



ANNUAL REPORT AND ACCOUNTS 2013

**Investing for
the future**

2013

The Company is established as a source of early stage finance to fledgling businesses, to maximise the capital value of the Company and to generate benefits for Shareholders in the form of capital growth and modest dividends.

Visit our investor
website online at
www.starvest.co.uk

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Starvest was admitted to the AIM of the London Stock Exchange in 2000 and commenced its current business under the leadership of Bruce Rowan in January 2002 with £550,000 cash, since which further investment funds of £1.3 million have been added.

Since that time, fortunes have been mixed; by June 2007, the portfolio value, using mid-market prices, rose to £19.2 million or 47 pence per share. The latest valuation is shown in the latest quarterly net asset valuation announcement and on page 5.

[Read about our core investment portfolio from page 6 onwards](#) 

CHAIRMAN'S STATEMENT



R Bruce Rowan
Chairman and Chief Executive

We remain supportive of our investee companies, nine of which now constitute our core portfolio.

I am pleased to present my twelfth annual statement to Shareholders for the year ended 30 September 2013.

Results for the year

We have experienced another tough year during which investment values have again declined. However, values have risen from the low point in July this year and I now see some reason for mild optimism for the future.

The loss before taxation has decreased slightly from £1.03 million to £1.01 million. In addition:

- we have no debt, but a bank overdraft facility only;
- we continue to believe that we are in a strong position to benefit from an upturn in markets which must surely come; and
- the fundamentals have not changed: the world is becoming more affluent with an increasing number of people expecting refrigerators, motor cars, air conditioning, laptop computers and all other tools of 21st Century living.

Trading portfolio valuation

A detailed review of the portfolio companies follows from page 4. Our commentary focuses on the nine companies that constitute our core portfolio but does not exclude others that may well rebound.

Admission of AIM stocks to ISAs

With effect from 6 April 2013, HM Government has permitted UK taxpayers to include AIM stocks in their tax free individual savings accounts (ISAs). We suggest that this may be attractive to you as an investor in Starvest and other undervalued AIM stocks and that, if you have not already done so, you may wish to discuss the matter with your stockbroker and/or tax accountant.

Investment policy

The Company's investing policy is reproduced on page 3 of this report and made available on the Company's website, www.starvest.co.uk.

Shareholder information

The Company's shares are traded on AIM.

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

Annual general meeting

We will hold our annual general meeting at 3.00pm on Wednesday 18 December 2013 at the City office of Grant Thornton UK LLP, our nominated advisor, when we look forward to meeting those Shareholders able to attend.

R Bruce Rowan
Chairman and Chief Executive
31 October 2013

INVESTING POLICY STATEMENT

About us

The Board has managed the Company as an investment company since January 2002.

Collectively, the Board has a wealth of experience over many years of investing in small company new issues and pre-IPO opportunities in the natural resources and mineral exploration sectors.

Company objective

The Company is established as a source of early stage finance to fledgling businesses, to maximise the capital value of the Company and to generate benefits for Shareholders in the form of capital growth and modest dividends.

Investing strategy

Whilst the Company has no exclusive commitment to the natural resources sector, the Board sees this as having considerable growth potential for the foreseeable future. Historically, investments were generally made immediately prior to an initial public offering on AIM or ISDX, formerly PLUS markets and in the aftermarket. As the nature of the market has changed since 2008, it is more likely that the future investment portfolio will include a spread of companies that generally have moved beyond the IPO stage but remain in the early stages of identifying a commercial resource and/or moving towards development with the appropriate finance.

Initial investments are for varying amounts but usually in the range of £100,000 to £300,000. These companies are invariably not generating cash; rather they have a constant requirement to raise new equity in order to continue exploration and development. Therefore after appropriate due diligence, the Company may provide further funding support and make later market purchases so that the total investment may be greater than £300,000.

The business is inherently high risk and of a cyclical nature dependent upon fluctuations in world economic activity, which impacts on the demand for minerals. However, it offers the investor a spread of investments in an exciting sector, which the Board believes will continue to offer the potential of significant returns for the foreseeable future.

The investee companies, being small, almost invariably lack share market liquidity, even if they are quoted on AIM, ISDX, ASX, TSX or TSX-V. Therefore, in the early years, it is rarely possible to sell an investment at the quoted market price with the result that extreme patience is required whilst the investee company develops and ultimately attracts market interest. If and when an explorer finds a large exploitable resource, it may become the object of a third party bid or otherwise become a much larger entity; either way an opportunity to realise cash is expected to follow.

Of the 25 to 30 investments held at any one time, it is expected that no more than five will prove to be 'winners'; from half of the remainder we may expect to see modest share price improvements. Overall, the expectation is that in time Shareholder returns will be acceptable if not substantial.

Accordingly, the Board is unable to give any estimate of the quantum or timing of returns. That stated, when profits have been realised and adequate cash is available, it is the intention of the Board to recommend the distribution of up to half the profits realised.

The Company currently has investments in the following companies which themselves are investment companies: Equity Investors plc, Equity Resources plc, Guild Acquisitions plc, and International Mining & Infrastructure Corporation plc.

The Company takes no part in the active management of investee companies, although Directors of the Company are also non-executive directors on the boards of seven such companies, with one Director being the executive chairman of an eighth.

STRATEGIC REPORT – REVIEW OF TRADING PORTFOLIO

During the year ended 30 September 2013, the portfolio comprised interests in the companies as described on the following pages.

The tough trading and fundraising conditions of the past three years have taken a toll on some of the businesses in which Starvest is invested to such an extent that as at 30 September 2013:

- nine portfolio companies accounted for the greater part of the portfolio by value; and
- the remainder include both mineral exploration ventures as well as other businesses all of which are valued below cost.

Transactions

During the year there were no sales.

Additional investments were made in Goldcrest Resources plc, formerly Rare Earths and Metals plc; in addition, loan stock in Guild Acquisitions plc was exchanged for equity and £10,000 in cash.

Trading portfolio valuation

When reporting in previous years, attention was drawn to the continuing adverse conditions in our chosen market for early stage mineral exploration stocks. The year to 30 September 2013 has been difficult with a continuing steady decline in market prices until July since when we have seen modest increases.

Against this background, we continue to value our portfolio investments conservatively at the lower of cost or bid price or lower Directors' valuation 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. We attribute no value to those of our investments that do not enjoy a market quote but we hope for future benefits amongst these investments.

This cautious approach has proved to be appropriate in these difficult times; these discounts total £196,000 (2012: £354,000).

