

REPORT & FINANCIAL STATEMENTS
for the year ending 31 July 2004





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Chairman's Statement

I am pleased to present my third annual statement to Shareholders for the year ended 31 July 2004.

Highlights

Your Directors continue to pursue the chosen investment policy which shows every sign of generating exciting results in the future as it has in the past twelve months to 31 July 2004 which record:

- a gross profit of £268,982, and
- an operating profit of £65,810 after all expenses.

As at 31 July 2004, the Group had

- £606,000 cash in the bank;
- net current assets and net assets of £1,394,000, an increase of 245%;
- trading investments with a mid market valuation of £6,889,000, an increase of 512%;
- an unrealised investment trading profit of £6,095,000.

The underlying net asset value per share based on the mid market quotations as at 31 July 2004 was 19 pence, an increase of 372% since 31 July 2003 when it was 5.1 pence. These values are stated on a fully diluted basis but before tax on unrealised profits.

No dividend is proposed for the year.

Review of business and current activities

The Group's current trading investments, as reviewed in detail on pages 3 and 4, are quoted either on AIM or OFEX.

The Group will continue to seek opportunities to invest in small company new issues and support pre-IPO opportunities so as to enhance Shareholder value and to make disposals as market conditions permit. At the year end, the Group had a firm commitment to one new investee and was in an advanced stage of negotiation with two others; all are expected to be quoted on OFEX.

There are a number of other opportunities in the early stages of negotiation so that during the next twelve months we expect to exceed our broad strategy to make six trade investments per year; in all instances, we seek a 100% return within a year. Whilst opportunities for profitable trading are available, resources during much of the past year have been a limiting factor.

Now that the current business model is proven, your Directors have devoted increasing efforts to publicise the Group's achievements and future prospects, to increase market awareness and to attract new investors.

Funding requirement

Last year I stated that in order to finance the Group's proposed activities, the Directors were seeking to raise additional capital through a placing at a discount to net asset value. In the event 3,758,000 new Ordinary shares were placed during November 2003 at a price of 5 pence per share to raise £182,900 net of expenses; this issue represented 11.97% of the enlarged equity, slightly more than the 10% forecast in my statement.

Given the suitable investment opportunities which we continue to find and the proposals we have received, the Directors accepted further offers and concluded further placings during June 2004 of 5,826,829 new Ordinary shares at a price of 10.25 pence per share to raise £587,763 net of expenses; this issue represented 15.66% of the enlarged equity. We welcome in excess of 200 new shareholders who have invested.



Chairman's statement – continued

Under more conventional conditions, the Directors would invite existing Shareholders to participate in fundraising by way of a rights issue or open offer. However, to date the Directors have not done so purely on the grounds of cost and given that those who wish to increase their holdings may do so in the market at a price which often stands at a 50% discount to the net asset value.

It is likely that a further fundraising will be pursued before the end of 2004.

Group changes

I am pleased to advise that on 29 July 2004 the Members in Extraordinary General Meeting overwhelmingly approved a special resolution to change your Company's name to Starvest plc. Whilst 'Web Sharesop (Holdings) plc' was appropriate at the Company's launch in 2000, following the change of business focus since January 2002 it was becoming an increasing liability. Your Directors believe that 'Starvest' is more appropriate to the business today and to our aspirations for the future.

At the close of business on 31 July 2004 the Group's trade was transferred from The Web Sharesop Limited to Starvest plc through which future activities will be conducted.

The Board was pleased to welcome Tony Scutt who was appointed as a non-executive director on 1 December 2003.

Outlook

The Directors continue to be well satisfied with the overall achievements to date and look forward to reporting improved results in the years ahead. We will recommend a first dividend as soon as circumstances permit. In the meantime, we will continue the established pattern of prompt quarterly updates throughout the coming year.

I and my colleagues are grateful to you for your continued support.

R Bruce Rowan

Chairman & Chief Executive

24 August 2004



Review of portfolio

Starvest's trade investment portfolio at 31 July 2004 comprised:

Agricola Resources plc (OFEX)

The worldwide shortage of platinum has led Agricola to pursue platinum properties. On 24 February 2004 Agricola signed an option agreement with Beowulf Gold plc to acquire its interest to explore for platinum on the Isle of Unst, one of the Shetland Islands. Platinum was first discovered on the Island in 1920, and in 1985 the British Geological Society's exploration programme found high and medium levels of platinum deposits in several areas. The company also has a platinum exploration permit covering 22.5 square kilometres in Northern Sweden.

Website: www.agricolaresources.com

Beowulf Gold plc (OFEX)

Drawing its name from the oldest surviving epic poem of Anglo-Saxon England, OFEX listed Beowulf Gold is primarily focussed on the exploration and development of gold, copper, and platinum minerals in Europe. Amongst the projects in the Beowulf portfolio are the four copper-gold prospecting and exploration permits which cover around 100 square kilometres of the Jokkmokk municipality region of Northern Sweden. Beowulf is considering a move to AIM, which should occur at some point in 2004.

