

Half-year report – six months ended 31 March 2012

Chairman's statement

I am pleased to provide a portfolio valuation update as at 31 March 2012, the interim financial statements for the six months ended on 31 March 2012 and a commentary on the progress made during the period.

Investment performance

As I indicated in my annual report last October, 2010 was a year of two parts: from a high valuation point at the end of 2010, the portfolio saw a steady decline in the following nine months to 30 September 2011. This steady decline has continued to date.

The decline has been across our portfolio. Our nine leading stocks have all fallen during the period, some to below cost. This is disappointing, although not entirely unexpected given the challenging conditions in world markets.

We remain encouraged that each of the leading investee companies remain active and continue to develop their projects. We believe that these projects will translate into improved share prices and therefore into improved asset valuations but that it is currently advisable to take a long term view on these developments.

In summary:

- Company net asset value has fallen to £4.98m;
- Starvest's mid share price has fallen to 10.0 pence;
- Closing net asset value of 13.3 pence per share;
- Mid share price on 31 March 2012 had a discount to net asset value of 25%;
- There were no investment sales during the period.

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 £430,000 at 31 March 2012 (2011: £1.08m). Adjusting for this discount, the full value based on bid prices was 14.48 pence per share leading to a share price discount of 31%.

Company statistics

	31 March 2012	31 December 2011	30 September 2011	31 March 2011
Trading portfolio value	£4.31m	£4.75m	£5.47m	£10.03m
Company asset value net of debt	£4.98m	£5.42m	£6.62m	£10.10m
Net asset value – fully diluted per share	13.33 pence	14.6 pence	17.57 pence	26.16 pence
Share price - mid	10.00 pence	12.00 pence	13.00 pence	11.75 pence
Share price discount to fully diluted net asset value	25%	17%	26%	Premium 9%
Market capitalisation	£3.71m	£4.1m	£4.77m	£4.1m

Portfolio comment

During the period, Starvest added to its investment in Ariana Resources plc by exercising an option. Otherwise, there were no purchases during the period.

Starvest's largest investments, comprising 86% of the declared valuation, in order of size were:

- Oracle Coalfields plc
- Ariana Resources plc
- Regency Mines plc
- Kefi Minerals plc
- Centamin plc
- Beowulf Mining plc
- Red Rock Resources plc
- Greatland Gold plc



- Sunrise Resources plc

Since the period end, the Company has supported a fundraising by Alba Mineral Resources plc and agreed to support two new exploration ventures both of which intend to seek admission to PLUS Markets.

Other points of note during the half year

The cautious basis of valuation has resulted in further impairments at the interim stage amounting to £237,000 net. Adding the overheads and taking credit for net interest results in a loss before taxation of £342,651 and a loss after taxation of £253,651 or 0.6 pence per share.

Dividend payments

A year ago, we announced the resumption of a dividend payment. In view of the more challenging conditions which currently prevail, the Board has decided to defer the announcement of a dividend for the current year until conditions improve but most likely until the year end.

In early July, the Company expects to announce an update to the net asset value as at 30 June 2012.

R Bruce Rowan

Chairman & Chief Executive

18 April 2012



Profit & loss account

	6 months to 31 March 2012	6 months to 31 March 2011	Year ended 30 September 2011
	Unaudited £	Unaudited £	Audited £
Operating income	-	1,324,020	3,788,942
Direct costs	-	(234,241)	(629,896)
Gross profit	-	1,089,779	3,159,046
Administrative expenses	(113,040)	(88,791)	(228,799)
Amounts written off trade investments	(301,523)	(35,198)	(399,799)
Amounts written back to trade investments	64,249	848,498	295,075
Operating profit/(loss) on ordinary activities	(350,314)	1,814,288	2,825,523
Interest receivable	7,663	469	1,877
Interest payable	-	(1,837)	(1,837)
Profit/(loss) on ordinary activities before taxation	(342,651)	1,812,920	2,825,563
Tax on profit on ordinary activities	89,000	(490,000)	(762,418)
Profit/(loss) on ordinary activities after taxation	(253,651)	1,322,920	2,063,145
Earnings/(loss) per share – see note 3			
Basic	(0.6) pence	3.6 pence	5.6 pence
Fully diluted	(0.6) pence	3.3 pence	5.1 pence



