticker: AAU)WEBSITE: www.arianaresources.com

Ariana Resources is exploring for, acquiring and developing economic gold deposits in Turkey, concentrating on the Tethyan metallogenic belt, which is believed to host a multi-million ounce world-class deposit. Its flagship project is the 235 sq. km. Sindirgi project acquired from Newmont in 2005, with a current JORC resource of 160,000 oz gold equivalent. Ariana has since acquired from TSX-listed Odyssey Resources the contiguous Tavsan gold project and has recently announced an initial JORC resource of 215,000 oz of gold equivalent which it expects to be able to expand significantly through a scheduled programme of additional drilling, with preparations now underway for a scoping study on a 30,000 oz per annum heap-leach operation. Ariana also has a joint venture agreement covering its north-eastern Turkey projects with European Goldfields Limited, now a 20% Ariana shareholder. Meanwhile the impact of the global credit crisis, the weakening US Dollar, and rising levels of inflation are expected to continue to sustain and enhance the record gold price levels seen over the past year and thus Ariana's own potential.

Belmore Resources (Holdings) plc - (PLUS ticker: BEL)WEBSITE: www.belmoreresources.com

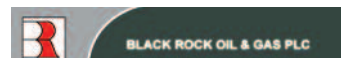
Belmore Resources is a minerals exploration company focusing solely on projects in the Republic of Ireland, priority being given to its zinc exploration properties in County Clare, where it has a 50% interest (with an extra 20% option for Euro 600,000 expenditure) in six prospecting licences and a 100% interest in three further prospecting licences. Previous exploration had identified a high grade resource of zinc and lead-rich massive sulphides of approximately 400,000 tonnes @12% zinc plus lead and 75 g/t silver. April brought an announcement of a new high grade zinc/lead mineralisation discovery from diamond drilling of 10 metres of 13.84% zinc plus 5.52% lead and 63 g/t silver which management rated as highly significant. Further diamond drilling will be necessary to determine the extent of the mineralisation while management evaluates these results and determines future strategy.

Beowulf Mining plc - (AIM ticker: BEM)WEBSITE: www.beowulfmining.com

Beowulf Mining's focus is on the exploration and development of mineral deposits in Northern Sweden, where it has five separate projects covering iron, gold, copper and uranium. With its shares now quoted on both the AIM and Stockholm's AktieTorget markets, Beowulf's most advanced project is the iron titanium Ruotevare deposit, with a JORC compliant resource of 140 million tonnes, grading 39.1% iron, 5.7% titanium dioxide, and 0.2% vanadium oxide. The capital cost of bringing a mine to production is estimated at US\$300 million, and an annual mined production is targeted at 23 million tonnes, or 10 million tones of ore.

Beowulf has other interests in copper-gold at Balleck and Jokmökk, gold at Grundtrask where drilling continues towards an estimated deposit of 500,000 oz, and magnetite at Kallak, all of which have seen progress in the past year. In addition, its Lulepotten copper-gold deposit has a JORC inferred resource of 43,000 tonnes of copper and 52,000 oz of gold.

REVIEW OF PORTFOLIO CONTINUED

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

WEBSITE: www.blackrockoilandgasplc.co.uk

Black Rock Oil & Gas is an exploration and production company. In addition to licences in the Southern Gas Basin of the UK North Sea, its principal interest is a 50/50 joint venture with Kappa Resources Colombia, a subsidiary of Kappa Energy Holdings Limited and the operator of the Las Quinchas Association Contract and the Alhucema E & P Contract, both situated in the prolific hydrocarbon basin of the Middle Magdalena Valley. In July 2008 the entire Kappa Group was acquired by the Canadian Pacific Rubiales Group, which led to the issue of an independent Petrotech Report assessing the underlying value of the Colombian interests as significantly in excess of Black Rock's full market capitalisation of £0.6 million at a 2p share price. The Colombian interests have a net book asset value of £3 million. Close attention to financing needs has seen management changes, wide-ranging operational cost reductions, lower working capital requirements and led to an active search for potential merger opportunities or new partners, as yet without success. Meanwhile the funding of the Colombian interests has been met through a private Canadian company, Prospero Hydrocarbons. Black Rock has sold its remaining Australian interests and is seeking a buyer or farm-in partner for all its UK Southern North Sea gas interests which include a 15% interest in the Monterey field.

Brazilian Diamonds Limited - (AIM ticker: BDY)

WEBSITE: www.braziliandiamonds.com

Brazilian Diamonds is a leading Brazil-based exploration company focusing 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 has been awaiting the approval of the Brazilian Congress to the boundaries set for the Sierra da Canastra National Park, and the exclusion therefrom of the Company's development area of the Canastra 1 kimberlite, for which mine feasibility work has been completed, Mines Department approval granted, and commencement of trial mining only withheld pending this approval. Recoveries from the Salvador 1 Project have established that the kimberlite is diamondiferous and would feed the important alluvial deposits of Central Bahia, which has clear beneficial implications for further exploration work in the neighbouring downstream areas acquired by the Company.

CAP Energy Limited - (PLUS ticker: CAPP)

WEBSITE: www.capenergy.co.uk

CAP Energy started its investment operations by acquiring smaller oil and gas exploration and production assets focusing on North America, where opportunities for acquiring projects abandoned or uneconomical for major producers to which they apply remediation processes combined with low overhead levels offer the prospect of attractive returns in the face of rising oil and gas prices. Intensified competition for such opportunities and increasing remediation costs led to CAP Energy selling some of its first acquisitions and confining subsequent purchases to more economic projects requiring less working capital. Its latest and most significant acquisition is a 25% interest in ten recently drilled oil wells, seven already being producers, in the Louisiana Starks Dome oilfield, bought for US\$1 million consideration from CSV Holdings Inc. CSV's interest will remain under 30%.

REVIEW OF PORTFOLIO CONTINUED

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 Central Europe, especially the Czech Republic. Its main producing asset is the Janovice gas field in Northern Moravia (60% interest) but declining production rates coupled with the shutting-in of the adjacent Krasna oil field caused an overall 40% decrease in production over the year, impacting on Company revenues and resulting in increased losses. Janovice produced at an average daily rate of 34,000 cubic metres of gas in the year to end June, but this was reduced to 20,000 cubic metres in order to stabilise a small amount of water overflow. Exploration activities covered the Mosnov, Roznov, and Morava permits (90% interests, contributing 100%) and the Raskovice–Moravka permit (60% interest); 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, gas is seen as a possibility. Following last year's Board restructuring, a new corporate growth strategy is expected of evaluating and acquiring interests in Russian, European, Middle Eastern, and Kazakhstan oil and gas fields and infrastructure, with further fund-raising highly likely.