Website: www.beowulf-gold.com

Black Rock Oil & Gas plc (AIM)

During early 2004, Black Rock acquired Wildlook Enterprises Pty Limited and with it a database of oil and gas exploration projects and the services of Ivan Burgess as managing director. 60 million new Ordinary shares were placed during July 2004 to raise £630,000 before expenses so as to fund the current exploration and drilling programme. The company now has a number of onshore interests in Southern England operated by Northern Petroleum plc as well as both offshore and onshore interests in Australia operated by third parties.

Website: www.blackrockpetroleum.com.au

Brazilian Diamonds Limited (AIM)

'Brazilian Diamonds holds over 185,000 hectares of prospective diamond properties throughout the State of Minas Gerais, Brazil. The Company's portfolio consists of numerous kimberlite targets within areas of known alluvial diamond production. Brazilian Diamond's main objective is to explore for the source of the alluvial diamonds in the kimberlite targets while continuing to process prospective gravel resources for alluvial diamonds. Diamonds found in the alluvial deposits can provide cash flow as well as useful information in the search for the source of the diamonds in bedrock.'

Taken from the company's website at www.braziandiamonds.com

Franconia Minerals Corporation (OFEX)

Alberta based Franconia Minerals has two areas of exploration acreage in America. The first is the Birch Lake project in north-eastern Minnesota, where an option agreement with Beaver Bay has been signed to explore for copper-nickel, platinum group metals and zinc. Franconia's second project is a high grade zinc target in San Francisco; this project is subject to a 60% earn-in joint venture with Teck Cominco.

Website: www.franconiaminerals.com



Review of portfolio – continued

Gippsland Limited (AIM)

Gippsland is a natural resources developer that listed on AIM on 9 March 2004 using the “fast track” route, thus becoming the first Australian company to be dual-listed on both the London and Australian Stock Exchanges. Gippsland’s latest venture is a 50% interest with the Egyptian government in two projects there, concentrating on finding tantalum, tin and feldspar. Studies by Gippsland’s geologists have indicated that the two deposits at Abu Dabbab and Nuweibi have a combined resource potential of 138 million tonnes of tantalum pentoxide. Further studies undertaken show that the project at Abu Dabbab should produce 1,000 t.p.a. of tin and 800,000 t.p.a. of feldspar. Production is expected to commence at Abu Dabbab in 2005.

Website: www.gibbslandltd.com.au

Hidefield Gold plc (AIM)

AIM listed Hidefield (HIF) concentrates on exploring for gold in the Americas. Hidefield’s central gold exploration project is in Brazil at Cata Preta, Minas Gerais. Hidefield has a joint venture in place with Brazilian Diamonds (see above) which will carry much of the expenditure at Cata Preta, enabling them to earn an 80% interest in the project, with Hidefield sharing 20%. There are several other smaller projects in North America where Hidefield is also exploring for gold.

Website: www.hidefield.co.uk

Matisse Holdings plc (AIM) Formerly Prestige Publishing

Matisse Holdings is currently a cash shell.

Myhome International plc (OFEX)

Formerly known as Chores plc, Myhome was formed by Unilever in the late 1990’s to provide home services across the UK. Myhome has chosen to target those households categorised as ‘Cash Rich, Time Poor’, being able to afford household services whilst not worrying about the cost. There are currently 2.7 million houses that spend around £11 billion every year on domestic help; this figure is predicted to double over the next three years. The market for Myhome is large and growing. The roll-out of its franchise programme is progressing successfully.

Website: www.myhomeplc.com

Southern African Resources plc (AIM)

Southern African Resources plans to become a substantial player in the platinum group metal (PGM) arena in Southern Africa. The primary asset is Biz Africa 1673 (PTY) Ltd, which holds the exclusive prospecting rights on the 4600 Hectare Leeuwkop property on the western limb of the Bushveld complex in South Africa. Mining industry consultants, Snowden Group, have confirmed that the project has the potential to produce over 300,000 oz of PGM per annum. The company also holds a 52% stake in Australian exploration company Tau Mining which owns The Molopo Farms PGM project in southern Botswana.

St Helen’s Capital plc (OFEX)

St Helen’s Capital plc is an FSA regulated corporate advisory firm. The company specialises in advising both small and medium sized businesses on pre-IPO fundraisings and OFEX introductions which are often accompanied by equity raising through a private placing and/or an offer for subscription of new shares. St Helen’s is corporate advisor to Myhome International plc, recently assisting the company with its move to OFEX.

Website: www.sthelenscapital.co.uk

Board of Directors



R Bruce Rowan – Chairman and Joint Chief Executive

Bruce Rowan has managed the Group's operations since 31 January 2002. He is a director and substantial shareholder of several public companies.



Anthony C R Scutt – Non-executive Director

Tony is an experienced private investor and investment analyst as well as a director of other companies.



John Watkins, FCA – Finance Director and Company Secretary

John is a chartered accountant in practice who provides services as necessary to the Group relating to financial and company secretarial matters.



Directors' Report

The Directors present their fourth annual report on the affairs of the Company and Group, together with the financial statements for the year ended 31 July 2004.