A detailed review of the portfolio companies follows. Whilst the portfolio contains investments in companies that have made real progress during the year, there are many, particularly smaller companies, that have struggled for one or more reasons. Raising new finance, which is essential to progress in any mineral exploration business, has proved to be very tough; no fewer than five of our investee companies have effectively fallen this year.

Our commentary focuses on the nine companies that constitute our core portfolio but also includes others that may well rebound; we remain resolved to allow our investments time to mature; most certainly this proved to be appropriate with the companies for which a takeover offer was received in previous years and when we generated substantial profits and paid dividends.

The key performance indicators are set out opposite:

Company statistics

	30 September 2013 at BID values as adjusted	30 September 2012 at BID values as adjusted	Change
Trading portfolio value	£2.52 million	£3.51 million	-28%
Company asset value net of debt	£2.73 million	£3.66 million	-25%
Net asset value per share	7.44 pence	9.86 pence	-25%
Closing share price	5.62 pence	6.5 pence	-13%
Share price discount to net asset value	24%	34%	
Market capitalisation	£2.09 million	£2.41 million	-13%

These values include unrealised gains on elements of the trading portfolio that are not reflected in the financial statements.

Since the year end values have fluctuated; as at the close of business on 25 October 2013, the net asset value was £2.65 million.

Review of the current market

We and our investee companies have endured another tough year; the former long-term view and momentum in the market has evaporated to be replaced by extreme short-termism leading to lower prices and/or volatility. It is clear that many private investors who had been so supportive in earlier years have taken fright, or at best are sitting on their hands awaiting a recognisable upturn in worldwide economic fortunes; this is compounded in that few institutional investors have an appetite for small early stage projects.

In times like these we repeatedly note two downward drivers of price:

- a company makes an announcement, thus drawing attention to itself; irrespective of substance, this is followed by a price fall; and

- having committed itself to a cash hungry project in the good times, so as to maintain the momentum towards an eventual sale or development, the company has no option but to raise new equity at ever lower prices.

World markets have been volatile. For instance, the gold price has been as high as \$1,795 per oz but has also been as low as \$1,192 in the past two years; at the present time it is approximately \$1,300. Only those with a sound business plan and cost control with access to the necessary finance will succeed in such volatile markets.

Then there is iron ore which is in plentiful supply but with Australia the dominant exporter. Spot iron ore prices are currently in the region of \$130/t, but have seen major movements with \$80/t threatened not long ago.

However, demand for raw materials continues to grow so it must only be a matter of time before prices begin to recover. Meanwhile, the opportunities for junior explorers to realise value and generate cash are few.

Of our core holdings, four are focused on gold, the price of which is volatile in these uncertain times. Another two have a strong focus on iron ore, the demand for which continues to increase as the economies of China and the third world expand; another two are developing new sources of other basic commodities essential if the standard of living of the populations in developing countries is to improve as we wish and expect. The ninth and latest is searching for oil.

Patience is the key as we await a recovery.

STRATEGIC REPORT – CORE PORTFOLIO

The following companies constitute Starvest's core portfolio as at 30 September 2013.



Ariana Resources plc
AIM ticker: AAU
www.arianaresources.com

Sector

Gold exploration in Turkey

Background information

Ariana has a JORC resource of 1.5 million oz equivalent of gold, over a third of which relates to the Kiziltepe sector of its flagship Red Rabbit project.

What they are doing

- With earn-in contributions from Turkish construction company Proccea towards its eventual 50% stake on production start-up, Ariana's interest has been reduced to 82%.
- Mine construction is expected to start in late 2013.
- Initial production is expected by late 2014 at an annual rate of 21,000 ounces.
- An eight year mine life is forecast, with adjacent assets adding further potential to the project.

Future plans

- Ariana has recently announced ten new drill-ready targets at Kiziltepe and a further 300 scouting targets.
- Ariana has a 49% interest in a JV with Canadian Eldorado Gold, which is funding an exploration campaign on the Salinbas and Ardala projects in the north-eastern Artvin Province, with a maiden JORC resource of 1.09 million oz gold inferred and indicated.
- Ariana also has an 11.5% interest in Tigris Resources with exploration interests in the south-east.

Comment: Despite the vagaries in the gold price, Ariana offers interesting potential once planned cash flow materialises from its Kiziltepe operations thus enabling it to pursue its wider interests.

Further information is available on the Ariana website: www.arianaresources.com



Beowulf Mining plc
AIM ticker: BEM
www.beowulfmining.com

Sector

Iron ore, copper and gold in Northern Sweden

Background information

Beowulf is dual listed on Stockholm's AktieTorget market.

- Sweden has a long-established mining history and record of political, economic and social stability.
- Recent non-violent attempts to disrupt Kallak drilling operations by limited numbers of protesting activists, and separately by local Sami reindeer herders, have caused minor delays to drilling and testing operations which are being overcome. Positive support from landowners, local authorities and central government has led to Kallak being designated as an area of national interest, effectively giving it national credibility, protection, and assistance in the company's project plans.
- Beowulf enjoys a 100% interest in all of its projects except for the Ballek copper-gold project owned 50/50 in JV form with an Australian partner, Energy Ventures Ltd.

What they are doing

Beowulf has projects in Sweden, in particular:

- a 144 mt iron ore JORC resource at Kallak North;
- a potentially larger and contiguous deposit at Kallak South, for which an extensive exploratory drilling campaign is planned;
- adequate cash funding in hand; and
- some early stage projects and others where considerable work has been undertaken.

Future plans

- Initial demand for iron ore production exists within Europe alone.
- Access to the market will be well served by Sweden's established infrastructure – being upgraded to accommodate the enhanced industry production levels.

Comment: Beowulf would appear to offer investors a low risk opportunity.

Further information is available on the Beowulf website: www.beowulfmining.com



Greatland Gold plc

AIM ticker: GGP

www.greatlandgold.com

Sector

Gold exploration in Tasmania and Western Australia

Background information

Greatland has been conducting early stage exploration for gold since 2006 having been admitted to AIM that year. Having made progress on two properties, Warrentinna and Lisle, Greatland has entered into farm-in agreements with larger entities which will earn an increasing percentage share of the projects in exchange for expenditure incurred.

What they are doing

Significant recent developments have included:

- very positive results at the Warrentinna project in Tasmania;
- work on the Firetower project, the subject of a farm-in agreement with Unity Mining, continues apace;
- significant surface geochemical results at Lisle peaking at 2.5g/t gold;
- farm-in agreement signed with Tamar Gold at the Lisle gold project;
- identified large gold anomalies at Lackman Rock with encouraging results from soil sampling;
- identified gold and nickel targets at Bromus; and
- exceptional geochemical results from Ernest Giles.

Future plans

- To press on with early stage exploration at their various properties for which purpose Greatland has recently raised £675,000 before costs from a share placing.