Concorde Oil and Gas plc -

(PLUS quotation suspended)



Concorde was incorporated in August 2005 to locate, evaluate, acquire, explore, develop and operate oil and gas properties and projects primarily in the Russian Federation. After initial difficulties in raising finance for its first major acquisition target, Pechora Energy, Concorde's shares were suspended in May 2006 and remain so to this day. We await news as to when and where re-listing will be undertaken for what is now a much enlarged entity. Pechora holds an exclusive production licence valid until 2014 for the Luzkoye oil field in the Komi Republic of Russia. The US\$33 million acquisition of Pechora, was funded by investment fund managers Altima Partners and Kuwait Energy Limited with a US\$41 million injection through the issue of 113 million new Concorde shares at 0.9p a share and convertible loan notes. Ongoing Pechora development plans costing US\$125 million will require further funding, and a loan of up to US\$50 million is currently being sought from the European Bank for Reconstruction and Development. Original shareholders have faced a substantial dilution, but should have an investment in a much larger company when a market quote is restored. Kuwait Energy now has a 37% interest and Altima funds 44%. A report due soon is expected to show increased production levels as a result of wells in production increasing from two to seven.

The Core Business plc - (AIM ticker: CORE)WEBSITE: www.thecorebusiness.co.uk

The Core Business focuses primarily on the distribution of branded cosmetics to major retailers. As a personal care and beauty management group, it also provides consultancy services to companies and individuals in the development of existing brands and the creating of new ones. It has attracted considerable retailer interest through dynamic presentation of its brands which range from colour cosmetics, beauty and hair accessories, sun and skincare products, to fragrances, the latter having been launched this year in Superdrug stores throughout the UK. Significant growth has been achieved since last year's reverse take-over of Amirose International with first break-even results anticipated for the current year.

REVIEW OF PORTFOLIO CONTINUED

**DTT plc** - (in receivership - PLUS quotation suspended)

Despite having become the UK's largest specialist group for the training and supply of vocational drivers to the freight and passenger transport sectors, it is regrettable that in early October 2008 the DTT management were forced to call in a receiver. This is especially sad given the enormous progress made by the new management team which took over in the third quarter 2007; significant new business was being won, costs were cut, and cash flow was improving. However, against the background of a deteriorating economic climate, the directors failed in their repeated attempts to raise necessary fresh capital to see the business through to profitability.

Equity Resources plc -

(formerly Franchise Investment Strategies PLUS ticker: EGRP)

With Equity Resources suffering severely from presumed total losses to be incurred on its two investments in DTT and Myhome International as a result of their recently entering receivership, Equity Resources has had to consider how it should refocus operations away from its past objective of locating and investing in promising franchise businesses. Shareholders and the market will be advised of developments in the coming weeks.

Franconia Minerals Corporation

- (Toronto ticker: TSX-V: FRA)



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 located in Spokane, Washington. Its most advanced project is at Birch Lake located in the Duluth Complex in north-eastern Minnesota, positioned to be one of the world's largest copper-nickel-PGM resources. Reflecting a recent independent scoping study, the project now includes three indicated Cu-Ni-PGM open pit resources, the 108 million tonnes (plus 87 million tonnes inferred) Birch Lake resource, the 120 million tonnes Maturi resource, and the 124 million tonnes Spruce Road open pit 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 is actively involved in the exploration of gold, diamonds and base metals in Canada and Africa, and the exploration and development of mineral properties including a number in New Brunswick, all prospects having shown encouraging confirmation of mineralized zones based on work conducted, while also has a high-grade limestone deposit which it aims to bring into production in due course. In West Africa, Fundy holds a minerals exploration licence over 1000 sq. km. of land in Liberia, having recently received a licence permit for its Sehnkweh Cestos claim, one of the first such licence permits to be issued by the Liberian Government since its imposed moratorium. The Company's initial interest in Liberia was in gold discoveries along the Cestos shear and Todi shear belts where exploration work is continuing. However following Fundy's alluvial diamond discovery in the southern area of its permit, and significant quantities of gem quality alluvial diamonds having been previously extracted by artisan miners, Fundy's main efforts remain concentrated on locating the

REVIEW OF PORTFOLIO CONTINUED

Kimberlitic source of its discovery. Diamond discoveries have been made other than in alluvial watercourses and wetland depressions, so an extensive geophysical survey over the new discovery area is now also being planned.

Gippsland Limited

- (AIM ticker: GIP and Sydney ASX)

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 44 million tonne (73% measured and indicated) Abu Dabbab and the 98 million tonne Nuweibi projects, where its 50% interest is matched by an Egyptian State partner. The Abu Dabbab project, with 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. Capital cost is estimated at US\$125 million, with funding planned on an 80% debt and 20% equity basis. A 10 year off-take has been agreed with the German HC Starck group for a major part of the production; negotiations on both project financing with the German State-owned KfW Group, and on the engineering, procurement and construction management contract are both nearing conclusion. Also, Gippsland has undertaken exploration drilling within the Wadi Allaqi region where it has obtained highly encouraging gold results in three of its eight separate tenements, together with a copper-nickel deposit. Gippsland controls its Egyptian 50:50 joint ventures through its Board's casting vote. Gippsland also has a 50% interest in the Tasmanian Zeehan tin deposit, with an indicated and inferred resource of 7.3 million tones.

Goliath Resources Inc

WEBSITE: www.goliathresources.com



Goliath Resources is a Vancouver-based minerals exploration company with interests in copper, gold and molybdenum in Canada and Zambia acquired from the BellMin Group in late 2006, the main focus being on the Phelps Dodge-owned Mazonod Lake largely unexplored property in the North-West Territories, where under a joint venture agreement Goliath will ultimately earn a 75% interest. Previous drilling and geophysics identified project 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 and where drilling commenced in August; 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 40% interest in a Goliath-led consortium which has been issued a 25 year mining licence covering main tailing dumps of 150 million tons in the Zambian Copper Belt; their treatment is seen to have substantial near-term cash-flow potential; discussions continue on metallurgical test-work and possible process routes.

REVIEW OF PORTFOLIO CONTINUED

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, all 100% owned, the company has the 40 km long Lackman Rock site in Western Australia where gold and nickel sulphide have been ear-marked as targets for future exploration drilling. The main focus of the company until now has been on Firetower, and deciding whether to mine an existing resource of 50,000 oz or whether to establish first a larger resource and then to build its own mine; only 400 metres of its suggested 6 kilometre mineralisation have so far been investigated. Meanwhile while rock chip sampling at Warrentinna had yielded encouraging results, subsequent drilling results rather disappointed the market. Greatland's aim to become a stand-alone producer nonetheless remains on course but will require the raising of significant extra capital to bring Firetower into production.