Principal activities and business review

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

During November 2003 and June 2004 the Company raised £769,664 net of expenses by the issue of 9,584,829 new Ordinary shares which were subsequently admitted to trading on the Alternative Investment Market.

On 29 July 2004, the Members in Extraordinary General Meeting passed a special resolution to change the name of the Company from 'The Web Sharesop (Holdings) plc'.

As at the close of business on 31 July 2004, the Company purchased as a going concern the business and assumed the liabilities and obligations of its 100% subsidiary, The Web Sharesop Limited.

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

Results and dividends

The Group's results are described in the profit and loss account on page 11. The audited accounts for the year ended 31 July 2004 are set out on pages 11 to 23.

The Directors do not recommend the payment of a dividend.

Directors and their interests

The Directors who served during the period, together with all their beneficial interests in the shares of the Company at 31 July 2004 are as follows:

	31 July 2004			1 August 2003 or date of joining the Board, if later	
	Ordinary shares of £0.01 each	%	Share options	Ordinary shares of £0.01 each	Share options
Ronald Bruce Rowan	8,570,000	23.03	1,600,000	8,270,000	1,400,000
Anthony Charles Raby Scutt (See note)	160,000	0.43	200,000	160,000 (See note)	200,000 (See note)
John Watkins	750,000	2.02	800,000	650,000	700,000

Note: Tony Scutt was appointed to the Board on 1 December 2003. Of the holdings registered in his name, 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.

Further information with respect to share options is given in Note 14 to the Financial Statements.

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



Substantial shareholdings

On 18 August 2004, the following were registered as being interested in 3% or more of the Company's ordinary share capital:

	Ordinary shares of £0.01 each	Percentage of issued share capital
Barclayshare Nominees Limited	4,877,902	13.11%
John McNair	1,500,000	4.03%
Ronald Bruce Rowan	8,570,000	23.03%

Share capital

Information relating to shares issued during the period is given in Note 14 to the accounts.

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. Trade creditors of the Company at the year-end were mostly invoiced at the end of July 2004; they are equivalent to 5 days based on the average daily amount invoiced by suppliers during the year.

Post balance sheet events

There were no post balance sheet events to be disclosed.

Transition to International Financial Reporting Standards (IFRS)

In the light of changes to the way in which AIM is regulated, the directors are currently considering the correct timing for publishing first accounts under IFRS.

The directors have identified the main areas of our financial statements that will be affected by the transition, namely the valuation of investments, share based payments and deferred tax. Currently, we are taking steps to ensure all IFRS information is captured in our financial reporting systems.

Auditors

Nexia Audit Limited resigned as auditors on 2 October 2003 and Grant Thornton were appointed in their place.

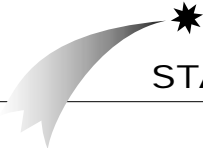
On 1 July 2004, the Grant Thornton partnership transferred its business to a limited liability partnership, Grant Thornton UK LLP. Under section 26(5) of the Companies Act 1989, the directors consented to extend the audit appointment to Grant Thornton UK LLP from 1 July 2004.

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

Remuneration

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

Details of directors' fees and of payments made for professional services rendered are set out in Note 6 to the accounts, directors' emoluments.



Directors' Report – continued

Management incentives

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

Corporate governance

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

Control procedures

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

By order of the Board

John Watkins

Finance Director and Company Secretary

24 August 2004



Statement of directors' responsibilities - Directors' Report

Directors' responsibilities for the financial statements

Company law in the United Kingdom requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to:

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

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the group and for taking reasonable steps for the prevention and detection of fraud and other irregularities. They are also responsible for ensuring that the annual report includes information required by the Alternative Investment Market.

The maintenance and integrity of the Starvest website is the responsibility of the directors. The work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.



Report of the Independent Auditors to the members of Starvest plc

We have audited the financial statements of Starvest plc for the year ended 31 July 2004 which comprise the consolidated profit and loss account, the balance sheets, the consolidated cash flow statement, the statement of accounting policies and notes 1 to 22. These financial statements have been prepared under the accounting policies set out therein.

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

Respective responsibilities of directors and auditors

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

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

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

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

Basis of opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group at 31 July 2004 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

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

25 August 2004



Consolidated profit and loss account

for the year ended 31 July 2004

	Notes	Year ended 31 July 2004	Year ended 31 July 2003
		£	£
Turnover	1	305,232	160,649
Cost of sales		(36,250)	-
Gross profit		268,982	160,649
Administrative expenses		(203,172)	(119,178)
Operating profit		65,810	41,471
Interest payable	3	-	(47)
Profit on ordinary activities before taxation		65,810	41,424
Tax on profit on ordinary activities		9,500	-
Profit on ordinary activities after taxation		56,310	41,424
Retained profit for the year		56,310	41,424
Earnings per share – basic	8	0.18 pence	0.15 pence
Earnings per share – diluted	8	0.17 pence	0.14 pence

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

All of the operations are considered to be continuing.

