

REPORTING ON GROWTH



AIM EPIC: SVE

CHAIRMAN'S STATEMENT

I am pleased to provide a portfolio valuation update as at 31 March 2011, the interim financial statements for the six months ended on 31 March 2011 and a commentary on the excellent progress made during the period.

Investment performance

At 30 September 2010, there were signs that dampening impact of world economic events was lifting and that the performance of the Starvest portfolio was improving after two years of stagnation. Those initial signs have proved to be a foretaste of an excellent half year. The key facts are as follows:

- Company net asset value has increased by £5.9m or 141%;
- Starvest's mid share price has risen by 77% from 7.75 pence on 30 September 2010 to 13.75 pence on 31 March 2011;
- Closing net asset value of 26.16 pence per share up 131% from 11.28 pence;
- Mid share price on 31 March 2011 had a discount to net asset value of 47%;
- Investment sales have realised £1.3m with a gross profit of £1.09m; and
- The bank overdraft has been eliminated.

Basis of valuation

Starvest uses closing bid prices, or the Directors' lower valuation if deemed appropriate. In addition, a 10% discount is made against those investments where the Company holds either a large percentage of a given investee or where the investment constitutes 7% or more of the portfolio. These valuation discounts totalled £1.08m at 31 March 2011, or 2.66 pence per share. Adjusting for this discount, the full value based on bid prices was 28.82 pence per share leading to a share price discount of 52%.

Given the current stock market trading volume in some investee companies, it is arguable that mid price rather than bid price would be appropriate. Had the Company adopted such a policy with all options exercised, the value per share would increase by a further £1.64m or 3.61 pence to 32.43 pence per share with a share price discount of 57%.

Company statistics

	31 March 2011	30 September 2010	31 March 2010	30 September 2009
Trading portfolio value	£10.03m	£4.57m	£3.53m	£4.72m
Company asset value net of debt	£10.10m	£4.19m	£3.19m	£4.02m
Net asset value – fully diluted per share	26.16 pence	11.28 pence	8.85 pence	10.72 pence
Share price - mid	13.75 pence	7.75 pence	5.75 pence	11.75 pence
Share price discount to fully diluted net asset value	47%	Premium 31.3%	35%	Premium 9%
Market capitalisation	£5.05m	£2.84m	£2.01m	£4.1m

Portfolio comment

During the half year, Starvest sold at profit: its remaining holding in Franconia Minerals Corporation, the subject of a takeover; and a part of its interest in Beowulf Mining plc. On sales of £1,324,020, the gross profit was £1,089,779.

During the half year, there has been increased investor interest in mineral exploration ventures, particularly where they have demonstrated progress in their search for and development of their projects leading to much improved valuations. Against this background, previous valuation impairments totalling £848,498 have been reversed; new impairments total £35,198.

Taking these factors into consideration resulted in an operating profit before expenses of £1,903,079.

During the period, Starvest added to its investment in Ariana Resources plc.

As a consequence of improved valuations, Starvest's largest investments, comprising 85% of the declared valuation, in order of size were:

- Oracle Coalfields plc
- Regency Mines plc
- Kefi Minerals plc
- Beowulf Mining plc
- Red Rock Resources plc
- Ariana Resources plc
- Sheba Exploration (UK) plc
- Greatland Gold plc
- Sunrise Resources plc

A year ago we stated that “within the investment portfolio, we have eight investments, each of which has the potential to transform the Starvest portfolio. We must be patient!” Our patience is being rewarded, and we continue to believe that there is considerable growth potential in Starvest’s investment portfolio.

Other points of note during the half year:

- The profit on ordinary activities before taxation for the period amounted to £1,812,920 (2010 loss £100,276).
- After a corporation tax provision of £490,000, the net profit is reduced to £1,322,920 (2010: loss £100,276).
- Basic profit of 3.6 pence per share (2010: loss of 0.29 pence per share); fully diluted profit of 3.3 pence per share (2010: loss 0.25 pence per share).

Resumption of dividend payments

In the context of the greatly improved results coupled with the outlook for the future, the Board has resolved to resume dividend distributions commencing with an interim dividend amounting to 0.25 pence per share for which the record date will be 27 May 2011 and the payment date 15 June 2011.

The matter will be kept under review, but at the 2011 annual general meeting the Board expects to recommend to Shareholders that a final dividend of a like amount be paid during January 2012.

The Board hopes to be able to recommend further dividends to shareholders in future years.

In early July, the Company expects to announce an update to the net asset value as at 30 June 2011.

R Bruce Rowan

Chairman & Chief Executive

11 April 2011

PROFIT & LOSS ACCOUNT

	6 months to 31 March 2011 Unaudited £	6 months to 31 March 2010 Unaudited £	Year ended 30 September 2010 Audited £
Operating income	1,324,020	630,605	640,044
Direct costs	(234,241)	(228,275)	(237,713)
Gross profit	1,089,779	402,330	402,331
Administrative expenses	(88,791)	(90,162)	(182,760)
Impairment of trade investments	(35,198)	(468,743)	(546,062)
Amounts written back to trade investments	848,498	62,470	288,109
Operating profit/(loss) on ordinary activities	1,814,288	(94,105)	(38,382)
Interest receivable	469	3,682	8,083
Interest payable	(1,837)	(9,853)	(18,063)
Profit/(loss) on ordinary activities before taxation	1,812,920	(100,276)	(48,362)
Tax on profit on ordinary activities	(490,000)	-	9,385
Profit/(loss) on ordinary activities after taxation	1,322,920	(100,276)	(38,977)
Earnings/(loss) per share – see note 3			
Basic	3.6 pence	(0.29) pence	(0.1) pence
Fully diluted	3.3 pence	(0.25) pence	(0.1) pence