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. A shortage of available funds and the ongoing financial uncertainties of the current market have restricted the opportunities in recent months for seed capital investments.

Hidefield Gold plc - (AIM ticker: HIF)WEBSITE: www.hidefieldgold.com

Hidefield focuses on the acquisition and development of highly prospective gold projects in South America and Alaska held directly, while others in Canada, Nevada and Arizona are held in independent self-funded associate companies. Its direct interests are principally in Argentina where it is actively exploring the advanced stage Don Nicolas gold project in Santa Cruz Province and in joint venture with Minera Sud S.A. in three Patagonia provinces. Further impressive gold mineralisation results have been announced for the ongoing drilling programme in Santa Cruz where a JORC compliant resource of 1.2 million tonnes has been established, with 301,000 ounces of gold using a high grade cut of 90 gpt gold. Joint venture negotiations are nearing completion on the advanced stage Cata Preta gold project in Brazil's Minas Gerais state. In Alaska, Hidefield has a 60% interest in the Golden Zone and South Estelle projects with 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. Hidefield has warned that if it is unable to secure further finance to continue exploration, it may have to sell certain properties or projects which it would very much prefer to explore itself.

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 Resources 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 Resources in Ontario, targeting uranium.

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

Kefi Minerals, a spin-off from EMED plc, is an early stage gold and copper exploration company with six 100%-owned projects in Turkey. It owns an extensive exploration database which contains information regarding 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: the absence of any national public exploration archiving system in Turkey adds to the value of Kefi's high quality prospecting reconnaissance database. Kefi's two most advanced exploration projects are Artvin in the North East and Derinin Tepe in the West. The Artvin Project comprises fifteen exploration licences covering 253 sq. km. A gold discovery at its Yanikli Prospect has already been announced. The Derinin Tepe gold prospect was mined in Roman times and Kefi carried out a nine hole diamond drilling programme there last year. Kefi should be producing by 2013 and its strategy already includes building a shareholder base in Turkey and actively participating in the Government tender process so as to acquire further high quality tenure. Kefi has relinquished its Lehovo interest but continues to evaluate other opportunities in Bulgaria.

Lisungwe plc - (PLUS ticker: LIS)WEBSITE: www.lisungwe.com

Lisungwe, one of our new investments during the year, explores for minerals over various tenements in Malawi, a small southern African country, where using local labour and having dug over 800 pits at Chimimbe Hill it has identified nickel in quantities and of sufficient grade as to justify extensive drilling, the development of nickel extraction techniques through leaching and the preparation of an initial scoping study for a mine, all of which are currently in process. Procedures and quality controls are in place towards establishing a JORC compliant resource. Lisungwe also has other nickel prospects as well as in gold and uranium.

Lotus Resources plc - (PLUS ticker: LOTP)WEBSITE: www.lotus-resources.com

Lotus Resources is a UK holding company seeking to identify and acquire mining and exploration companies in China whose operations are not currently realising their full potential. Its objective is to build a medium scale mining and exploration company within three years with a balanced portfolio of properties and product commodities. Several potential opportunities have been investigated.

REVIEW OF PORTFOLIO CONTINUED

Matisse Holdings plc - (AIM quotation suspended)

Matisse Holdings was originally established for investment in publishing businesses. It has been strategically seeking either reverse take-overs or key acquisitions, but presently has its shares suspended through the application of AIM regulations governing inactive cash shells.

Myhome International plc -

(in administration - AIM quotation suspended)

WEBSITE: www.myhomeplc.com



Myhome International was a leading residential homecare services franchise business seeking rapid expansion throughout the UK, Ireland and Australia. After a series of attractive and successful minor acquisitions made essentially out of equity and existing cash resources, management elected to finance half of a major £16 million acquisition by bank debt, with attendant tough covenants which later could not be respected. This led the lending bank to appoint an administrator to the Group followed by an almost immediate sale of the assets by the administrator. Changes in the management team and acquisition integration complications seem to have caused serious concurrent distractions in the overall management of the Group. Myhome was always rather more a long-term investment proposition, but suffered from the instability of being the object of significant short-term market speculation, resulting in a somewhat volatile share performance. Regrettably shareholders should not expect any pay-out from the receiver, as asset realisations will be insufficient to meet creditor claims.

Oracle Coalfields plc - (PLUS ticker: ORCP)

WEBSITE: www.oraclecoalfields.com

Oracle Coalfields PLC

Oracle Coalfields is an emerging coal developer in Pakistan with an 80% interest in a 1.4 billion tonnes resource project located in Block V1 of the Thar Desert in the Sindh province, 380 km east of Karachi and further away from the insecurity of the north western frontier region. It benefits from past major infrastructure investment by the Pakistan Government. The mine development project will be integrated with the construction of a mine-mouth 300MWe power plant. Initial production is planned for early 2010, and while the mine design will allow for an annual production of 2.5 million tonnes, this will only be achieved by 2014, when the completed power plant will be in operation. The power plant's annual intake from the mine will be 1.75 million tonnes, any balance being sold to local industry unless further capacity is added to the power plant. Pakistan suffers from critical shortages of electricity supply expected to continue for the next 20 years, but with a major indigenous but unexploited coal resource. Oracle is seen as a vital participant in the development of Pakistan's economy especially as no rival coal mining projects have materialised or are in prospect. Current plans are for further drilling to achieve a JORC resource and to complete a bankable feasibility study by end 2009.

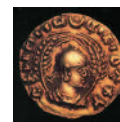
REVIEW OF PORTFOLIO CONTINUED

Red Rock Resources plc - (AIM ticker: RRR)WEBSITE: www.rrrplc.com

Red Rock, in which Regency Mines holds a 37.7% interest, operates as a mineral exploration and development company, focusing on manganese, iron ore and gold properties in Australia and Zambia. During 2007, its uranium portfolio was sold to Retail Star Ltd, since renamed Resource Star Limited (RSL), in exchange for shares, a deal that gave it an initial 15% interest in RSL and effective management control of the RSL board, as well as access to RSL's cash resources to enable continuing exploration work on its former properties. Red Rock's principal manganese interests are centred on its 695 sq. km. tenements in the East Pilbara province in Western Australia and on Chiwefwe in Zambia, where the first phase of an exploration programme has established an indicated resource of 2.3 million tones of high grade manganese and where further drilling and exploration are under way. The iron ore property interests consist of the highly prospective Mt Alfred in Western Australia and others in the Northern Territory and Tasmania. Uranium licences are held in Australia's Northern Territories, while gold prospects are held in Oakover and Tasmania. Red Rock's portfolio and its readiness to exchange assets for equity interests at the right price seems likely to see more deals in the offing.