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



Consolidated balance sheet

As at 31 July 2004

	Note	Year ended 31 July 2004	Year ended 31 July 2003
		£	£
Fixed assets			
Tangible assets	9	-	250
Current assets			
Debtors	11	22,727	12,050
Trade investments	12	793,857	422,500
Cash at bank		606,417	176,460
		<u>1,423,001</u>	<u>611,010</u>
Less:			
Creditors – amounts due within one year	13	(28,277)	(42,510)
Net current assets		<u>1,394,724</u>	<u>568,500</u>
Total assets less current liabilities		<u>1,394,724</u>	<u>568,750</u>
Share capital and reserves			
Called-up share capital	14	372,173	276,324
Share premium account	15	2,026,396	1,352,581
Profit and loss account	15	(1,428,255)	(1,484,565)
Merger reserve	15	424,410	424,410
		<u>1,394,724</u>	<u>568,750</u>
Shareholders funds – equity interest	16	<u>1,394,724</u>	<u>568,750</u>

The accounts on pages 11 to 23 were approved by the Board of Directors on 24 August 2004 and signed on its behalf by:

R Bruce Rowan
Chairman and Chief Executive

John Watkins
Finance Director

24 August 2004

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



Company balance sheet

As at 31 July 2004

	Note	Year ended 31 July 2004 £	Year ended 31 July 2003 £
Fixed assets			
Investments	10	435,794	1,427,573
Current assets			
Debtors	11	22,727	203,116
Trade investments	12	793,857	-
Cash at bank		606,417	-
		<u>1,423,001</u>	<u>203,116</u>
Less:			
Creditors – amounts due within one year	13	<u>(464,071)</u>	-
Net current assets		<u>958,930</u>	<u>203,116</u>
Total assets less current liabilities		<u>1,394,724</u>	<u>1,630,689</u>
Share capital and reserves			
Called-up share capital	14	372,173	276,324
Share premium account	15	2,026,396	1,352,581
Profit and loss account	15	<u>(1,003,845)</u>	1,784
Shareholders funds – equity interest	16	<u>1,394,724</u>	<u>1,630,689</u>

The accounts on pages 11 to 23 were approved by the Board of Directors on 24 August 2004 and signed on its behalf by:

R Bruce Rowan
Chairman and Chief Executive

John Watkins
Finance Director

24 August 2004

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



Consolidated cash flow statement

for the year ended 31 July 2004

	Notes	Year ended 31 July 2004	Year ended 31 July 2003
		£	£
Net cash (outflow)/inflow from operating activities	17	(339,707)	9,342
Servicing of finance	18	-	(47)
Cash (outflow)/inflow before management of liquid resources and financing		(339,707)	9,295
Management of liquid resources	18	(559,502)	115,000
Financing – issue of Ordinary share capital	18	769,664	42,099
(Decrease)/increase in cash in the year	19	(129,545)	166,394

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



Statement of accounting policies

for the year ended 31 July 2004

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

Basis of accounting

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

Basis of consolidation

The group accounts consolidate the accounts of Starvest plc, formerly 'Web Shareshop (Holdings) plc', and its subsidiaries drawn up to 31 July 2004.

Tangible fixed assets and depreciation

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

Fixtures and fittings	20% straight line
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Investments

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

Taxation

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

Deferred tax

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

No timing differences are recognised in respect of gains on sale of assets which have been rolled over into replacement assets.

A deferred tax asset is not recognised to the extent that the transfer of economic benefit in the future is uncertain. Any assets and liabilities recognised have not been discounted.

Turnover

Turnover represents amounts receivable for trade investment sales, dividends and interest in the normal course of business. Turnover is recognised on the date of sale contract and, in the case of dividends and interest, when they become receivable.



Notes to financial statements

for the year ended 31 July 2004

1 Turnover

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

2004	2003
£	£

2 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

Auditors' remuneration – audit	9,000	10,391
Auditors' remuneration – non-audit services	21,858	2,291
Depreciation of tangible assets	250	250
Directors' emoluments	42,000	-

Auditors' remuneration for non-audit services provided during the year comprises nominated advisor fees of £8,333, tax advisory fees of £10,625 and tax compliance service fees of £2,900.

3 Interest

Interest payable:

Other interest	-	(47)
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4 Taxation

Current year taxation

UK corporation tax at 19% on profits for the year	9,500	-
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The tax assessed is lower than the standard rate of corporation tax in the UK for small companies at 19% (2003: 19%).

The differences are explained below:

Profit on ordinary activities before taxation	65,810	41,424
Profit on ordinary activities at 19%	12,504	7,871
Effect of:		
Expenses not deductible for tax purposes	3,178	101
Capital allowances for the year in excess of depreciation	47	-
Tax losses utilised in the year	(6,229)	(7,972)
Current tax charge for the year	9,500	-

Factors that may affect future tax charges

There are no factors that may affect the future tax charge.

5 Staff costs

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



Notes to financial statements

for the year ended 31 July 2004, continued

6 Directors' emoluments:

	2004 £	2003 £
<i>Executive directors</i>		
R B Rowan	24,000	-
J Watkins	10,000	-
<i>Non-executive director:</i>		
A C R Scutt	8,000	-

No pension benefits are provided for any director.

