



**Chairman's update for shareholders – 2 January 2009**

**Investment performance**

Whilst the past three months have proved to be more challenging in markets generally, the valuation basis adopted when preparing the Starvest annual financial statements at 30 September 2008 has proved to be fully justified so that the portfolio valuation at 31 December 2008 is very slightly higher at £3.92m.

The basis of valuation is consistent with that adopted for the September 2008 annual report which was based on closing bid prices or the Directors' lower valuation, if deemed appropriate.

**Company statistics**

	<b>31 December 2008 at BID values</b>	30 September 2008 at BID values	30 June 2008 at MID Values
Trading portfolio value	<b>£3.92m</b>	£3.9m	£10.5m
Company asset value net of debt	<b>£3.23m</b>	£3.4m	£11.9m
Net asset value – fully diluted per share	<b>8.98 pence</b>	9.06 p	27.46p
Share price - bid	<b>6 pence</b>	12.25p	17.75p
Share price discount to fully diluted net asset value	<b>33.2%</b>	35% premium	35.35%
Market capitalisation	<b>£2.09m</b>	£4.28m	£6.2m

The speculation of which I wrote in July that the crises impacting the financial markets would lead to world-wide recession with a consequential reduction in demand for natural resources and services has proven to be well founded and as a result many of the companies in which Starvest is invested have seen their share prices fall during the past year.

It remains the view of the Starvest board that demand for raw materials will return as current stocks are exhausted and that commodity prices must return to levels at which it again becomes economic to mine newly discovered deposits.

During the quarter, Starvest added to its investments in Greatland Gold plc, an Australian gold explorer, and in Red Rock Resources plc with interests in Australia and Zambia.

**Conclusion:**

**Whilst disappointed that our fears have been realised, the Board continues to believe that it has within its portfolio investments with considerable potential and is looking forward to an upturn during 2010, possibly earlier for some.**

Shareholders who wish to receive electronic copies of announcements are invited to register their email address on the home page of the Company website: [www.starvest.co.uk](http://www.starvest.co.uk).

**R Bruce Rowan**

*Chairman & Chief Executive*

2 January 2009

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