Regency Mines plc - (AIM ticker: RGM)WEBSITE: www.regency-mines.com

Regency Mines, apart from its controlling interest in Red Rock Resources, is primarily focused on exploring areas of copper and nickel potential at Bundarra in Queensland, Yilgarn in Western Australia and Mambare Plateau in Papua New Guinea, for gold at Mount Stone in Queensland and, where appropriate, on the development of these assets by joint venture, acquisition or disposal. Regency has built up a sound investment portfolio in a host of 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 specifically chose for its numerous gold occurrences, most of which have not been explored. Sheba's 100% interest in the two exclusive exploration licences for Mereto and Shehagne, has been awarded new concession licences for Una Deriam, Finarwa, and Winibo, all situated south or west of Moreto, and having specific exploration targets including gold, and for the first time base metals copper and zinc. As most of these new areas have not been explored previously, initial results will be of special interest. 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 - (AIM ticker: SHCP)

WEBSITE: www.sthelenscapital.com



St Helen's Capital is an institutional stockbroker and corporate finance adviser to smaller companies, primarily in the early-stage, and fast-growing category. It is currently corporate broker to twelve AIM-quoted companies and thirty-four more listed on PLUS. Its services on offer include corporate finance, fund-raising and flotations, institutional sales, research, corporate broking, and dealing/trading services.

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 a number of world-class diamondiferous kimberlites, and where it is also exploring in Crib, Linomonosova in the Arkhangelsk region. Sunrise enjoys exclusive access to the valuable BHP Billiton data base from its former Finnish diamond exploration activities.

Treslow Limited

Treslow has a copper-nickel prospect near Armstrong in North West Ontario, Canada. Following its conversion to a plc and an expected introduction to PLUS, it will be seeking further funding to advance the project. Commercial quantities of uranium and rare earths are also a possibility, but its 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 Agricola Resources plc, Beowulf Mining plc, Oil and Gas Support Services 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 and chairman of PLUS quoted Lisungwe plc and Equity Resources plc.

DIRECTORS' REPORT

The Directors present their eighth annual report on the affairs of the Company, together with the financial statements for the year ended 30 September 2008.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

For the past six years since Bruce Rowan was appointed Chief Executive on 31 January 2002, the Company's principal trading activity has been the use of his expertise to identify and, where appropriate, support small company new issues, pre IPO and ongoing fundraising opportunities with a view to realising profit from disposals as the businesses mature in the medium term.

The Company's key performance indicators and developments during the period are given in the Chairman's statement and in the trading portfolio review, all of which form part of the Directors' report.

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 trading portfolio, most of which is, or in the case of pre IPO commitments expected to be, quoted on AIM or PLUS, such that the Company may have difficulty in realising the full value in a forced sale. Accordingly, a commitment is only made after thorough research into both the management and the business of the target, both of which are closely monitored thereafter. Furthermore, the Company limits the amount of each commitment, both as to the absolute amount and percentage of the target 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 2008 are set out on pages 22 to 34.

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 2008 are as follows:

	30 September 2008			30 September 2007		
	Ordinary shares of £0.01 each	%	Share options (Note 1)	Ordinary shares of £0.01 each	%	Share options (Note 1)
Ronald Bruce Rowan	8,570,000	23.03	3,350,000	8,570,000	23.03	3,350,000
Anthony Charles Raby Scutt (Note 2)	160,000	0.43	550,000	160,000	0.43	550,000
John Watkins	835,000	2.24	1,675,000	835,000	2.24	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.

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.

DIRECTORS' REPORT CONTINUED

SUBSTANTIAL SHAREHOLDINGS

At the close of business on 30 September 2008, 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	5,410,797	14.54%

SHARE CAPITAL

There were no share issues during the year.

In accordance with the authority to purchase up to 5,600,000 Ordinary shares renewed at the 2007 annual general meeting, the Company purchased 250,000 (being 0.67%) of its own Ordinary shares in the year to be held in treasury. The prices paid were 29 pence and 29.25 pence and the total cost amounted to £73,479.50.

These purchases were made to enhance the underlying net asset value per share given the substantial discount at which shares were traded at the time. 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 2008, the Company had no trade creditors.

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.

AUDITOR

The Directors will place a resolution before the annual general meeting to reappoint Grant Thornton UK LLP as auditor for the coming year in accordance with the Companies Act 2006.

DIRECTORS' REPORT CONTINUED

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.

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 2008

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 2008 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 Trading 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 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 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 2008 and of its loss 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.

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

29 October 2008

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 SEPTEMBER 2008

	Notes	Year ended 30 September 2008	Year ended 30 September 2007
		£	£
Operating income		16,700	5,494,067
Direct costs		(15,430)	(104,658)
Gross profit		1,270	5,389,409
Administrative expenses		(271,640)	(272,076)
Amounts written off trade investments	8	(3,461,919)	(73,266)
Operating (loss)/profit		(3,732,289)	5,044,067
Interest receivable		105,054	71,114
Interest payable		(98,430)	(84,413)
(Loss)/Profit on ordinary activities before taxation	2	(3,725,665)	5,030,768
Tax on profit on ordinary activities	3	1,118,201	(1,505,236)
(Loss)/Profit on ordinary activities after taxation		(2,607,464)	3,525,532
Earnings per share - basic	6	(7.5) pence	9.6 pence
Earnings per share - fully diluted	6	(7.5) pence	8.8 pence

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

All operations are continuing.