Directors' share options

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

During the year Bruce Rowan, Tony Scutt and John Watkins were granted options over a total of 500,000 ordinary shares as set out in Note 14.

Amounts paid to third parties

The director, Bruce Rowan, received the sum of £12,000 during the period through his business for the provision of office facilities and £24,000 (2003: £24,000) for normal professional services.

The director, John Watkins, FCA received the sum of £15,386 plus VAT (2003: £15,090 plus VAT) during the year through his business for normal professional services.

7 Profit attributable to parent undertaking

The loss for the year dealt with in the accounts of the parent company was £1,005,629 (2003: £NIL). Of this, £991,781 arises as a consequence of a necessary impairment to the value placed upon the subsidiary, The Web Shreshop Limited, following the transfer of its business to the Company on 31 July 2004. As permitted by Section 230 of the Companies Act 1985, no separate profit and loss account is presented in respect of the parent company.

8 Earnings per share

	2004 £	2003 £
The basic earnings per share is derived by dividing the profit for the year attributable to ordinary shareholders by the weighted average number of shares in issue.		
Profit for the period	56,310	41,424
Weighted average number of Ordinary shares of £0.01 in issue	30,941,061	26,825,052
Earnings per share - basic	0.18 pence	0.15 pence
Weighted average number of Ordinary shares of £0.01 in issue inclusive of outstanding options	33,391,746	28,925,052
Earnings per share - diluted	0.17 pence	0.14 pence



Notes to financial statements

for the year ended 31 July 2004, continued

9 Tangible fixed assets

Group	Office equipment	Total
Cost	£	£
At 1 August 2003	1,250	1,250
Additions during the year	-	-
At 31 July 2004	1,250	1,250
Depreciation		
At 1 August 2003	1,000	1,000
Charge for the year	250	250
At 31 July 2004	1,250	1,250
Net book amount		
At 31 July 2004	-	-
At 31 July 2003	250	250

10 Fixed asset investments

Company	Total
Cost	£
At 1 August 2003	1,427,573
Additions	2
At 31 July 2004	1,427,575
Amounts written off	
Provided in year and at 31 July 2004	991,781
Net book value	
At 31 July 2004	435,794
At 1 August 2003	1,427,573

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

Company	Country of registration	Class	Proportion held by group	Nature of business
Starvest Nominees Limited	England & Wales	Ordinary	100%	Dormant
The Web Sharesop Limited	England & Wales	Ordinary	100%	Dormant – see note

The result of the year for The Web Sharesop Limited is a profit of £70,158 (2003: Profit £41,424).

Note: Until 31 July 2004, the business of The Web Sharesop Limited was to invest in small company new issues and pre IPO stocks; this business ceased on 31 July 2004 when it was transferred to the Company.



Notes to financial statements

for the year ended 31 July 2004, continued

11 Debtors

	Group		Company	
	2004 £	2003 £	2004 £	2003 £
Amounts owed by group undertaking	-	-	-	203,116
Prepayments	22,727	12,050	22,727	-
Total	22,727	12,050	22,727	203,116

12 Current asset investments, at cost or market value if lower Group and company

	2004 £	2003 £
Publicly traded investments	805,107	422,500
Unrealised loss	(11,250)	-
	793,857	422,500
The market value of these investments was:		
Quoted on AIM	5,590,175	688,400
Quoted on OFEX	1,299,133	437,412
Total	6,889,308	1,125,812

Significant shareholdings

The Company has the following significant shareholdings :

Company	Country if registration or incorporation	Shares held Class
Agricola Resources plc	England & Wales	Ordinary
Beowulf Gold plc	England & Wales	Ordinary
Black Rock Oil & Gas plc	England & Wales	Ordinary
Brazilian Diamonds Limited	Canada	Common
Franconia Minerals Corporation	Canada	Common
Gippsland Limited	Australia	Ordinary
Hidefield Gold plc	England & Wales	Ordinary
Matisse Holdings plc	England & Wales	Ordinary
Myhome International plc	England & Wales	Ordinary
Southern African Resources plc	England & Wales	Ordinary
St Helen's Capital plc	England & Wales	Ordinary



Notes to financial statements

for the year ended 31 July 2004, continued

13 Creditors

	Group		Company	
	2004 £	2003 £	2004 £	2003 £
Amounts falling due within one year:				
Owing to group undertakings	-	-	435,794	-
Trade creditors	2,490	32,568	2,490	-
Corporation tax	9,500	-	9,500	-
Social security and other taxes	1,431	-	1,431	-
Accruals	14,856	9,942	14,856	-
Total	28,277	42,510	464,071	-

14 Share capital

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

	Number	Nominal £
<i>Authorised</i>		
As at 31 July 2003 and 31 July 2004, Ordinary shares of £0.01 each	100,000,000	1,000,000
<i>Called up, allotted, issued and fully paid</i>		
At 31 July 2003	27,632,430	276,324
Issued 6 November 2003	1,162,000	11,620
Issued 10 November 2003	2,000,000	20,000
Issued 21 November 2003	596,000	5,960
Issued 22 June 2004	2,926,829	29,269
Issued 24 June 2004	900,000	9,000
Issued 26 June 2004	2,000,000	20,000
Total issued during the year	9,584,829	95,849
At 31 July 2004	37,217,259	372,173

During November 2003, share capital, comprising 3,758,000 Ordinary shares of £0.01 each, was issued for a consideration of £187,900, being £0.05 per share.