Further information is available on the Greatland website: www.greatlandgold.com



KEFI Minerals plc

AIM ticker: KEFI

www.kefi-minerals.com

Sector

Gold exploration in Saudi Arabia

Background information

KEFI has switched its focus from Turkey to Saudi Arabia where it has a 40% interest with a local construction company, ARTAR, in a JV partnership which has enabled KEFI to gain accelerated attention from the notoriously slow Saudi licensing authorities in granting exploration licences.

What they are doing

- Early drilling of the Jibal Qutman licence resulted in 2000 assays establishing a compliant JORC resource of 313,000 ounces gold, with more expected as a result of further work already undertaken and the addition of a third drill rig.

Future plans

- With an updated resource assessment likely by year end, and the benefit of cheap labour and low fuel costs, it is understandable that the shares have been receiving market attention in the belief that KEFI could be applying for a production licence in early 2014.
- With ARTAR paying its 60% share, the mine development cost requirement should be relatively modest, and KEFI's likely need to seek limited further funding from its shareholders by the year-end should be successfully achieved.

Further information is available on the KEFI website: www.kefi-minerals.com

STRATEGIC REPORT – CORE PORTFOLIO CONTINUED



Nordic Energy plc

ISDX ticker: NORP

www.nordicenergyplc.com

Sector

Oil and gas in the North Sea

Background information

Nordic was formed in 2012 and admitted to trading on ISDX in November; Starvest contributed core funding for an initial 42% stake.

What they are doing

Nordic is focussed on oil and gas opportunities in Denmark, Norway, and the North Sea sectors of the Netherlands and the UK.

- Nordic holds Licence 1/13, the largest exploration and production licence in the Danish North Sea, covering an area of 3,600 sq. km; the Licence is located approximately 50 km from the edge of the Central Graben, where existing production and multiple discoveries are located, and 100 km from the Siri Area which has a number of tertiary fields.

Future plans

- A programme of assessment leading to a CPR is planned for Q4 2013 followed by drilling within 24-36 months thereafter.

Comment: The Directors of the Company all have significant experience in the oil and gas sector, specifically in the Nordic region and believe that significant opportunities exist and that their expertise and extensive contacts will assist them in the identification, evaluation and funding of appropriate investment opportunities.

Further information is available on the Nordic website: www.nordicenergyplc.com

Oracle Coalfields PLC

Oracle Coalfields plc

AIM ticker: ORCP

www.oraclecoalfields.com

Sector

Coal in Pakistan

Background information

Oracle Coalfields is the first developer of the Thar lignite coal field in the Sindh province in south-east Pakistan; it came to AIM in April 2011.

What they are doing

Oracle has:

- a JORC resource of 529mt;
- a first phase proven coal reserve of 113 mt, and has moved from exploration into development;
- a 30 year production licence extendable on expiry for a further 30 years, producing initially an annual 2.4 mt a year;
- joint development agreements signed for a mine-mouth power plant; and
- agreements with major Chinese state-owned entrepreneur CAMC Engineering (CAMCE), for the funding and development of the mine and adjacent power plant.

Future plans

The future plans are:

- to supply a 300MW power plant and local industry such as the cement sector;
- to raise initial mine capital costs estimated at US\$467 million;
- CAMCE will assist Oracle in securing the requisite funding for two thirds of the construction costs likely to be obtained from Chinese banks with related capital expenditure underwritten by the SINOSURE export credit agency; and
- initial mine production expected within two years and later capable of expansion to an annual level of 5 to 6 mt raising supply to an eventual 1100MW plant.

Comment: Oracle enjoys first-mover advantage and local status as it seeks to alleviate Pakistan's shortage of electricity which is seriously constraining the development of the national economy as well as being a cause of growing civilian unrest. Oracle enjoys the support of government and is one to watch. Oracle has achieved all its pledged objectives and commitments, yet in common with many others, it has seen its share price fall since AIM admission.

Further information is available on the Oracle website: www.oraclecoalfields.com

REGENCYMINES

Regency Mines plc

AIM ticker: RGM

www.regency-mines.com

Sector

Varied interests in mineral exploration ventures

Background information

Regency came to AIM in 2005 with a portfolio of exploration properties in Australia since when it transferred some to Red Rock Resources plc and continued to deal with others as well as take stakes in other mineral exploration ventures.

What they are doing

Regency has:

- exploration assets in Western Australia prospective for base metals and gold;
- 19.9% interest in ASX quoted Ram Resources Limited, the holder of licences in the Fraser Range, WA prospective for gold and nickel-copper-cobalt, adjacent to those held by Sirius Resources (ASX);
- with the support of the Sudanese government, a 51% interest in IMRAS exploring for agro-minerals in Sudan;
- 50% of Oro Nickel Vanuatu, which itself holds the Mambare property in Papua New Guinea with a JORC resource of 162.6 mt nickel grading 0.94% with 1.53 mt of contained nickel plus cobalt, from 3% only of the tenement; there is also potential for base metals, gold and geothermal resources;
- a 6% interest in Direct Nickel Limited which is in the later stages of proving a game-changing nickel treatment technology; and
- other investment interests in Alba Mineral Resources plc and Greatland Gold plc.

Future plans

More of the same: conduct early stage exploration; prove a resource; dispose of it to a third party in exchange for a minority stake, and/or a carried interest. Immediate plans are to continue early stage exploration in Sudan.

Comment: The significance of the Mambare project with the associated technological breakthrough by Direct Nickel should not be overlooked.

Further information is available on the Regency website: www.regency-mines.com



Red Rock Resources plc

AIM ticker: RRR

www.rrrplc.com

Sector

Gold and iron ore

Background information

Red Rock was launched on to AIM in mid-July 2005 by Regency Mines with a portfolio of exploration licences of properties in Western Australia.

What they are doing

Red Rock is an early stage exploration company with a diverse range of projects in Colombia, Greenland and Kenya as well as interests in Australia including:

- a 50% interest in a producing gold mine in Colombia;
- a direct interest of 15% in tenements in Kenya prospective for gold, with the prospect of a further 45% on completion of a bankable feasibility study, plus a 33% interest in the holder of the remaining interest; a JORC estimate shows a 1.193m oz resource;
- a 60% interest in an iron ore project in Greenland with a JORC resource; an offer for a partial sale has been received;
- an interest in ASX quoted Jupiter Mines Limited which has a 33% interest in a major South African manganese producer as well as other assets in Western Australia;
- a 38% interest in ASX quoted Resource Star Limited which recently announced an intention to acquire a number of Texan oil wells; and
- an interest in Regency Mines plc, Alba Mineral Resources plc and Ascot Mining plc.