Balance sheet

	6 months ended 31 March 2012	6 months ended 31 March 2011	Year ended 30 September 2011
	Unaudited £	Unaudited £	Audited £
Current assets			
Debtors	102,614	208,822	27,710
Trading investments	3,231,485	3,681,164	3,368,759
Cash at bank and in hand	1,488,275	407,539	1,893,536
	4,822,374	4,297,525	5,290,005
Creditors - amounts falling due within one year			
Other creditors	(814,614)	(522,960)	(867,008)
Net current assets	4,007,760	3,774,565	4,422,997
Share capital and reserves			
Called up share capital	394,173	390,173	390,173
Share premium account	2,118,396	2,100,396	2,100,396
Profit and loss account	1,495,191	1,283,996	1,932,428
Equity shareholders' funds	4,007,760	3,774,565	4,422,997



Cash flow statement

	6 months ended 31 March 2012	6 months ended 31 March 2011	Year ended 30 September 2011
	Unaudited £	Unaudited £	Audited £
Net cash (outflow)/inflow from operating activities	(251,338)	740,926	2,317,308
Returns on investment and servicing of finance:			
Interest receivable	7,663	469	1,877
Interest payable	-	(1,837)	(1,837)
	7,663	(1,368)	40
Taxation recovered	-	9,490	9,490
Dividend paid	(183,586)	-	(91,793)
Financing:			
Issue of new shares	22,000	-	-
	22,000	-	-
Increase/(decrease) in cash in the period	(405,261)	749,048	2,235,045
Opening cash balance brought forward	1,893,536	-	-
Net debt brought forward	-	(341,509)	(341,509)
Closing cash balance	1,488,275	407,539	1,893,536



Movement on equity shareholders' funds

	6 months ended 31 March 2012	6 months ended 31 March 2011	Year ended 30 September 2011
	Unaudited £	Unaudited £	Audited £
Total recognised (loss)/profits relating to the period	(253,651)	1,322,920	2,063,145
Shares issued	22,000	-	92,000
Dividends paid	(183,586)	-	(91,793)
(Decrease)/increase in shareholders' funds	(415,237)	1,322,920	1,971,352
Opening shareholders' funds	4,422,997	2,451,645	2,451,645
Closing shareholders' funds	4,007,760	3,774,565	4,422,997



Interim report notes

1. Interim report

The information relating to the six month periods to 31 March 2012 and 31 March 2011 is unaudited.

The information relating to the year ended 30 September 2011 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 2011, 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 2012.

The Company's investments at 31 March 2012 are valued at the lower of cost or the valuation adopted at 30 September 2011 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 2012.

3. Earnings per share

	6 months ended 31 March 2012 Unaudited £	6 months ended 31 March 2011 Unaudited £	Year ended 30 September 2011 Audited £
These have been calculated on a profit/(loss) of:	(253,651)	1,322,920	2,063,145
The weighted average number of shares used was:	36,818,358	36,717,259	36,717,259
Basic profit/(loss) per share:	(0.69) pence	3.6 pence	5.6 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:	(0.63) pence	3.3 pence	5.1 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 2012:

- 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
- Centamin plc *Gold exploration and mining in Egypt*
www.centamin.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*
- Alba Mineral Resources plc *Nickel, uranium & gold in Scotland, Mauritania, Sweden and Ireland*
www.albamineralresources.com
- Minera IRL Limited *Gold exploration in South America*
www.minera-irl.com
- Gippsland Limited *Tantalum exploration in Egypt*
www.gippslandltd.com.au
- International Mining & Infrastructure Corporation plc *Investment holding company*
www.imicplc.com

Other investee companies are listed in the Company's 2011 annual report available on request as below.

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, 55 Gower Street, London WC1E 6HQ, by email to email@starvest.co.uk or from the Company's website at www.starvest.co.uk.

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