During June 2004, share capital, comprising 5,826,829 Ordinary shares of £0.01 each, was issued for a consideration of £597,250, being £0.1025 per share.

The difference between the nominal value of £95,849 and the consideration received has been credited to the share premium account, net of qualifying issue costs.



Notes to financial statements

for the year ended 31 July 2004, continued

14 continued

On 27 June 2002, the Group established the 2002 share option scheme under which options have been granted to subscribe for ordinary shares as follows:

	At 1 August 2003	Granted during the year	At 31 July 2004	Exercise price	Date from which exercisable	Expiry date
R B Rowan	1,400,000	-	1,400,000	5 pence	27 June 02	27 June 07
R B Rowan	-	200,000	200,000	6 pence	18 November 03	27 June 07
A C R Scutt	-	200,000	200,000	6 pence	18 November 03	27 June 07
J Watkins	700,000	-	700,000	5 pence	27 June 02	27 June 07
J Watkins	-	100,000	100,000	6 pence	18 November 03	27 June 07

15 Reserves

The movements on reserves during the year were as follows:

	Share premium account £	Profit and loss account £	Merger reserve £
Group			
As at 31 July 2003	1,352,581	(1,484,565)	424,410
Issue of shares	689,301	-	-
Share issue expenses	(15,486)	-	-
Profit for the year	-	56,310	-
As at 31 July 2004	2,026,396	(1,428,255)	424,410
Company			
As at 31 July 2003	1,352,581	1,784	
Issue of shares	689,301	-	
Share issue expenses	(15,486)	-	
(Loss) for the year	-	(1,005,629)	
As at 31 July 2004	2,026,396	(1,003,845)	

16 Movement on equity shareholders' funds

	2004 £	2003 £
Group		
Profit for the year	56,310	41,424
Proceeds of share issues	785,150	42,099
Share issue expenses	(15,486)	-
Net increase in shareholders' funds	825,974	83,523
Opening shareholders' funds	568,750	485,227
Closing equity shareholders' funds	1,394,724	568,750



Notes to financial statements

for the year ended 31 July 2004, continued

17 Reconciliation of operating profit to operating cash flows	2004	2003	
	£	£	
Operating profit	65,810	41,471	
Depreciation	250	250	
Unrealised trade investment loss	11,250	-	
(Increase)/decrease in debtors	(10,677)	3,343	
(Decrease)/increase in creditors	(23,733)	14,278	
(Increase) in trading investments at cost	(382,607)	(50,000)	
Net cash (outflow)/inflow from operating activities	(339,707)	9,342	
18 Analysis of cash flows			
Returns on investments and servicing of finance			
Interest paid	-	(47)	
Net cash (outflow)/inflow	-	(47)	
Management of liquid resources			
Cash (placed on)/withdrawn from deposit	(559,502)	115,000	
Net cash (outflow)/inflow	(559,502)	115,000	
Financing			
Issue of ordinary share capital	785,150	42,099	
Share issue expenses	(15,486)	-	
Net cash inflow	769,664	42,099	
19 Analysis and reconciliation of net funds			
	31 July 2003	Cash flow	31 July 2004
	£	£	£
Cash in hand and at bank	176,460	429,957	606,417
		2004	2003
		£	£
(Decrease)/increase in cash in year		(129,545)	166,394
Cash flow from movement in liquid funds		559,502	(115,000)
Movement in net funds in the year		429,957	51,394
Net funds at 1 August 2003		176,460	125,066
Net funds at 31 July 2004		606,417	176,460



Notes to financial statements

for the year ended 31 July 2004, continued

20 Commitments

As at 31 July 2004, the Company had entered into a commitment to invest in new issues of securities by a company expecting to join the OFEX market. The maximum commitment amounted to £150,000 of which £10,000 had been paid in advance.

21 Financial instruments

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

Short term debtors and creditors

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

Trade investments

Trade investments are stated at cost less any provision for impairment. The difference between fair and book value is set out in Note 12. The Board meets bi-monthly to consider investment strategy in respect of the group's portfolio.

Interest rate risk

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

Liquidity risk

The group 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 group has no overdraft facility arranged (2003: £NIL).

Currency risk

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

Fair values

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

22 Control

There is considered to be no controlling related party.



Notice of Annual General Meeting

STARVEST plc

Notice is hereby given that the fourth Annual General Meeting of STARVEST plc will be held at the offices of Grant Thornton, Euston Square, London, NW1 2EP on Thursday 7 October 2004 at 3.00 pm for the purpose of considering and, if thought fit, passing the following resolutions which will be proposed as ordinary resolutions in the case of resolutions 1 to 4 and as special resolutions in the case of resolutions 5 to 10.

