

# INTERIM REPORT

six months ended 31 January 2005



AIM EPIC : SVE

## Interim Report – six months ended 31 January 2005

### Chairman's statement

I am pleased to report that Starvest has continued to make good progress during the past six months:

- ★ The results for the six months to 31 January 2005 record a gross profit of £598,000 on turnover of £615,000 and a profit on ordinary activities after overheads but before taxation of £466,000.
- ★ No dividend has been proposed for the period.
- ★ The net asset value based on mid-market closing prices on Monday 31 January 2005 was £8.696 million which equates to 22 pence per share calculated on a fully diluted pre tax basis.
- ★ This represents a 17% increase on the value of £7.429m at 31 July 2004, the date of our last annual report.
- ★ Unrealised profits were £7m before tax.
- ★ With the Starvest share price closing at 12.25 pence, the discount to net asset value was 45% at 31 January 2005.

A summary of the current Starvest portfolio is shown on the facing page. The Directors are most satisfied with progress so far and will continue to take profits as opportunities arise.

During the past three years, Starvest has developed an investment spread. This we will continue to expand by committing between £100,000 and £200,000 to each investee as opportunities arise. Whilst we have no exclusive commitment to the natural resource sector, we see this as having considerable growth potential for the foreseeable future.

In addition to the fifteen current holdings, I am pleased to report:

- ★ Starvest is committed to two further investments and is in discussion with other potential investees; each company expects to launch on to AIM or OFEX within the next three months.
- ★ Starvest continues to receive new investment proposals from businesses, mainly in the natural resources sector, which are evaluated over a period of six to twelve months before a commitment is made.

Those Shareholders who wish to receive electronic copies of regulatory 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).

Your Board continues to look to the future with optimism; we expect further progress in the next quarter and plan to issue the Chairman's next update during May 2005.

## Capital requirements

In view of the satisfactory investment progress, it is the opinion of the Directors that the Group is adequately funded at this time.

## Conclusion

The Directors are very pleased with the six month results and look forward to reporting continuing positive news following the Group's July year end.

R Bruce Rowan

*Chairman & Chief Executive*

9 February 2005

## Investment portfolio

Starvest now holds trade investments in the following companies:

* Agricola Resources plc	<i>Platinum exploration in the Shetlands</i> <a href="http://www.agricolaresources.com">www.agricolaresources.com</a>
* Belmore Resources (Holdings) plc	<i>Zinc exploration in Eire and Northern Ireland</i>
* Beowulf Gold plc	<i>Gold exploration in Sweden</i> <a href="http://www.beowulf-gold.com">www.beowulf-gold.com</a>
* Black Rock Oil & Gas plc	<i>Oil and gas in Southern England and Australia</i> <a href="http://www.blackrockoil.com">www.blackrockoil.com</a>
* Brazilian Diamonds Limited	<i>Diamond exploration in Brazil</i> <a href="http://www.braziliandiamonds.com">www.braziliandiamonds.com</a>
* Franconia Minerals Corporation	<i>North American minerals</i> <a href="http://www.franconiaminerals.com">www.franconiaminerals.com</a>
* Gippsland Limited	<i>Tantalum exploration in Egypt</i> <a href="http://www.gippslandltd.com.au">www.gippslandltd.com.au</a>
* Hidefield Gold plc	<i>Gold exploration in Brazil</i> <a href="http://www.hidefield.co.uk">www.hidefield.co.uk</a>
* Matisse Holdings plc	<i>Cash shell</i>
* Myhome International plc	<i>Domestic cleaning services</i> <a href="http://www.myhomeplc.com">www.myhomeplc.com</a>
* Oranje River Diamonds plc	<i>Diamonds in South Africa</i>
* Regency Mines plc	<i>Copper &amp; nickel exploration in Australia</i>
* Sheba Exploration (UK) plc	<i>Gold exploration in Ethiopia</i> <a href="http://www.shebagold.com">www.shebagold.com</a>
* Southern African Resources plc	<i>High value minerals in South Africa and Botswana</i> <a href="http://www.sar-plc.com">www.sar-plc.com</a>
* St Helens Capital plc	<i>Corporate finance advisor</i> <a href="http://www.sthelenscapital.com">www.sthelenscapital.com</a>