Future plans

Rather like Regency Mines, we suspect more of the same.

Further information is available on the Red Rock website: www.rrrplc.com



Sunrise Resources plc

AIM ticker: SRES

www.sunriseresourcesplc.com

Sector

Diversified mineral exploration and development specialist

Background information

Sunrise was admitted to AIM in 2005 initially with a portfolio of diamond exploration assets from Tertiary Minerals plc. Tertiary remains a major shareholder.

What they are doing

Exploring for:

- diamonds through its wholly-owned Western Australia Cue Diamond project, where samples of a discovered kimberlite float have been sufficiently encouraging to suggest that evaluation of its economic potential through bulk sampling is warranted with further exploration work planned to locate the bedrock source;
- gold in Australia, where work on the Baker's and the Corona gold exploration projects has been deferred; and
- barites in Ireland where Sunrise is evaluating a production opportunity for its high-white Derryginach barite resource against a background of increasing prices and with no major mine supplier outside of China.

Future plans

With access to new capital restricted, Sunrise has taken a cautious approach to discretionary expenditure on its mineral projects in order to conserve cash until replacement equity can be raised on more favourable terms. It has relinquished its option over a Canadian gold project and suspended its diamond exploration work in Finland.

Further information is available on the Sunrise website: www.sunriseresourcesplc.com

STRATEGIC REPORT – OTHER PORTFOLIO COMPANIES

In addition, the Company holds interests in the following which are believed to be worth watching for future developments.



Alba Mineral Resources plc
AIM ticker: ALBA
www.albamineralresources.com

Sector

Alba is a UK-based exploration company with an overall strategy to develop a portfolio of well-researched, promising and prospective exploration interests; currently, these are:

- uranium in Mauritania; and
- gold, nickel and base metals in western Ireland; work on its JV agreement with Teck Resources has been financed by Teck towards its ultimate 75% interest by mid-2015.

But with limited financial resources, Alba's activities have been concentrated on securing additional funding, much of which was achieved by the issue of new shares to satisfy debts due to its directors and to its Mauritanian JV partner.

Further information is available on the Alba website: www.albamineralresources.com



Centamin plc
LSE ticker: CEY
www.centamin.com

Sector

Gold mining in Egypt

Background information

The interest was acquired in 2011 in part consideration for a holding in Sheba Exploration, an Ethiopian gold exploration venture at a time when Centamin wished to build a portfolio of interests outside Egypt where it holds and is significantly dependent on its investment in the Sukari gold mine.

What they are doing

Last year saw the start of civilian unrest and changes in government, along with labour problems at the mine, a fall in production levels and a legal dispute with a junior administrative court that was contesting Centamin's mining licence. This led to a serious threat that the Egyptian Government's stake in the mine should be raised from 50% to 75% or the mining licence annulled or suspended. The inevitable consequence was a sharp decline in the share price, although more recently the price has enjoyed a minor recovery to reach a level of almost one half of the value obtained at the time of the Sheba take-over.

Whilst tensions in Egypt remain, Centamin has continued to deliver positive results, most recently announcing a third quarter when 84,757 ounces of gold were produced, bringing the total for the year to date to 265,397 ounces and close to the annual target of 320,000 ounces.

The interest in Centamin has been sold since the end of the financial period under review.

Further information is available on the Centamin website: www.centamin.com

Other investments

Starvest also holds investments in: Agricola Resources plc; Alpha Universal Management plc; CAP Energy Limited; Carpathian Resources Limited; Equity Investors plc; Equity Resources plc; Fundy Minerals Limited; Gippsland Limited; Goliath Resources Inc.; Kinco Copper Limited; Kuwait Energy plc and Treslow Limited.

Kuwait Energy is worth an additional comment: the holding is as a result of the acquisition in 2006 of a substantial stake in the original holding in Concorde Oil & Gas plc. A London listing for Kuwait is expected.



Goldcrest Resources plc

ISDX ticker: GCRP

www.goldcrestresourcesplc.com

Sector

Gold

What they are doing

Goldcrest:

- is under new management and is now focused on exploring for gold in north-east Ghana;
- has raised further funds and strengthened its Board as it prepares to seek admission to AIM in 2013; and
- has changed its name twice in the past three years from Lisungwe to Rare Earths and Metals.

Further information is available on the Goldcrest website: www.goldcrestresourcesplc.com

Guild Acquisitions plc

ISDX ticker: GACQ

Guild has a mixture of assets including stakes in Starvest investee companies Goldcrest Resources plc and Equity Resources plc. Guild does not maintain a website.



International Mining & Infrastructure Corporation plc

AIM ticker: IMIC

www.imicplc.com

Sector

Infrastructure and iron ore

What they are doing

- IMIC is focused on infrastructure solutions for West African iron ore development projects.
- Subject to final approvals, IMIC has successfully bid £120 million for Afferro Mining with its Nkout project in Cameroun; although this acquisition represents a significant multiple of IMIC's own capitalisation and met with initial scepticism in the market, IMIC's success marks a significant extension of its original objectives.

Comment: IMIC enjoys support from its strategic partner, the privately held African and Iron Ore Group (AIOG), as well as from Chinese interests in assuring access to supply sources for its future iron ore requirements. With its Cameroun mining and infrastructure project now added to its Guinea infrastructure work, IMIC has become a major player in West Africa.

Further information is available on the IMIC website: www.imicplc.com

MARECHALE CAPITAL

Marechale Capital plc

AIM ticker: MAC

www.marechalecapital.com

Sector

Investment banking

What they are doing

Unlike other investments, Marechale is not involved in the mineral exploration business but an interest was acquired some years ago when it was an adviser to companies quoted on what became PLUS Markets and more recently, ISDX. Today it describes itself as an investment banking and corporate finance business, using its established relationships and sector specialisation to raise capital and refinance high growth companies and funds in the retail, leisure, renewable energy and infrastructure sectors.

Further information is available on the Marechale website: www.marechalecapital.com



Minera IRL Limited

AIM ticker: MIRL

www.minera-irl.com

Sector

Gold

What they are doing

Minera IRL, South American precious metals mining, development and exploration company listed on the AIM, Lima and Toronto TSX markets, focuses its activities entirely on:

- Peru where it operates the 100%-owned Corihuarmi gold mine, and is developing the Ollachea underground mine while also exploring a number of other gold prospects. Expected lower production, grades and revenues from Corihuarmi have recently impacted on Minera's significant financing requirement for the Ollachea development, resulting in group losses.
- In Argentina, a DFS has established Minera's Don Nicolas gold-silver project as robust enough for mine construction, with local equity and debt funding already fully secured. Minera's local subsidiary retains a 51% interest in the project with production intended by end 2014, with an annual forecast of 52,400 ounces gold and 56,000 ounces silver over an initial mine life of 3.6 years, but with further extensions adding to the project's potential.