ORDINARY BUSINESS

- 1 To receive the report of the Directors and the audited financial statements of the Company for the year ended 31 July 2004.
- 2 To re-appoint Anthony Charles Raby Scutt appointed during the year and retiring as a Director in accordance with the Articles of Association at the conclusion of the meeting and, being eligible, offering himself for re-election as a director of the Company.
- 3 To re-appoint Ronald Bruce Rowan retiring by rotation as a Director in accordance with the Articles of Association at the conclusion of the meeting and, being eligible, offers himself for re-election as a director of the Company.
- 4 To re-appoint Grant Thornton UK LLP as auditors of the Company to act until the conclusion of the next Annual General Meeting and to authorise the Directors to determine their remuneration.

SPECIAL BUSINESS

- 5 THAT the authorised share capital of the Company be increased to £2,500,000 by the creation of an additional 150,000,000 Ordinary shares of 1 penny each.
- 6 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. (See explanation on page 26)
- 7 THAT for the purposes of section 80 of the Companies Act 1985 ("the Act"), the Directors be and they are hereby generally and unconditionally authorized to exercise all the powers of the Company to allot any relevant securities (as defined in section 80(2) of the Act) up to a maximum aggregate nominal amount of £2,101,827, provided that:
 - a) this authority shall expire on whichever is the earlier of the conclusion of the next Annual General Meeting of the Company or the date falling fifteen months from the date of passing of this Resolution, unless previously varied, revoked or renewed by the Company in General Meeting;
 - b) the Company shall be entitled to make, prior to the expiry of such authority, any offer or agreement which would or might require relevant securities to be allotted after the expiry of such authority and the directors may allot any relevant securities pursuant to such offer or agreement as if such authority had not expired; and
 - c) all prior authorities to allot relevant securities be revoked but without prejudice to the allotment of any relevant securities already made or to be made pursuant to such authorities.
- 8 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 7 as if section 89(1) of the Act did not apply to any such allotment provided that:
 - a) such power shall be limited to the allotment of equity securities, in connection with a rights issue, subject to such exclusions or other arrangements as the directors may deem necessary or expedient to deal with fractional entitlements or legal or practical problems under the laws of, or the requirements of, any regulatory body or any stock exchange or otherwise in any territory; and for the purposes of this resolution "rights issue" means an offer of equity securities to holders of ordinary shares in proportion to their respective holdings (as nearly as may be);



- b) such power shall be limited to the allotment (otherwise than pursuant to paragraph (a) above) of equity securities up to an aggregate nominal value of £2,101,827;
- c) such power shall expire at the conclusion of the next Annual General Meeting of the Company unless previously varied, revoked or renewed by the Company in General Meeting provided that the Company may, before such expiry, make any offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities pursuant to any such offer or agreement as if the power hereby conferred had not expired; and
- d) all prior powers granted under section 95 of the Act be revoked provided that such revocation shall not have retrospective effect.
- 9 THAT the Company be unconditionally and generally authorised to make market purchases (as defined by the Companies Act 1985 Section 163(3)) of Ordinary shares of £0.01 each in its capital, provided that:
- a) the maximum number of shares that may be so acquired is 5,600,000, being the 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.
- 10 THAT the Directors be and are hereby empowered pursuant to the authority granted to them in Special Resolution 7 above, to grant options over equity securities (as defined in Section 94 of the Act) to Directors of the Company for the time being up to a limit of 15% of the Company's issued share capital at the date of this resolution on terms to be approved by the Directors, but that this limit of 15% be inclusive of options previously granted in accordance with the authority approved in 2002.

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

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

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

In either case, the signed proxy must be received by 3.00 pm on Tuesday 5 October 2004.

By Order of the Board

John Watkins
Director and Company Secretary

Registered Office:

123 Goldsworth Road
Woking
Surrey GU21 6LR

24 August 2004



Explanation of the proposed changes to the Articles of Association

Aside from the usual resolutions before the meeting, the directors are proposing an additional resolution to adopt new Articles of Association to give effect to the following:

Proposed change

- Authority for the Company to purchase shares to be held in Treasury
- Authority for the Company to issue warrants or options to subscribe for shares
- Authority for the Company to allow the appointment of a proxy by electronic communication
- An increase in the limit on directors' fees from £100,000 to £250,000

Background

In common with other companies, when both cash and distributable profits are available, the Board intends to consider purchasing shares for treasury, thus providing a buyer for those Shareholders who wish to sell as well as enhancing value for others.

The Company often has more investment opportunities than can be met from available resources, so an ability to raise further cash from Shareholders by the issue of a warrant to subscribe for shares may prove a useful facility.

In common with other companies, the Board intends to introduce an electronic voting option for those with internet access.

Whilst the Board will continue to limit fees and so conserve cash, as the Articles are being changed for other matters it seems sensible to raise the limit which was introduced in 2000.

A copy of the proposed Articles is available from the Company's website at www.starvest.co.uk or by application to the Company Secretary at 123 Goldsworth Road, Woking, Surrey, GU21 6LR.