## Consolidated Profit & Loss Accounts

	6 months to 31 January 2005 Unaudited £,000	6 months to 31 January 2004 Unaudited £,000	Year ended 31 July 2004 Audited £,000
Turnover	615	299	305
Cost of Sales	(17)	(25)	(36)
Gross profit	598	274	269
Group administrative expenses	(132)	(115)	(203)
Profit on ordinary activities before taxation	466	159	66
Tax on ordinary activities	(140)	(48)	(10)
Profit on ordinary activities after taxation	326	111	56
Dividends on equity shares	0	0	0
Retained profit for the period	326	111	56
Profit per share			
Basic	0.88 pence	0.38 pence	0.18 pence
Fully diluted	0.82 pence	0.35 pence	0.17 pence

Note 3

### Company Information

#### Directors

R Bruce Rowan - Chairman  
Tony Scutt - Non-executive  
John Watkins, FCA

#### Secretary

John Watkins, FCA

#### Registered office and business address

123 Goldsworth Road  
Woking  
Surrey GU21 6LR  
email@starvest.co.uk  
Tel: 01483 771992  
Fax: 01483 772087

Registered number 3981468

#### Registrars

Share Registrars Limited  
Craven House  
West Street  
Farnham  
Surrey GU9 7EN  
Tel: 01252 821390

#### Expected financial timetable

Chairman's quarterly update at  
30 April 2005: by mid May 2005  
Annual result announcement for  
year to 31 July 2005:  
by end August 2005  
Annual general meeting by end  
October 2005

#### LSE – EPIC code

SVE

#### Share price information

Financial Times  
Evening Standard  
The Times  
www.prices.londonstockexchange.com

#### Company announcements

www.londonstockexchange.com  
www.starvest.co.uk

## Consolidated Balance Sheet

	6 months to 31 January 2005 Unaudited £,000	6 months to 31 January 2004 Unaudited £,000	Year ended 31 July 2004 Audited £,000
<b>Fixed assets</b>	0	0	0
<b>Current assets</b>			
Debtors	36	3	22
Trading investments	1,134	543	794
Cash at bank and in hand	744	397	606
	1,914	943	1,422
<b>Creditors</b>			
Amounts falling due within one year	(193)	(81)	(28)
<b>Net current assets</b>	1,721	862	1,394
<b>Total assets less current liabilities</b>	1,721	862	1,394
<b>Capital and reserves</b>			
Called up share capital	372	314	372
Share premium account	2,026	1,498	2,026
Merger reserves	424	424	424
Profit and loss account	(1,101)	(1,374)	(1,428)
<b>Equity shareholders' funds</b>	1,721	862	1,394
<b>Reconciliation of Movement in Shareholders' Funds</b>			
	6 months to 31 January 2005 Unaudited £,000	6 months to 31 January 2004 Unaudited £,000	Year ended 31 July 2004 Audited £,000
Total recognised profits/(losses) relating to the period	326	111	56
Net proceeds of share issues	0	183	770
<b>Increase/(decrease) in shareholders' funds</b>	326	294	826
<b>Opening shareholders' funds</b>	1,395	568	568
<b>Closing shareholders' funds</b>	1,721	862	1,394

Note 2

## Interim report notes

### 1. Interim report

The information relating to the six month periods to 31 January 2005 and 31 January 2004 is unaudited.

The information relating to the year ended 31 July 2004 is extracted from the audited accounts of the Company which have been filed at Companies House and on which the auditors issued an unqualified audit report.

### 2. Basis of accounting

The report has been prepared using accounting policies that are consistent with those adopted in the statutory accounts for the year ended 31 July 2004 by the Group and its subsidiary undertaking, although the information does not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985.

The consolidated financial statements have been prepared using merger accounting. Under merger accounting the results and cash flows are combined from the beginning of the financial period and all comparatives are stated on the combined basis. These interim financial statements consolidate the financial statements of the Company and its subsidiaries.

The Company and Group will report again for the full year to 31 July 2005.

The Group's investments at 31 January 2005 are valued at the lower of cost or mid market value.

### 3. Profit per share

	6 months to 31 January 2005 Unaudited £,000	6 months to 31 January 2004 Unaudited £,000	Year ended 31 July 2004 Audited £,000
These have been calculated on profit of:	326	111	56
The weighted average number of shares used was:	37,217,259	29,317,245	30,941,061
The weighted average number of shares and outstanding options used was:	39,817,259	31,621,050	33,391,746
Basic profit per share:	0.88 pence	0.38 pence	0.18 pence
Fully diluted profit per share:	0.82 pence	0.35 pence	0.17 pence

Copies of this interim report are available free of charge by application in writing to the Company Secretary at the Company's registered office, 123 Goldsworth Road, Woking, GU21 6LR, by email to [info@starvest.co.uk](mailto:info@starvest.co.uk) or from the Company's website at [www.starvest.co.uk](http://www.starvest.co.uk).