Comment: While the market reacted unfavourably to news of the Peru ventures and to overall funding uncertainties, the release of the Don Nicolas arrangements has led to a favourable re-appraisal of Minera's overall potential; predatory enquiries were swiftly rejected by the company. Future developments seem likely.

Further information is available on the Minera website: www.minera-irl.com

CORPORATE GOVERNANCE

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 an executive director of ISDX 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, and Oracle Coalfields plc.



John Watkins, FCA
Finance Director and Company Secretary

John is a chartered accountant in practice and a non-executive director of other companies including AIM quoted investee companies Greatland Gold plc, Red Rock Resources plc and Regency Mines plc and chairman of ISDX quoted Goldcrest Resources plc.

COMPANY INFORMATION**Directors**

R Bruce Rowan
Chairman & Chief Executive

Anthony C R Scutt
Non-executive Director

John Watkins, FCA
Finance Director

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Listing

**AIM Market of the
London Stock Exchange (AIM)**
Ticker: SVE

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as it is released to the market.

DIRECTORS' REPORT

The Directors present their thirteenth annual report on the affairs of the Company, together with the financial statements for the year ended 30 September 2013.

Principal activities and business review

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 on-going fundraising opportunities with a view to realising profit from disposals as the businesses mature in the medium term.

The Company's investment policy is stated on page 3.

The Company's key performance indicators and developments during the year 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. The risk arises from the very nature of early stage mineral exploration where there can be no certainty of outcome. In addition, 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 is expected to be, quoted on AIM or ISDX, 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 19 to the financial statements.

Results and dividends

The Company's results are set out in the profit and loss account on page 17. The audited financial statements for the year ended 30 September 2013 are set out on pages 17 to 28.

The Directors do not recommend the payment of a dividend for the year (2012: £nil).

Directors

The Directors who served during the year are as follows:

R Bruce Rowan
Anthony C R Scutt
John Watkins

Substantial shareholdings

At the close of business on 30 September 2013, 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	10,170,000	25.80%
Barclayshare Nominees Limited	4,825,677	12.24%
LR Nominees Limited	1,763,068	4.47%
Hargreaves Lansdown Nominees Limited	1,402,044	3.56%
TD Direct Investing Nominees Limited	1,294,385	3.28%
Mrs Diane Mary Watkins	1,200,000	3.04%

Share capital

In accordance with the authority to purchase up to 5,850,000 Ordinary shares renewed at the 2012 annual general meeting, the Company holds 2,300,000 of its own Ordinary shares in treasury bought in previous years. 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 year there were no charitable or political contributions (2012: £nil).

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 2013, the Company's trade creditors were equal to costs incurred in 66 days (2012: 20 days).

Post balance sheet events

There are no reportable post balance sheet events.

CORPORATE GOVERNANCE

DIRECTORS' REPORT CONTINUED**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 as long as the exemption remains available.

Auditor

A resolution to reappoint Grant Thornton UK LLP as auditor for the coming year will be proposed at the forthcoming AGM in accordance with section 489 Companies Act 2006.

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 options issued in accordance with the 2005 share option schemes as set out in Note 12 to the financial statements, the Company has no share purchase, share option or other management incentive scheme.

As required by legislation, the Company has introduced a stakeholders' pension plan for the benefit of any future employees.

Going concern

The Company's day to day financing is from its available cash resources or via a bank overdraft and, on occasion, by the use of short term loans. The Company's formal overdraft facility was last confirmed by the bank in early 2013.

Whilst the Directors fully expect a sufficient overdraft facility to remain in place for the foreseeable future, they are confident that adequate funding can be raised as required to meet the Company's current and future liabilities without resorting to this facility. In the very unlikely event that such finance could not be raised, the Directors could raise sufficient funds by disposal of certain of its current asset trade investments, although such a 'forced' sale is to be avoided if at all possible.

For the reasons outlined above, the Directors are satisfied that the Company will be able to meet its current and future liabilities, and continue trading, for the foreseeable future and, in any event, for a period of not less than twelve months from the date of approving the financial statements. The preparation of the financial statements on a going concern basis is therefore considered to remain appropriate.

Management of capital

The Company's objectives when managing capital are:

- to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders by trading its current asset investments.

The Company sets the level of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

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

31 October 2013

Company registration number: 3981468

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Directors' responsibilities for the financial statements

The Directors are responsible for preparing the Directors' 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 Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make 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; and
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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.

The Directors confirm that so far as each of the Directors is aware:

- there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all the steps that they ought to have taken as directors in order 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.

FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF STARVEST PLC

We have audited the financial statements of Starvest plc for the year ended 30 September 2013 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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

As explained more fully in the Directors' Responsibilities Statement set out on page 15, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2013 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Paul Creasey**Senior Statutory Auditor**

**for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants**

31 October 2013

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 SEPTEMBER 2013

	Notes	Year ended 30 September 2013 £	Year ended 30 September 2012 £
Operating income		—	—
Direct costs		—	—
Gross profit		—	—
Administrative expenses		(206,702)	(199,791)
Amounts written off trade investments	8	(802,394)	(842,703)
Operating loss		(1,009,096)	(1,042,494)
Interest receivable		1,835	10,932
Interest payable		—	—
Loss on ordinary activities before taxation	2	(1,007,261)	(1,031,562)
Tax on loss on ordinary activities	3	127	284,044
Loss on ordinary activities after taxation		(1,007,134)	(747,518)
Loss per share – basic and diluted	6	(2.7) pence	(2.0) pence

There are no recognised gains and 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.

FINANCIAL STATEMENTS

BALANCE SHEET

AS AT 30 SEPTEMBER 2013

	Notes	Year ended 30 September 2013 £	Year ended 30 September 2012 £
Current assets			
Debtors	7	37,200	310,042
Trade investments	8	2,258,662	3,051,056
Cash at bank and in hand		257,556	199,036
		2,553,418	3,560,134
Creditors – amounts falling due within one year	10	(46,659)	(46,241)
Net current assets		2,506,759	3,513,893
Share capital and reserves			
Called-up share capital	11	394,173	394,173
Share premium account	13	2,118,396	2,118,396
Profit and loss account	13	(5,810)	1,001,324
Equity shareholders' funds	14	2,506,759	3,513,893

The financial statements on pages 17 to 28 were approved and authorised for issue by the Board of Directors on 31 October 2013 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 2013

	Notes	Year ended 30 September 2013 £	Year ended 30 September 2012 £
Net cash outflow from operating activities	15	(227,360)	(781,300)
Returns on investment and servicing of finance:			
Interest received		1,835	10,932
Interest paid		—	—
		1,835	10,932
Taxation recovered/(paid)		284,045	(762,546)
Dividend paid		—	(183,586)
Financing:			
Issue of new shares		—	22,000
		—	22,000
Increase/(decrease) in cash in the year	16	58,520	(1,694,500)

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

FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2013

1 Statement of principal accounting policies

The Directors have reviewed the principal accounting policies summarised below and consider them to be the most appropriate for the Company. They have all been applied consistently throughout the year and the previous year.