BALANCE SHEET

6 months ended 31 March 2011 Unaudited £	6 months ended 31 March 2010 Unaudited £	Year ended 30 September 2010 Audited £
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Current assets

Debtors	208,822	19,081	33,514
Trading investments	3,681,164	2,619,453	2,795,770
Cash at bank and in hand	407,539	-	-
	4,297,525	2,638,534	2,829,284

Creditors - amounts falling due within one year

Other creditors	(550,960)	(340,188)	(377,639)
Net current assets	3,746,565	2,298,346	2,451,645
Total assets less current liabilities	3,746,565	2,298,346	2,451,645

Capital and reserves

Called up share capital	390,173	372,173	390,173
Share premium account	2,100,396	2,026,396	2,100,396
Profit and loss account	1,283,996	(100,223)	(38,924)
Equity shareholders' funds	3,774,565	2,298,346	2,451,645

CASH FLOW STATEMENT

	6 months ended 31 March 2011 Unaudited £	6 months ended 31 March 2010 Unaudited £	Year ended 30 September 2010 Audited £
Net cash inflow from operating activities	740,926	513,713	333,851
Returns on investment and servicing of finance:			
Interest receivable	469	3,682	8,083
Interest payable	(1,837)	(9,853)	(18,063)
	(1,368)	(6,171)	(9,980)
Taxation recovered/(paid)	9,490	-	(9,490)
	9,490	-	(9,490)
Financing:			
Issue of new shares	-	-	92,000
Short term loan repaid	-	-	(100,000)
	-	-	(8,000)
Increase in cash in the period	749,048	507,542	306,381
Opening cash balance brought forward		-	-
Net debt brought forward	(341,509)	(747,890)	(647,890)
Closing cash balance/(net debt)	407,539	(240,348)	(341,509)

MOVEMENT ON EQUITY SHAREHOLDERS' FUNDS

	6 months ended 31 March 2011 Unaudited £	6 months ended 31 March 2010 Unaudited £	Year ended 30 September 2010 Audited £
Total recognised profits/(loss) relating to the period	1,322,920	(100,276)	(38,977)
Shares issued	-	-	92,000
Increase/(decrease) in shareholders' funds	1,322,920	(100,276)	53,023
Opening shareholders' funds	2,451,645	2,398,622	2,398,622
Closing shareholders' funds	3,774,565	2,298,346	2,451,645

INTERIM REPORT NOTES

1. Interim report

The information relating to the six month periods to 31 March 2010 and 31 March 2011 is unaudited.

The information relating to the year ended 30 September 2010 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 2010, 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 2011.

The Company's investments at 31 March 2011 are valued at the lower of cost or the valuation adopted at 30 September 2010 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 2011.

3. Earnings per share

	6 months ended 31 March 2011 Unaudited £	6 months ended 31 March 2010 Unaudited £	Year ended 30 September 2010 Audited £
These have been calculated on a profit/(loss) of:	1,322,920	(100,276)	(38,977)
The weighted average number of shares used was:	36,717,259	34,917,259	35,193,423
Basic profit/(loss) per share:	3.6 pence	(0.29) pence	(0.11) pence
The weighted average number of shares and outstanding options used was:	40,492,259	40,492,259	40,492,259
Fully diluted profit/(loss) per share:	3.3 pence	(0.25) pence	(0.11) pence

INVESTMENT PORTFOLIO

Starvest now holds trade investments in the companies listed below; of these the following nine companies comprised 85% of the portfolio value as at 31 March 2011:

- ★ **Oracle Coalfields plc** Coal mining in Pakistan
www.oraclecoalfields.com

- ★ **Regency Mines plc** Copper & nickel exploration in Australia and Papua New Guinea and investments in Red Rock Resources plc and Oracle Coalfields plc
www.regency-mines.com

- ★ **Kefi Minerals plc** Gold and copper exploration in Turkey and Saudi Arabia
www.kefi-minerals.com

- ★ **Beowulf Mining plc** Iron ore, gold, copper and uranium exploration in Sweden
www.beowulfmining.com

- ★ **Red Rock Resources plc** Iron ore and manganese exploration in Australia, Greenland and Zambia; gold exploration in Kenya and Columbia with investments in other companies
www.rrrplc.com

- ★ **Ariana Resources plc** Gold exploration in Turkey
www.arianaresources.com

- ★ **Sheba Exploration (UK) plc** Gold exploration in Ethiopia
www.shebagold.com

- ★ **Greatland Gold plc** Gold exploration in Western Australia and Tasmania
www.greatlandgold.com

- ★ **Sunrise Resources plc** Mineral exploration in Finland, Australia and Ireland
www.sunriseresourcesplc.com

Other direct and indirect mineral exploration companies:

- ★ **Equity Resources plc** Investment holding company with interests in Regency Mines plc and Red Rock Resources plc

- ★ **Belmore Resources (Holdings) plc** Zinc exploration in Ireland
www.belmoreresources.com

- ★ **Alba Mineral Resources plc** Nickel, uranium & gold in Scotland, Mauritania, Sweden and Ireland
www.albamineralresources.com

- ★ **Minera IRL Limited** Gold exploration in South America
formerly Hidefield Gold plc
www.minera-irl.com

- ★ **Gippsland Limited** Tantalum exploration in Egypt
www.gippslandltd.com.au

- ★ **International Mining & Infrastructure Corporation plc** Investment holding company
formerly India Star Energy plc
www.imicplc.com

Other investee companies are listed in the Company's 2010 annual report available on request.

COMPANY INFORMATION



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LISTING

Alternative Investment Market
of the London Stock Exchange
(AIM)

Ticker: SVE

Traded on PLUS

WEBSITE

Register for email alerts at
www.starvest.co.uk – updated
regularly to provide information
as it is released to the market.