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

BALANCE SHEET

AS AT 30 SEPTEMBER 2008

	Note	30 September 2008 £	30 September 2007 £
Current assets			
Debtors	7	1,126,908	10,257
Trade investments	8	2,855,237	4,750,185
Cash at bank		-	3,006,588
		<u>3,982,145</u>	<u>7,767,030</u>
Creditors – amounts falling due within one year	10	<u>(1,619,615)</u>	<u>(2,548,969)</u>
Net current assets		<u>2,362,530</u>	<u>5,218,061</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	(36,039)	2,819,492
Equity shareholders' funds	13	<u>2,362,530</u>	<u>5,218,061</u>

The financial statements on pages 22 to 34 were approved by the Board of Directors on 29 October 2008 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 2008

		Year ended 30 September 2008	Year ended 30 September 2007
	Note	£	£
Net cash (outflow)/inflow from operating activities	14	(1,815,809)	3,484,305
Returns on investment and servicing of finance:			
Interest receivable		105,054	71,114
Interest payable		(98,430)	(84,413)
		<u>6,624</u>	<u>(13,299)</u>
Taxation paid		(1,509,413)	(395,880)
Equity dividends paid		(174,587)	(367,172)
Financing:			
Company shares repurchased		(73,480)	(577,732)
New short term loan		-	1,000,000
		<u>(73,480)</u>	<u>422,268</u>
(Decrease)/increase in cash in the year	15	<u>(3,566,665)</u>	<u>3,130,222</u>

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

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2008

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, except in respect of the valuation of investments as noted below.

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.

Administrative expenses

All administrative expenses are stated inclusive of VAT, where applicable, as the company is not eligible to reclaim VAT incurred on its costs.

Investments

Current asset trade investments are stated at the lower of cost or recoverable amount. Recoverable amount is the lower of bid price (previous year: mid price) and directors' valuation. The effect of the change in the estimation method is explained in note 8. Profits and losses, including profits arising from warrants held, are accounted for as realised.

Going concern

After careful review of the company's current financial position and future expected cash flows, the directors are confident that the company has access to sufficient financial facilities to enable it to continue in business as a going concern and to meet its liabilities as they fall due for the foreseeable future. For this reason it is considered appropriate to prepare the financial statements on a going concern basis.

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 using rates of tax enacted or substantively enacted 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, the effective date of Financial Reporting Standard 20, 'Share Based Payments', and the extension of the life of the options during the year had no impact on their fair values.

NOTES TO FINANCIAL STATEMENTS CONTINUED

Treasury shares

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

2 (Loss)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	Year ended 30 September 2008 £	Year ended 30 September 2007 £
(Loss)/profit on ordinary activities before taxation is stated after charging:		
Auditor's remuneration – audit	15,275	13,206
Auditor's remuneration – non-audit services	27,965	20,445
Directors' emoluments	146,125	144,525

Auditor's remuneration for non-audit services provided during the year comprises nominated advisor fees of £17,625, tax compliance service fees of £6,815 and tax advisory fees of £3,525; (2007: nominated advisor fees of £16,744 and tax compliance fees of £3,231 and tax advisory fees of £470).

3 TAXATION

	Year ended 30 September 2008 £	Year ended 30 September 2007 £
Current year taxation		
UK corporation tax at 29% (2007: 30%) on (loss)/profit for the year	(1,117,615)	1,509,342
Adjustments in respect of prior years	(586)	(4,106)
Total current tax (credit)/charge for the year	<u>(1,118,201)</u>	<u>1,505,236</u>
The tax assessed is lower than the standard rate of corporation tax in the UK at 29% (2007: 30%). The differences are explained below:		
(Loss)/profit on ordinary activities before taxation	(3,725,665)	5,030,768
(Loss)/profit on ordinary activities at 29% (2007: 30%)	<u>(1,080,443)</u>	<u>1,509,230</u>
Effect of:		
Expenses not deductible for tax purposes	85	112
Losses relieved at higher rate	(37,257)	-
Adjustments in respect of prior years	(586)	(4,106)
Current tax (credit)/charge for the year	<u>(1,118,201)</u>	<u>1,505,236</u>

NOTES TO FINANCIAL STATEMENTS CONTINUED

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.

5 DIRECTORS' EMOLUMENTS:

	Year ended 30 September 2008 £	Year ended 30 September 2007 £
R B Rowan	84,000	84,000
A C R Scutt	17,000	16,500
J Watkins	45,125	44,025
	<u>146,125</u>	<u>144,525</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 (2007: £84,000) was paid to Sunvest Corporation Limited, a company of which he is a director and shareholder.
- ◆ In respect of the professional services of John Watkins, FCA, £30,000 + VAT (2007: £26,525 + 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.

NOTES TO FINANCIAL STATEMENTS CONTINUED

6 (Loss)/EARNINGS PER SHARE

	Year ended 30 September 2008 £	Year ended 30 September 2007 £
The basic (loss)/earnings per share is derived by dividing the (loss)/profit for the year attributable to ordinary shareholders by the weighted average number of shares in issue.		
(Loss)/profit for the year/period	(2,607,464)	3,525,532
Weighted average number of Ordinary shares of £0.01 in issue	34,958,243	36,608,492
(Loss)/earnings per share – basic	(7.5) pence	9.6 pence
Weighted average number of Ordinary shares of £0.01 in issue inclusive of outstanding options	40,533,243	40,229,710
(Loss)/earnings per share – fully diluted	(7.5) pence	8.8 pence

In view of the loss for the year, options in issue have no dilutive effect.

7 DEBTORS

	30 September 2008 £	30 September 2007 £
Prepayments	9,292	10,257
Taxation recoverable	1,117,616	-
Total	1,126,908	10,257

8 CURRENT TRADE INVESTMENTS, AT THE LOWER OF COST, MARKET VALUE OR DIRECTORS' VALUATION

	30 September 2008 £	30 September 2007 £
Publicly traded investments at cost	5,003,922	4,723,134
Unrealised loss	(2,411,813)	(130,096)
	2,592,109	4,593,038
Unquoted trade investments at cost	1,443,329	157,147
Unrealised loss	(1,180,201)	-
	263,128	157,147
Net book value	2,855,237	4,750,185

NOTES TO FINANCIAL STATEMENTS CONTINUED

8 CURRENT TRADE INVESTMENTS CONTINUED

	30 September 2008 £	30 September 2007 £
The market value or directors' lower valuation of the trading portfolio was:		
Quoted on AIM	1,323,185	7,276,412
Quoted on PLUS	2,095,089	3,585,079
Quoted on foreign stock exchanges	254,175	3,371,961
Unquoted trade investments	263,128	407,147
Total	3,935,577	14,640,599

Note 1: The unrealised losses arise due to the following factors:

The closing market bid price of several of the Company's trading portfolio at 30 September 2008 and for the following month to 28 October 2008 being below the cost price.

The Directors' knowledge of the actual or likely terms of imminent fundraisings or other news expected to cause a fall in the market price leading to additional write downs in valuation to lower than bid price.

The Directors' belief that some companies in the trading portfolio are in difficulty and may not survive leading to additional write downs in valuation to lower than bid price.

The Directors' belief that companies whose shares are suspended are unlikely to be re-listed; these losses amount to £422,501.