Basis of accounting

The financial statements 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 and net realisable value. Net realisable value is the lower of bid price and Directors' valuation. The lower Directors' valuation is applied where the Company's interest in the investee company amounts to 7% or more of the investee Company's issued share capital or more than 7% of the investment portfolio or where there are factors of which the Directors are aware which call for some further adjustment. At 30 September 2013, these discounts totalled £196,000 (2012: £354,000).

Where the net realisable amount falls below cost the investment is written down accordingly with the decline in value (and any subsequent reversals) being included in operating profit.

Increases in value are not recognised in the carrying amount (save for reversals of amounts previously written off as noted above) and are only recognised in the profit and loss account when they are realised by a disposal.

Going concern

The Company's day to day financing is via a bank overdraft and, on occasion, by the use of short term loans. The Company's formal overdraft facility was last confirmed by the bank in early 2013.

Whilst the Directors fully expect a sufficient overdraft facility to remain in place for the foreseeable future, they are confident that sufficient funding can be raised as required to meet the Company's current and future liabilities. In the very unlikely event that such finance could not be raised, the Directors could raise sufficient funds by disposal of certain of its current asset trade investments, although such a 'forced' sale is to be avoided if at all possible.

For the reasons outlined above, the Directors are satisfied that the Company will be able to meet its current and future liabilities, and continue trading, for the foreseeable future and, in any event, for a period of not less than twelve months from the date of approving the financial statements. The preparation of the financial statements on a going concern basis is therefore considered to remain appropriate.

Taxation

Corporation tax payable is provided on taxable profits at the current rates enacted or substantially enacted at the balance sheet date.

Deferred tax

Deferred tax is provided on an undiscounted 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'.

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 on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging:

	Year ended 30 September 2013 £	Year ended 30 September 2012 £
Auditor's remuneration – audit	14,500	14,050
Auditor's remuneration – non-audit services	18,700	18,600
Directors' emoluments – Note 5	105,000	105,000

Auditor's remuneration for non-audit services provided during the year comprises nominated advisor fees of £15,000 and tax compliance service fees of £3,700, both stated exclusive of VAT (2012: nominated advisor fees of £15,000 and tax compliance fees of £3,600 both stated exclusive of VAT).

3 Taxation

	Year ended 30 September 2013 £	Year ended 30 September 2012 £
Current year taxation		
UK corporation tax at 23.5% (2012: 25%) on loss for the year	—	(284,172)
Adjustments in respect of prior years	(127)	128
Total current tax (credit) for the year	(127)	(284,044)

The tax assessed is at the standard rate of corporation tax in the UK at 23.5% (2012: standard rate 25%). The differences are explained below:

	Year ended 30 September 2013 £	Year ended 30 September 2012 £
Loss on ordinary activities before taxation	(1,007,261)	(1,031,562)
Loss on ordinary activities at 23.5% (2012: 25%)	(236,706)	(257,891)
Effect of:		
Expenses not deductible for tax purposes	36	2
Adjustments in respect of prior years	(127)	128
Losses carried forward	236,670	263,267
Utilisation of tax losses and other deductions	—	(284,172)
Other permanent differences	—	(5,378)
Current tax (credit) for the year	(127)	(284,044)

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.

FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2013

5 Directors' emoluments

Year ended 30 September 2013	Fees £	Amounts paid to third parties - see note £	Total £
R B Rowan	—	54,000	54,000
A C R Scutt	15,000	—	15,000
J Watkins	18,000	18,000	36,000
	33,000	72,000	105,000

Year ended 30 September 2012	Fees £	Amounts paid to third parties - see note £	Total £
R B Rowan	—	54,000	54,000
A C R Scutt	15,000	—	15,000
J Watkins	18,000	18,000	36,000
	33,000	72,000	105,000

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, £54,000 (2012: £54,000) is payable to Sunvest Corporation Limited, a company of which he is a director and shareholder. Of this £18,000 relates to the provision of an office (2012: £18,000). At 30 September 2013, the sum of £13,500 (2012: £13,500) was outstanding.
- In respect of the professional services of John Watkins, FCA, £18,000 (VAT not chargeable; 2012: £18,000, VAT not chargeable) of the above remuneration was paid through his business. At 30 September 2013, the sum of £4,500 (2012: £4,500) was outstanding.

Pensions

No pension benefits were provided for any director in the current or previous year.

Directors' share options

Details of share options held and exercised during the year by the directors are set out in Note 12.

6 Loss per share

The basic loss per share is derived by dividing the loss for the year attributable to ordinary shareholders by the weighted average number of shares in issue.

	Year ended 30 September 2013 £	Year ended 30 September 2012 £
Loss for the year	(1,007,134)	(747,518)
Weighted average number of Ordinary shares of £0.01 in issue	37,117,259	36,967,532
Loss per share – basic	(2.7) pence	(2.0) pence
Weighted average number of Ordinary shares of £0.01 in issue inclusive of outstanding options	40,092,259	37,383,926
Loss per share – diluted	(2.7) pence	(2.0) pence

The weighted average number of shares in issue excludes outstanding options exercisable at 15 pence per share as they are out of the money.