Shareholders are invited to show their support for these proposals by completing the voting proxy which they will find on the following page of the report and financial statements. Please return this reply paid form to the Company's registrar in accordance with the instructions. Thank you.

Form of Proxy for use at an Annual General Meeting

I, a Member of **STARVEST plc** (hereinafter referred to as 'the Company') and entitled to vote, hereby appoint the Chairman, or _____ as my proxy to attend and vote for me and on my behalf at the second Annual General Meeting of the Company to held on 7 October 2004 at 3.00 pm and at any adjournment thereof.

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

Resolution number	ORDINARY BUSINESS	<i>Please delete as appropriate</i>
1	To receive the report and the audited financial statements for the year ended 31 July 2004.	For / Against / Abstain
2	To re-appoint Anthony Charles Raby Scutt retiring as a Director.	For / Against / Abstain
3	To re-appoint Ronald Bruce Rowan retiring as a Director.	For / Against / Abstain
4	To re-appoint Grant Thornton UK LLP as auditors of the Company and to authorise the Directors to determine their remuneration.	For / Against / Abstain

SPECIAL BUSINESS

5	To increase the authorised share capital to £2,500,000	For / Against / Abstain
6	To adopt new Articles of Association	For / Against / Abstain
7	To authorise the Company to allot relevant securities	For / Against / Abstain
8	To authorise the Company to allot relevant securities for cash	For / Against / Abstain
9	To authorise the Company to make purchases of its Ordinary shares	For / Against / Abstain
10	To authorise the Company to grant options to Directors of the Company to purchase new Ordinary shares on terms to be approved by the Directors.	For / Against / Abstain

Signature:	
Date:	
Full name:	
Address:	

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

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

In either case, the signed proxy must be received by 3.00 pm on Tuesday 5 October 2004.

SECOND FOLD

LICENCE No. GI 2155

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

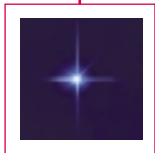
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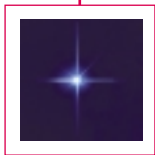
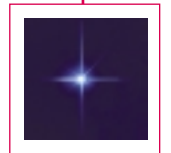
Company information

Directors	R Bruce Rowan – Chairman A C R Scutt John Watkins, FCA
Secretary, registered office and business address	John Watkins, FCA 123 Goldsworth Road, Woking Surrey GU21 6LR mail@starvest.co.uk
Auditors	Grant Thornton UK LLP Churchill House Chalvey Road East Slough SL1 2LS
Registered number	3981468
Solicitors	Ronaldsons 55 Gower Street London WC1E 6HQ
Nominated advisor	Grant Thornton UK LLP Manor Court Barnes Wallis Road Segensworth Fareham Hampshire PO15 5GT
Bankers	Butterfield Private Bank 99 Gresham Street London EC2V 7NG
Nominated broker	Keith Bayley Rogers & Co Limited Sophia House 76-80 City Road London EC1Y 2EQ
Registrars	Share Registrars Limited Craven House West Street Farnham Surrey GU9 7EN Tel: 01252 733683
Share price information	Financial Times The Times Evening Standard www.prices.londonstockexchange.com
Company announcements	www.starvest.co.uk www.londonstockexchange.com/rns/announcement.asp
Expected financial timetable	Interim announcement for six months to 31 January 2005 By 28 February 2005 Final result announcement for year to 31 July 2005 By mid September 2005 2005 annual general meeting By mid October 2005


STARVESTplc

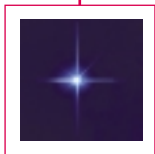
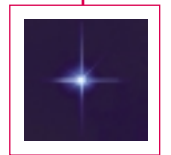
Agricola Resources plc
Platinum exploration in
the Shetlands and Sweden

Beowulf Gold plc
Gold exploration and development



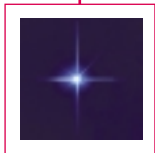
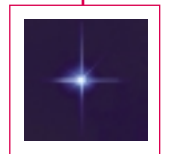
Black Rock Oil & Gas plc
Oil exploration in England and Australia

Brazilian Diamonds Limited
Diamond exploration



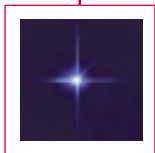
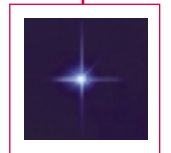
Franconia Minerals Corporation
North American minerals

Gippsland Limited
Tantalum, tin and feldspar
exploration in Egypt



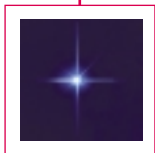
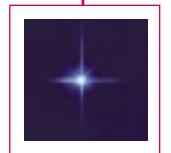
Hidefield plc
North American mining & energy

Matisse Holdings plc
Cash shell



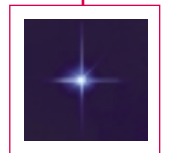
MyHome International plc
Domestic cleaning services

Southern African Resources plc
High value metals & minerals



St Helen's Capital plc
Corporate finance advisor

More to follow in the near future



star investments with exciting growth potential

www.starvest.co.uk