Note 2: The change to the basis of valuing the trading portfolio from mid-market to bid price accounts for £2,231,028.

9 TRADE INVESTMENTS

The Company has holdings in the companies described in the review of portfolio on pages 5 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
Equity Resources plc, formerly Franchise Investment Strategies plc – see note 1	England & Wales	Ordinary	29.7%	(904,190)	14,263	31 May 2008
Lotus Resources plc – see note 2	England & Wales	Ordinary	36.7%	£(228,806)	£(7,615)	30 Sept 2007
Sheba Exploration (UK) plc – see note 3	England & Wales	Ordinary	24.61%	£(108,658)	£265,822	29 Feb 2008
Treslow Limited – see note 4	England & Wales	Ordinary	30.1%	Not available	Not available	31 Mar 2008

NOTES TO FINANCIAL STATEMENTS CONTINUED

9 TRADE INVESTMENTS CONTINUED

- Note 1: Equity Resources plc is considered to be an associated undertaking. Equity accounting has not been used as the Company does not prepare consolidated accounts.
- Note 2: During the year, the Company has increased its investment in Lotus Resources plc; as at 30 September 2008 the Company's percentage interest is as shown and follows further share issues by the company since its last balance sheet date. The loss shown is for the year ended 30 September 2007 and the capital and reserves are at the same date; the financial statements for 2008 have yet to be issued. The investment is at arm's length; the Company takes no part in the management of Lotus Resources plc nor does it exert significant influence over Lotus Resources plc and so it is not considered to be an associated undertaking despite the holding being in excess of 20% of issued share capital.
- Note 3: The investment is at arm's length; the Company takes no part in the management of Sheba Exploration (UK) plc neither does it exert significant influence and so it is not considered to be an associated undertaking despite the holding being in excess of 20% of issued share capital.
- Note 4: The Company is supporting Treslow Limited through its pre IPO processes; the required information is not available. The company does not exert significant influence over Treslow Limited and so it is not considered to be an associated undertaking despite the holding being in excess of 20% of issued share capital.

10 CREDITORS

	30 September 2008 £	30 September 2007 £
Amounts falling due within one year:		
Bank overdraft	560,077	-
Short term loan	1,000,000	1,000,000
Trade creditors	-	1,502
Corporation tax	-	1,510,000
Social security and other taxes	270	292
Accruals	<u>59,268</u>	<u>37,175</u>
Total	<u>1,619,615</u>	<u>2,548,969</u>

The bank overdraft is secured by a charge over certain of the Company's investments having a market value at the balance sheet date of £2.3m.

The short term loan is secured by a charge over certain of the Company's investments having a market value at the balance sheet date of £2.0m.

NOTES TO FINANCIAL STATEMENTS CONTINUED

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 2007 and 30 September 2008, 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 2007 and 30 September 2008	37,217,259	372,173

Shares held in treasury

On 29 November 2007 the Company purchased a total of 250,000 of its own shares to be held in treasury. The prices paid were 29 pence and 29.25 pence.

	30 September 2008	30 September 2007
Total number of shares held in treasury	2,300,000	2,050,000

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 2007	Granted during the year	At 30 Sept 2008	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 the Company's shares at 30 September 2008 was 12.25p (2007: 29.75p) and the range during the year was 12.75p to 32.4p (2007: 15.0p to 36.5p), the average for the year being 21.41p (2007: 24.25p).

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 2007	2,026,396	2,819,492
Loss for the year	-	(2,607,464)
Final dividend for the year ended 30 September 2007 paid at the rate of 0.5p per share on 11 January 2008	-	(174,587)
Purchase of Company shares for treasury	-	(73,480)
As at 30 September 2008	<u>2,026,396</u>	<u>(36,039)</u>

13 MOVEMENT ON EQUITY SHAREHOLDERS' FUNDS

	Year ended 30 September 2008 £	Year ended 30 September 2007 £
(Loss)/profit for the year	(2,607,464)	3,525,532
Dividend paid	(174,587)	(367,172)
Shares held in treasury	(73,480)	(577,732)
Net (decrease)/increase in shareholders' funds	<u>(2,855,531)</u>	<u>2,580,628</u>
Opening equity shareholders' funds	5,218,061	2,637,433
Closing equity shareholders' funds	<u>2,362,530</u>	<u>5,218,061</u>

14 RECONCILIATION OF OPERATING PROFIT TO OPERATING CASH FLOWS

	Year ended 30 September 2008 £	Year ended 30 September 2007 £
Operating (loss)/profit	(3,732,289)	5,044,067
Unrealised trade investment loss	3,461,919	73,266
Decrease in debtors	965	97,645
Increase in creditors	20,569	9,877
Increase in trading investments at cost	(1,566,973)	(1,740,550)
Net cash (outflow)/inflow from operating activities	<u>(1,815,809)</u>	<u>3,484,305</u>

NOTES TO FINANCIAL STATEMENTS CONTINUED

15 ANALYSIS AND RECONCILIATION OF NET FUNDS

	30 September 2007	Cash flow	30 September 2008
	£	£	£
Net cash	3,006,588	(3,566,665)	(560,077)
Short term loan	(1,000,000)	-	(1,000,000)
Net funds/(debt)	<u>2,006,588</u>	<u>(3,566,665)</u>	<u>(1,560,077)</u>

	Year ended 30 September 2008	Year ended 30 September 2007
	£	£
(Decrease)/increase in cash in the year	(3,566,665)	3,130,222
Advance of new short term loan	-	(1,000,000)
Movement in (debt)/net funds in the year	<u>(3,566,665)</u>	<u>2,130,222</u>
Net funds at 1 October 2007	2,006,588	(123,634)
Net debt at 30 September 2008	<u>(1,560,077)</u>	<u>2,006,588</u>

16 COMMITMENTS

As at 30 September 2008, the Company had no commitments other than for expenses incurred in the normal course of business.

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 8. The Board meets quarterly 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

17 FINANCIAL INSTRUMENTS 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 £1,250,000 arranged with its bankers (2007: £750,000) secured on certain investments with a market value at 30 September 2008 of £2,348,639.

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 2008 of £2,054,687. 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 10 December 2008 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, 6 and 8 and as special resolutions in the case of resolutions 5 and 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 2008.
- 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 auditor 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

Ordinary resolution

- 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 authorised 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 £500,000, 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.

Special resolution

- 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);

NOTICE OF ANNUAL GENERAL MEETING CONTINUED

- 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 £500,000;
- 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.

Ordinary resolution

- 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 5,500,000, 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.

