



Half-year report – six months ended 31 March 2010

Chairman’s statement

I am pleased to provide a portfolio valuation update as at 31 March 2010, the interim financial statements for the six months ended on 31 March 2010 and a commentary on the progress made during the period.

Investment performance

The Starvest investment performance since 30 September 2009 has been disappointing. The key facts are as follows:

- The Company net asset value has declined by 21% during the six months to 31 March 2010.
- The closing share price at 5.75 pence indicates a discount to net asset value of 35%.

Against this disappointment, the positives are that:

- investment sales have realised £630,605 with a gross profit of £402,330; and
- the bank overdraft has been reduced substantially to approximately £240,000.

Given the challenging market conditions, especially during the first quarter of 2010, this represents encouraging progress.

Starvest uses closing bid prices or the Directors’ lower valuation if deemed appropriate.

Company statistics

	31 March 2010	31 December 2009	30 September 2009	31 March 2009
Trading portfolio value	£3.53m	£4.17m	£4.72m	£4.25m
Company asset value net of debt	£3.19m	£3.84m	£4.02m	£3.62m
Net asset value – fully diluted per share	8.85 pence	10.59 pence	10.72 pence	10.01 pence
Share price - mid	5.75 pence	7.0 pence	11.75 pence	6.25 pence
Share price discount to fully diluted net asset value	35%	34%	9% premium	37%



Market capitalisation	£2.01m	£2.44m	£4.1m	£2.18m
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Portfolio comment

During the half year, Starvest made a modest addition to its investment in Fundy Minerals Limited. The small holding in Beowulf Mines plc was sold at profit, although the convertible loan stock has been retained; the holdings in Ariana Resources plc and in Franconia Minerals Corporation were both reduced.

A number of our mineral exploration investee companies have experienced difficulty in raising new cash for exploration; where they have been successful, they have been forced to accept a valuation well below the then current market price leading to a fall. Although some are showing signs of modest improvements, it is likely to be a while before the full recovery we expect manifests itself. We live in challenging times!

It is understandable that UK investors are cautious against the background of world economic challenges and political uncertainty. However, there is much evidence to show that the demand for minerals such as iron ore, manganese, nickel, platinum, gold, and uranium is as buoyant as ever. It is not too much of an exaggeration to assert that the demands of China, India, Brazil and many smaller developing countries for raw materials are growing rather than contracting, hence upward movements in raw material prices. Therefore it must only be a matter of time before this demand flows through to the share prices of our portfolio companies. Starvest and most of its investee companies are not dependent on the UK economy, rather they stand to benefit from the generally surging economies of developing nations.

Within the investment portfolio, we have eight investments, each of which has the potential to transform the Starvest portfolio. We must be patient!

Other points of note during the half year:

- The loss on ordinary activities before taxation for the period amounted to £100,276 (2009: loss of £147,841). The loss includes administrative expenses amounting to £90,162. There was an investment impairment charge of £468,743 and amounts written back of £62,470 making a net charge of £406,273 (2009: £NIL).
- Basic loss of 0.29 pence per share (2009: loss of 4.2 pence per share); fully diluted loss of 0.25 pence per share (2009: loss of 3.6 pence per share)

R Bruce Rowan

Chairman & Chief Executive

28 April 2010



Profit & loss account

	6 months to 31 March 2010 Unaudited £	6 months to 31 March 2009 Unaudited £	Year ended 30 September 2009 Audited £
Operating income	630,605	-	-
Direct costs	(228,275)	-	-
Gross profit	402,330	-	-
Administrative expenses	(90,162)	(97,863)	(189,398)
Impairment of trade investments	(468,743)	-	-
Amounts written back to trade investments	62,470	-	295,884
Operating (loss)/profit on ordinary activities	(94,105)	(97,863)	106,486
Interest receivable	3,682	15,274	29,933
Interest payable	(9,853)	(65,253)	(91,727)
(Loss)/profit on ordinary activities before taxation	(100,276)	(147,842)	44,692
Tax on profit on ordinary activities	-	-	(8,600)
(Loss)/profit on ordinary activities after taxation	(100,276)	(147,842)	36,092
(Loss)/earnings per share – see note 3			
Basic	(0.29) pence	(0.42) pence	0.1 pence
Fully diluted	(0.25) pence	(0.36) pence	0.1 pence



Balance sheet

	6 months ended 31 March 2010 Unaudited £	6 months ended 31 March 2009 Unaudited £	Year ended 30 September 2009 Audited £
Current assets			
Debtors	19,081	1,147,178	34,720
Trading investments – see note 2	2,619,453	2,809,786	3,215,671
Cash at bank and in hand	-	-	-
	2,638,534	3,956,964	3,250,391
Creditors - amounts falling due within one year			
Other creditors	(340,188)	(1,742,276)	(851,769)
Net current assets	2,298,346	2,214,688	2,398,622
Total assets less current liabilities	2,298,346	2,214,688	2,398,622
Capital and reserves			
Called up share capital	372,173	372,173	372,173
Share premium account	2,026,396	2,026,396	2,026,396
Profit and loss account	(100,223)	(183,881)	53
Equity shareholders' funds	2,298,346	2,214,688	2,398,622