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

7 Debtors

	Year ended 30 September 2013 £	Year ended 30 September 2012 £
Prepayments	27,200	25,870
Loans recoverable	10,000	—
Taxation recoverable	—	284,172
	37,200	310,042

FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2013

8 Current trade investments, at the lower of cost, market value or directors' valuation

	Year ended 30 September 2013 £	Year ended 30 September 2012 £
Cost		
At 30 September 2012	7,290,779	6,765,779
Additions at cost	80,000	525,000
Disposals	(70,000)	—
At 30 September 2013	7,300,779	7,290,779
Provisions		
At 30 September 2012	4,239,723	3,397,020
Released during the year	(44,977)	(232,961)
Provided during the year	847,371	1,075,664
At 30 September 2013	5,042,117	4,239,723
Net book amount		
At 30 September 2013	2,258,662	3,051,056
At 30 September 2012	3,051,056	3,368,759

The net book carrying values of the investments above were as follows:

	Year ended 30 September 2013 £	Year ended 30 September 2012 £
Quoted on LSE	193,500	416,250
Quoted on AIM	1,677,835	2,096,627
Quoted on ISDX	373,483	216,314
Quoted on foreign stock exchanges	13,844	21,865
Unquoted	—	300,000
	2,258,662	3,051,056

The market value or directors' lower valuation of the trading portfolio was:

	Year ended 30 September 2013 £	Year ended 30 September 2012 £
Quoted on LSE	193,500	416,250
Quoted on AIM	1,805,944	2,460,655
Quoted on ISDX	468,483	216,314
Quoted on foreign stock exchanges	13,844	21,865
Unquoted	—	395,000
	2,481,771	3,510,084

9 Trade investments

The Company has holdings in the companies described in the review of portfolio on pages 6 to 11.

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 – see note 1	England & Wales	Ordinary	28.41%	£(36,950)	£83,878	31 May 2012
Nordic Energy plc – see note 2	England & Wales	Ordinary	42.37%	—	—	31 May 2013
Treslow Limited – see note 3	England & Wales	Ordinary	30.1%	—	—	30 April 2012
Guild Acquisitions plc – see note 4	England & Wales	Ordinary	22.22%	—	—	31 Dec 2012

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 financial statements. The 31 May 2013 financial statements have yet to be approved by the Board and the auditor.

Note 2: The Company has no representation on the Board of Directors of Nordic Energy plc (“Nordic”) nor does it exert significant influence in any other way. Accordingly, Nordic is not accounted for as an associate undertaking despite the holding being in excess of 20% of the issued share capital. The Company’s expectation is that its interest will be heavily diluted as Nordic develops its business for which it issues new equity. The 2013 financial statements have yet to be released.

Note 3: During 2008, the Company agreed to support 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.

Note 4: Guild Acquisitions plc is not considered to be an Associate; Guild has an independent executive chairman. Neither the Company nor Mr Bruce Rowan, are involved in active management of Guild.

Note 5: The Company’s share of the gross assets of its Associates at 30 September 2013 is £23,830. The share of gross assets has been derived from the latest available financial information in respect of the Associates. The company’s share of the items making up the profit and loss account and cash flow statements of its Associates has not been disclosed as the numbers are not considered material.

10 Creditors

Amounts falling due within one year:

	Year ended 30 September 2013 £	Year ended 30 September 2012 £
Trade creditors	27,734	7,851
Corporation tax	—	—
Social security and other taxes	3,750	2,800
Accruals	15,175	35,590
	46,659	46,241

A bank overdraft facility is secured by a charge over certain of the Company’s investments having a market value at the balance sheet date of £1.11 million.

FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2013

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 2013 and 30 September 2012, Ordinary shares of £0.01 each	250,000,000	2,500,000
Called up, allotted, issued and fully paid		
As at 30 September 2013 and 30 September 2012	39,417,259	394,173

Shares held in treasury

	30 September 2013	30 September 2012
Total number of shares held in treasury	2,300,000	2,300,000

12 Share options

The Company established share option schemes on 27 June 2002 and on 14 February 2005. The 2002 scheme expired on 31 May 2012 when unexercised option lapsed; the 2005 share option scheme continues. During the year ended 30 September 2013, no new options were granted.

As at 30 September 2013, the outstanding options were as follows:

	At 30 September 2012	Exercised during the year	At 30 September 2013 outstanding and exercisable	Exercise price	Date from which exercisable	Expiry date
RB Rowan	1,750,000	—	1,750,000	15 pence	14 February 2005	31 January 2015
ACR Scutt	350,000	—	350,000	15 pence	14 February 2005	31 January 2015
J Watkins	875,000	—	875,000	15 pence	14 February 2005	31 January 2015
	2,975,000	—	2,975,000			

Note 1: The market value of the Company's shares at 30 September 2013 was 5.62 pence (2012: 6.5 pence) and the range during the year was 6.5 pence to 5.6 pence (2012: 5.0 pence to 13.5 pence), the average for the year being 6.0 pence (2012: 8.86 pence).

13 Reserves

The movements on reserves during the year were as follows:

	Share premium account £	Profit and loss account £
As at 30 September 2012	2,118,396	1,001,324
Loss for the year	—	(1,007,134)
As at 30 September 2013	2,118,396	(5,810)

14 Movement on equity shareholders' funds

	Year ended 30 September 2013 £	Year ended 30 September 2012 £
Loss for the year	(1,007,134)	(747,518)
Shares issued	—	22,000
Dividends paid	—	(183,586)
Net decrease in shareholders' funds	(1,007,134)	(909,104)
Opening equity shareholders' funds	3,513,893	4,422,997
Closing equity shareholders' funds	2,506,759	3,513,893

15 Reconciliation of operating loss to operating cash flows

	Year ended 30 September 2013 £	Year ended 30 September 2012 £
Operating loss	(1,009,096)	(1,042,494)
Amounts written off trade investments	802,394	842,703
(Increase)/decrease in debtors	(11,076)	1,840
(Decrease)/increase in creditors	418	(58,349)
Purchase of trade investments at cost	(80,000)	(525,000)
Profit on sale of investments	—	—
Disposals	70,000	—
Net cash outflow from operating activities	(227,360)	(781,300)

16 Analysis and reconciliation of net funds

	30 September 2012 £	Cash flow £	30 September 2013 £
Cash at bank	199,036	58,520	257,556
Net cash	199,036	58,520	257,556

	Year ended 30 September 2013 £	Year ended 30 September 2012 £
Increase/(decrease) in cash in the year	58,520	(1,694,500)
Movement in funds in the year	58,520	(1,694,500)
Net cash at 1 October	199,036	1,893,536
Net cash at 30 September	257,556	199,036

FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2013

17 Commitments

As at 30 September 2013 and 30 September 2012, the Company had no commitments other than for expenses incurred in the normal course of business.

18 Related party transactions

There were no related party transactions during the year. In 2012 the directors received the following dividends in respect of their holdings in the Company.

	Net dividend
Ronald Bruce Rowan	£50,850
Anthony Charles Raby Scutt – personal	£250
Anthony Charles Raby Scutt – as trustee	£550
Mrs Diane Mary Watkins – wife of John Watkins	£5,000
John Watkins	£175

19 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 to ensure adequate working capital is available whilst maximising returns on deposits.

Liquidity risk

The Company seeks to manage financial risk, to ensure sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. More information about the company's liquidity risk, and the management of that risk, is given under 'going concern' in note 1 to the financial statements.