Special resolution

- 7 THAT the regulations produced to the meeting and initialled by the Chairman for the purposes of identification be adopted as the Articles of Association of the Company in substitution for and to the exclusion of the existing Articles of Association.

Ordinary resolution

- 8 THAT the principal terms (as defined in section 536(4) Companies Act 2006) produced to the meeting and initialled by the chairman of the meeting for the purpose of identification of a liability limitation agreement (as defined in section 534 Companies Act 2006) for the financial period beginning 1 October 2008 proposed to be entered into by the company and Grant Thornton UK LLP be approved.

NOTICE OF ANNUAL GENERAL MEETING CONTINUED

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
Suite E, First Floor
9 Lion & Lamb Yard
Farnham
Surrey
GU9 7BR

In either case, the signed proxy must be received by 3.00 pm on Monday 8 December 2008.

By Order of the Board

John Watkins
Director and Company Secretary
10 November 2008

Registered Office:

123 Goldsworth Road
Woking
Surrey
GU21 6LR

EXPLANATORY NOTES CONCERNING THE ANNUAL GENERAL MEETING

Entitlement to attend and vote

- 1 Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those members registered on the Company's register of members 48 hours before the time of the Meeting shall be entitled to attend and vote at the Meeting.

Appointment of proxies

- 2 If you are a member of the Company at the time set out in note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the Meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
- 3 A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Details of how to appoint the Chairman of the Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
- 4 You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, please contact the registrars of the Company, Share Registrars Limited on 01252 821 390.
- 5 A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.

Appointment of proxy using hard copy proxy form

- 6 The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote.

To appoint a proxy using the proxy form, the form must be:

- ◆ completed and signed;
 - ◆ sent or delivered to Share Registrars Limited at Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey GU9 7LL or by facsimile transmission to 01252 719 232; and
 - ◆ received by Share Registrars Limited no later than 48 hours (excluding non-business days) prior to the Meeting.
- 7 In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.
 - 8 Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

Appointment of proxy by joint members

- 9 In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

EXPLANATORY NOTES CONCERNING THE ANNUAL GENERAL MEETING CONTINUED

Changing proxy instructions

- 10 To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.
- 11 Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact Share Registrars Limited on 01252 821 390.
- 12 If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

Termination of proxy appointments

- 13 In order to revoke a proxy instruction you will need to inform the Company using one of the following methods:
 - ◆ by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Share Registrars Limited at Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey GU9 7LL, or
 - ◆ by facsimile transmission to 01252 719 232. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.
- 14 In either case, the revocation notice must be received by Share Registrars Limited no later than 48 hours (excluding non-business days) prior to the Meeting.
- 15 If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.
- 16 Appointment of a proxy does not preclude you from attending the Meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.

Corporate representatives

- 17 In order to facilitate voting by corporate representatives at the Meeting, arrangements will be put in place at the Meeting so that:
 - a. if a corporate member has appointed the Chairman of the Meeting as its corporate representative with instructions to vote on a poll in accordance with the directions of all the other corporate representatives for that member at the Meeting, then, on a poll, those corporate representatives will give voting directions to the Chairman and the Chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and
 - b. if more than one corporate representative for the same corporate member attends the Meeting but the corporate member has not appointed the Chairman of the Meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative.

EXPLANATORY NOTES CONCERNING THE ANNUAL GENERAL MEETING CONTINUED

- 18 Corporate members are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives – www.icsa.org.uk – for further details of this procedure. The guidance includes a sample form of representation letter to appoint the Chairman as a corporate representative as described in (a) above.

Issued shares and total voting rights

- 19 As at 31 October 2008, the Company's issued share capital comprised 37,217,259 ordinary shares of £0.01 each of which 2,300,000 Ordinary shares are held in treasury. Save for those shares held in treasury, each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 31 October 2008 is 34,917,259.
- 20 The Directors have no present intention to cancel the Ordinary shares held in treasury.

EXPLANATORY NOTES

CONCERNING THE ANNUAL GENERAL MEETING RESOLUTIONS

Articles of Association

The Notice of Meeting includes resolution 7 to amend the Company's articles of association. The proposed articles include amendments to ensure that they comply with the provisions of the Companies Act 2006 (the "2006 Act") which have, or will in the near future, come into force. The provisions of the 2006 Act are in the process of being implemented with all provisions anticipated to be in force by 1 October 2009. Therefore, it is proposed that the Company adopts new articles of association at the Meeting to incorporate key changes introduced by the 2006 Act which are currently in force and to generally update the articles.

By way of a brief summary, the principal changes to be made to the current articles include:

- 1 provisions to make it easier for the Company to communicate with shareholders by electronic means or to allow documents to be communicated electronically or by publishing documents on the Company's website communications;
- 2 the minimum notice period for calling a general meeting other than an annual general meeting called for the passing of a special resolution has been reduced from 21 days to 14 days in line with the provisions of the 2006 Act;
- 3 the provision giving the chairman a casting vote in the event of an equality of votes on a shareholder resolution has been removed as it is incompatible with the provisions of the 2006 Act;
- 4 the articles have been updated to reflect the fact that under the 2006 Act proxies have the right to attend, vote (on a poll or a show of hands) and speak at any general meeting as well as dealing with the appointment of multiple proxies and time limits for the appointment and termination of a proxy appointment;
- 5 the regulations relating to the disclosure of interests have been updated;
- 6 the obligation on directors reaching the age of 70 to retire from office at every annual general meeting has been removed;
- 7 to allow the directors to authorise conflicts or potential conflicts of interest, where appropriate;
- 8 the provisions relating to indemnifying directors and officers have been updated and clarified;
- 9 references to extraordinary general meetings have been removed from the articles in line with the 2006 Act; and
- 10 references to extraordinary resolutions have been replaced with references to special resolutions in line with the 2006 Act.

It is expected that further amendments will be required at next year's annual general meeting to reflect further changes under the 2006 Act which will be implemented over the course of the next year.

The new articles will, subject to the passing of resolution 7, come into effect at the conclusion of the annual general meeting. A full copy of the amended articles of association are available from the Company's website at www.starvest.co.uk or alternatively a hard copy can be requested by telephoning John Watkins, the company secretary, on 01483 771992.

Auditor's limited liability

The Notice of Meeting includes resolution 8 to empower the Directors to agree with the Auditor to limit the liability of the auditor for statutory audit services. The proposed agreement is for proportionate liability which would limit Grant Thornton UK LLP's liability to the share of loss resulting from their statutory audit work where it is demonstrated to be negligent, but the agreement does not limit the amount of any liability for dishonesty or fraud perpetrated by Grant Thornton UK LLP.