Cash flow statement

	6 months ended 31 March 2010 Unaudited £	6 months ended 31 March 2009 Unaudited £	Year ended 30 September 2009 Audited £
Net cash inflow/(outflow) from operating activities	513,713	(58,482)	(244,420)
Returns on investment and servicing of finance:			
Interest receivable	3,682	15,274	29,933
Interest payable	(9,853)	(65,253)	(91,727)
	<u>(6,171)</u>	<u>(49,979)</u>	<u>(61,794)</u>
Taxation recovered	-	-	1,118,401
	<u>-</u>	<u>-</u>	<u>1,118,401</u>
Increase/(decrease) in cash in the period	507,542	(108,461)	812,187
Opening cash balance brought forward	-	-	-
Net debt brought forward	(747,890)	(1,560,077)	(1,560,077)
Closing net debt	<u>(240,348)</u>	<u>(1,668,538)</u>	<u>(747,890)</u>



Movement on equity shareholders' funds

	6 months ended 31 March 2010 Unaudited £	6 months ended 31 March 2009 Unaudited £	Year ended 30 September 2009 Audited £
Total recognised (loss)/profits relating to the period	(100,276)	(147,842)	36,092
(Decrease)/increase in shareholders' funds	(100,276)	(147,842)	36,092
Opening shareholders' funds	2,398,622	2,362,530	2,362,530
Closing shareholders' funds	2,298,346	2,214,688	2,398,622

Interim report notes

1. Interim report

The information relating to the six month periods to 31 March 2009 and 31 March 2010 is unaudited.

The information relating to the year ended 30 September 2009 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 by the Company in accordance with UK GAAP for the statutory accounts for the year ended 30 September 2009, although the information does not constitute statutory accounts within the meaning of section 435 of the Companies Act 2006.

The Company will report again for the full year to 30 September 2010.

The Company's investments at 31 March 2010 are valued at the lower of cost or the valuation adopted at 30 September 2009 or the current market value based on bid prices at the close of business. The Chairman's statement includes a valuation based on bid prices at 31 March 2010.

3. Earnings per share

	6 months ended 31 March 2010 Unaudited £	6 months ended 31 March 2009 Unaudited £	Year ended 30 September 2009 Audited £
These have been calculated on a (loss)/profit of:	(100,276)	(147,842)	36,092



The weighted average number of shares used was:	34,917,259	34,917,259	34,917,259
Basic (loss)/profit per share:	(0.29) pence	(4.2) pence	0.1 pence
The weighted average number of shares and outstanding options used was:	40,492,259	40,492,259	40,492,259
Fully diluted (loss)/profit per share:	(0.25) pence	(0.36) pence	0.1 pence

Investment portfolio

Starvest now holds trade investments in the following companies:

- Alba Mineral Resources plc *Nickel, uranium & gold in Scotland, Mauritania, Sweden and Ireland*
www.albamineralresources.com
- Agricola Resources plc *Gold exploration in Morocco*
www.agricolaresources.com
- Ariana Resources plc *Gold exploration in Turkey*
www.arianaresources.com
- Belmore Resources (Holdings) plc *Zinc exploration in Ireland*
www.belmoreresources.com
- Beowulf Mining plc *Iron ore, gold, copper and uranium exploration in Sweden*
www.beowulfmining.com
- Brazilian Diamonds Limited *Diamond exploration in Brazil*
www.braziliandiamonds.com
- CAP Energy plc *Oil & gas production in North America*
www.capenergy.co.uk
- Carpathian Resources Limited *Oil and gas exploration in Central Europe*
www.carpathian.com.au
- Concorde Oil & Gas plc *Operational oil and gas projects in the Russian Federation*
- Chalkwell Investments plc, formerly The Core Business plc *Investment holding company*
www.chalkwellinvestmentsplc.co.uk
- Equity Resources plc *Investment holding company*
- Franconia Minerals Corporation *North American minerals*
www.franconiaminerals.com
- Fundy Minerals Limited *Base metal exploration in Canada*
www.fundyminerals.com
- Gippsland Limited *Tantalum exploration in Egypt*
www.gippslandltd.com.au



- Goliath Resources Inc. *Copper, gold & molybdenum in Canada and Zambia*
www.goliathresources.com
- Greatland Gold plc *Gold exploration in Western Australia and Tasmania*
www.greatlandgold.com
- Guild Acquisitions plc *Investment holding company*
- India Star Energy plc *Investment holding company*
www.indiastarenergy.co.uk
- Kefi Minerals plc *Mineral exploration in Turkey*
www.kefi-minerals.com
- Lisungwe plc *Pyrite and other minerals in Malawi*
www.lisungwe.com
- Lotus Resources plc *Fluorspar and other mineral exploration in Mongolia*
www.lotus-resources.com
- Marechale Capital plc, formerly St Helen's Capital plc *Investment banking*
www.marechalecapital.com
- Minera IRL Limited, formerly Hidefield Gold plc *Gold exploration in North and South America*
www.hidefield.co.uk
- Oracle Coalfields plc *Coal mining in Pakistan*
www.oraclecoalfields.com
- Red Rock Resources plc *Iron ore and manganese exploration in Australia and Zambia; uranium exploration in Malawi*
www.rrrplc.com
- Regency Mines plc *Copper & nickel exploration in Australia and Papua New Guinea*
www.regency-mines.com
- Sheba Exploration (UK) plc *Gold exploration in Ethiopia*
www.shebagold.com
- Sunrise Diamonds plc *Diamond exploration in Finland*
www.sunrisediamonds.com
- Treslow Limited *Copper & nickel in Ontario, Canada*
- Woburn Energy plc, formerly Black Rock Oil & Gas plc *Oil & gas in the North Sea and Columbia*
www.woburnenergy.com

Shareholders and others 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.

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 email@starvest.co.uk or from the Company's website at www.starvest.co.uk.



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