Borrowing facilities

As at 30 September 2013, the Company had an overdraft facility of £250,000 arranged with its bankers (2012: £250,000) secured on certain investments with a market value at 30 September 2013 of £1.11 million. The overdraft facility is renewable annually with the next review due in March 2014.

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.

20 Post balance sheet event

There are no reportable post balance sheet events.

21 Control

There is considered to be no controlling party.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Starvest plc (the "Company") will be held at the offices of Grant Thornton UK LLP, 30 Finsbury Square, London EC2P 2YU on Wednesday 18 December 2013 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 cases of resolutions 1 to 4 and 6 and as a special resolution in the case of resolution 5.

Ordinary business

Ordinary resolutions

1. To receive the report of the Directors and the audited financial statements of the Company for the year ended 30 September 2013.
2. To re-elect Ronald Bruce Rowan as a Director of the Company, who retires by rotation under the Articles of Association of the Company and, being eligible, offers himself for re-election.
3. To re-appoint Grant Thornton UK LLP as auditors of the Company to act until the conclusion of the next Annual General Meeting and to authorise the Directors to determine the remuneration of the auditors.
4. That in substitution for all existing authorities under the following section to the extent unutilised, the Directors be generally and unconditionally authorised pursuant to Section 551 of the Companies Act 2006 (the "Act") to allot relevant securities (within the meaning of section 560) up to an aggregate nominal amount of £250,000. The authority referred to in this resolution shall be in substitution for all other existing authorities, and shall expire (unless previously renewed, varied or revoked by the Company in general meeting) at the earlier of the next Annual General Meeting of the Company and the date falling 15 months following the date of the Annual General Meeting being convened by this Notice. The Company may, at any time prior to the expiry of the authority, make an offer or agreement which would or might require relevant securities to be allotted after the expiry of the authority and the Directors are hereby authorised to allot relevant securities in pursuance of such offer or agreement as if the authority had not expired.

Special resolution

5. That in substitution for all existing authorities to the extent unutilised, the Directors, pursuant to Section 570 of the Act, be empowered to allot equity securities

(within the meaning of Section 560 of the Act) for cash pursuant to the authority conferred by Resolution 4 as if Section 561(1) of the Act did not apply to any such allotment provided that this power shall be limited to:

- (a) the allotment of equity securities where such securities have been offered (whether by way of a rights issue, open offer or otherwise) to the holders of ordinary shares in the capital of the Company in proportion (as nearly as may be) to their holdings of such ordinary shares but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with equity securities representing fractional entitlements and with legal or practical problems under the laws of, or the requirements of, any regulatory body or any stock exchange in, any territory; and
- (b) the allotment, other than pursuant to (a) above, of equity securities:
 - (i) arising from the exercise of options and warrants outstanding at the date of this resolution;
 - (ii) other than pursuant to (i) above, up to an aggregate nominal value of £250,000,

and this power shall, unless previously revoked or varied by special resolution of the Company in general meeting, expire at the earlier of the conclusion of the next Annual General Meeting of the Company and the date falling 15 months following the date of the Annual General Meeting being convened by this Notice. The Company may, before such expiry, make offers or agreements which would or might require equity securities to be allotted after such expiry and the Directors are hereby empowered to allot equity securities in pursuance of such offers or agreements as if the power conferred hereby had not expired.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE OF ANNUAL GENERAL MEETING CONTINUED**Special business**

6. That the Company be unconditionally and generally authorised to make market purchases (as defined by the Companies Act 2006 Section 701(1)) of Ordinary shares of £0.01 each in its capital, provided that:

- (a) the maximum number of shares that may be so acquired is 5,900,000, 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; and
- (c) the maximum price that may be paid is an amount equal to or 5% higher than the average of the middle market quotations per share as derived from the Daily List of the AIM market of the London Stock Exchange for the five business days immediately preceding the day on which the shares are purchased, and

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

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

This may be sent by facsimile transfer to 01252 719 232 or by mail using the reply paid card to:

The Company Secretary, Starvest plc
c/o Share Registrars Limited
Suite E, First Floor, 9 Lion and Lamb Yard
Farnham, Surrey GU9 7LL

In either case, the signed proxy must be received no later than 48 hours (excluding non-business days) before the time of the meeting, or any adjournment thereof.

By order of the Board

John Watkins
Company Secretary
18 November 2013

Registered Office:
55 Gower Street
London WC1E 6HQ

Registered in England and Wales Number:
3981468

NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING

Entitlement to attend and vote

1. Pursuant to Regulation 41 of The Uncertificated Securities Regulations 2001 and paragraph 18(c) of The Companies Act 2006 (Consequential Amendments) (Uncertificated Securities) Order 2009, 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. In calculating the period of 48 hours mentioned above no account shall be taken of any part of a day that is not a working day.

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.

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.

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

7. 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).

Changing proxy instructions

8. 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.

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.

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.

NOTICE OF ANNUAL GENERAL MEETING

NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING

CONTINUED

Termination of proxy appointments

9. 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.

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.

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.

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.

Issued shares and total voting rights

10. As at 5 November 2012, the Company's issued share capital comprised 39,417,259 ordinary shares of £0.01 each. 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 5 November 2012 is 39,417,259.

Communications with the Company

11. Except as provided above, members who have general queries about the Meeting should telephone John Watkins on 01483 771992 (no other methods of communication will be accepted). You may not use any electronic address provided either in this notice of general meeting; or any related documents (including the chairman's letter and proxy form), to communicate with the Company for any purpose other than those expressly stated.

NOTES TO THE PROXY FORM

1. As a member of the Company you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at a general meeting of the Company. You can only appoint a proxy using the procedures set out in these notes.
2. 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.
3. A proxy does not need to be a member of the Company but must attend the meeting to represent you. To appoint as your proxy a person other than the Chairman of the meeting, insert their full name in the box. If you sign and return this proxy form with no name inserted in the box, the Chairman of the meeting will be deemed to be your proxy. Where you appoint as your proxy someone other than the Chairman, you are responsible for ensuring that they attend the meeting and are aware of your voting intentions.
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. To direct your proxy how to vote on the resolutions mark the appropriate box with an 'X'. To abstain from voting on a resolution, select the relevant "Vote withheld" box. 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.
6. To appoint a proxy using this 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; and
 - received by Share Registrars Limited no later than 48 hours (excluding non-business days) before the time of the meeting.
7. In the case of a member which is a company, this 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 this proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.
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).
10. 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.
11. For details of how to change your proxy instructions or revoke your proxy appointment see the notes to the notice of meeting.
12. You may not use any electronic address provided in this proxy form to communicate with the Company for any purposes other than those expressly stated.

www.starvest.co.uk