EXPLANATORY NOTES CONCERNING THE AGM RESOLUTIONS CONTINUED

The proposed terms mirror the specimen principal terms in Appendix B to the Financial Reporting Council's June 2008 Guidance on Auditor Liability Limitation Agreements, and are for the audit of financial statements for the period beginning 1 October 2008.

Summary of principal terms

This agreement limits the liability owed to the company by Grant Thornton UK LLP in respect of any negligence, default, breach of duty, or breach of trust, occurring in the course of the audit of the accounts for the financial year ending 30 September 2009 pursuant to the Letter of Engagement of which Grant Thornton UK LLP may be liable in relation to the company (Grant Thornton UK LLP's liability).

This agreement shall not limit the liability of Grant Thornton UK LLP for dishonesty or fraud perpetrated by Grant Thornton UK LLP, or any other liability of Grant Thornton UK LLP that cannot be excluded or restricted by applicable laws or regulations.

Subject to the previous paragraph, Grant Thornton UK LLP's liability shall be limited in accordance with the following paragraphs:

Where any Person (as defined below), whether or not that person is or could be made a party to or a witness in any relevant proceedings, is also liable to the company for, or has otherwise caused or contributed to, all or part of the same loss or damage as Grant Thornton UK LLP (a Responsible Person), and/or where the company itself has contributed to such loss or damage, Grant Thornton UK LLP's liability shall be limited to such amount as is just and equitable having regard to the extent to which Grant Thornton UK LLP and any other such Responsible Person and the company is liable for, or has otherwise caused or contributed to, such loss or damage. Any limitation exclusion or restriction (however arising) on the liability of any Responsible Person and any other matter (whenever arising), including inability to pay or insolvency, affecting the possibility of recovering compensation from any other such Responsible Person shall be ignored in determining:

- whether and to what extent that Responsible Person is liable to the company for, or has
- caused or contributed to such loss or damage ; and
- the amount to which Grant Thornton UK LLP's liability should be limited.

Neither Grant Thornton UK LLP nor the company shall unreasonably resist the joinder to the proceedings or the calling as a witness in the proceedings of any Responsible Person.

'Person' means any corporate body, individual or other person, including

- any director or employee of the company,
- persons associated with the company,
- persons providing or who have provided finance or services to the company including other professionals, and any governmental or regulatory authority or body where such governmental or regulatory authority or body is in breach of duty, whether statutory or otherwise, and irrespective of whether such authority or body has, in respect of the relevant loss or damage, any statutory immunity from liability or damages; but excluding the company itself and Grant Thornton UK LLP.

In accordance with section 537 of the Companies Act 2006, if the effect of the preceding paragraphs of this Liability Limitation Agreement would be to limit Grant Thornton UK LLP's liability to less than such amount as is fair and reasonable, as determined in accordance with that section this Liability Limitation Agreement shall have effect as if it limited Grant Thornton UK LLP's liability to such amount as is fair and reasonable, as so determined.

In the preceding four paragraphs of this agreement Grant Thornton UK LLP means the entity Grant Thornton UK LLP and includes any of its members, partners, employees, and any other person for whom Grant Thornton UK LLP is vicariously liable.

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 5 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 2008/09:

- ◆ January Chairman's update by 15 January 2009
- ◆ Interim report to 31 March 2009 by 30 April 2009
- ◆ July Chairman's update by 15 July 2009
- ◆ Annual report to 30 September 2009 by 30 November 2009.

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.)

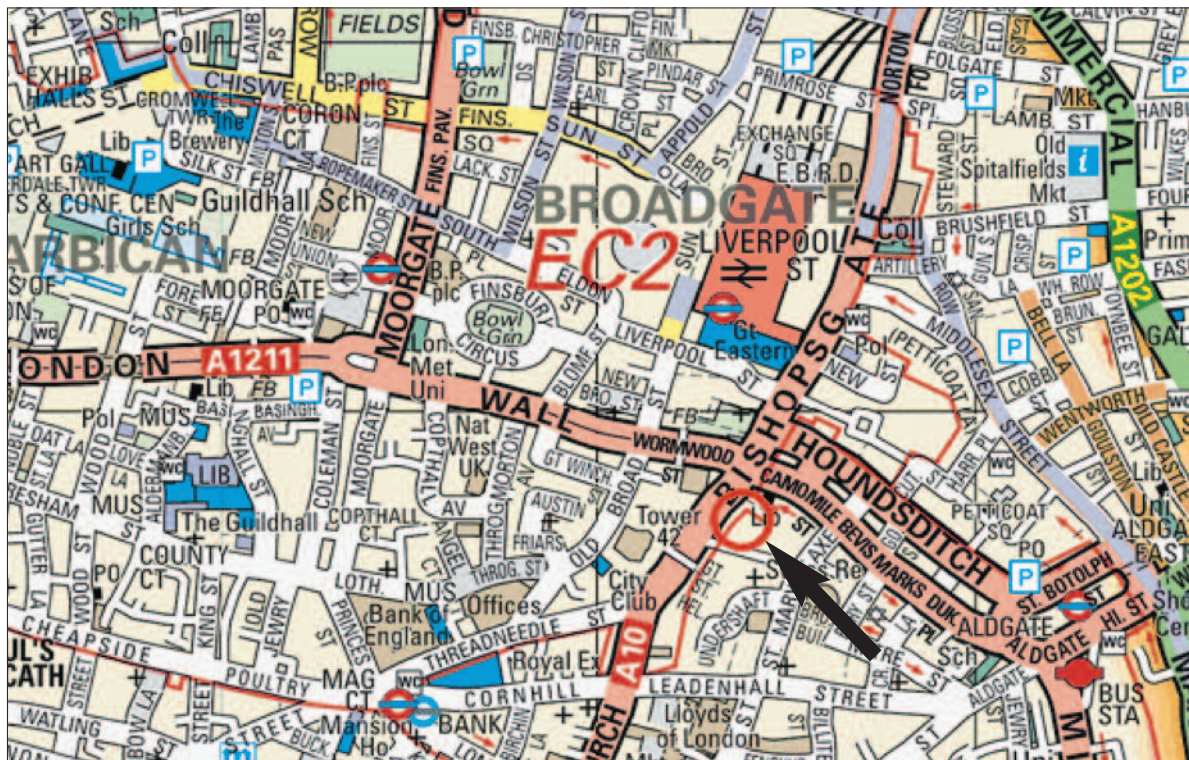
Entrance is by the passageway at the side of the church.

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