27 June 2008

BLUE STAR CAPITAL PLC

('Blue Star' or 'the Company')

Interim Results for the six months ended 31 March 2008

Blue Star Capital plc (AIM: BLU), the Company created to provide seed capital for early stage companies, presents its interim results for the period ended 31 March 2008.

Highlights

- Substantially reduced its loss before tax to £213,207 compared with £1,516,058 for the same period last year
- Balance sheet remains strong with net assets of £5,470,750 of which £1,224,331 is in cash
- Completed strategic review to focus future investment in unquoted companies within the Homeland Security Industry sector

Nigel Robertson, Blue Star's Chairman, said:

"Our existing portfolio of investments are performing well but following a strategic review and in the light of the changed regulatory environment we have decided to focus our future investments on predominately unquoted companies in the rapidly growing Homeland Security Industry. We therefore intend, subject to shareholder approval, to unwind our investments in our current portfolio and use the capital to invest in this attractive sector which we believe, will, over the next few years offer substantial opportunities for excellent capital growth."

For further information:

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Blue Star Capital plc

Extract from the Chairman's Statement

I am pleased to report Blue Star Capital's interim results for the six month period ended 31 March 2008. These interim statements for the six months ended 31 March 2008 are the first that the Company has prepared under International Financial Reporting Standards ('IFRS') and include reconciliations to the previously reported numbers prepared under United Kingdom Generally Accepted Accounting Principles ('UK GAAP'). The Company has reduced its losses before tax to £213,207 from £1,516,058 in the previous corresponding period. As at 31 March, the net assets of the Company stood at £5,470,750 of which £1,224,741 was held in cash. Administration costs have also been reduced to £164,320 from £247,331 incurred in the six months to 31 March 2007. The loss per share in the period amounted to 0.2p per share versus 1.4p in the same period last year.

Following a strategic review and in light of the changed regulatory environment, the Board has proposed that Blue Star Capital shifts its strategic emphasis to investing in predominantly unquoted companies within the Homeland Security Industry ("HSI") sector in which it currently has one investment, in The PegasusBridge Defence & Security Fund Limited, the "Fund". To this end, the Board proposes that it works closely with Guernsey-based PegasusBridge Fund Management Limited ("PegasusBridge", ("the Fund Manager"), a specialist in the HSI market which manages the Fund.

The HSI sector encompasses major multi-billion dollar markets based on products and technologies derived from the defence industry and applied to homeland security. Areas in which such technologies are utilised include detection, identification, screening and location, materials, sensors, communications, electronics, and computing. It is one of the fastest growing sectors and the HSI market is predicted by Washington based market research organisation, Homeland Security Research Corporation, to grow to $120bn by 2011 in the USA alone with $28.5bn cumulatively being procured by the US Private Sector during 2007-2011. This is expected to lead to significant business opportunities for those companies addressing this sector as well as for funds investing therein.

PegasusBridge manages The PegasusBridge Defence & Security Fund Limited ("the Fund"), Europe's first HSI fund, in which Blue Star Capital invested £300,000 in late 2007. The Fund is able to invest in both unquoted and quoted investments. The Fund has a strong management team, board of directors and advisory board as well as a network of prominent industry advisers and specialists delivering an unparalleled level of experience in HSI, industrial, investment and fund management. Further information can be found on the PegasusBridge website (www.pegasusbridgefund.com). The Fund is effectively positioned to exploit significant opportunities in the HSI sector, not least because of the significantly increased spending in this area by key Government agencies in the USA, UK and other countries but also because it is the first and only current fund specifically to target the UK and mainland Europe. A key part of the Fund's strategy is to invest in those companies whose technology offerings are particularly attractive to the civilian sector and which therefore offer a wider and more mainstream set of exit opportunities.

In summary, the Fund has been established to enable its investors to achieve significant capital growth by:

- Investing in a portfolio of unquoted and some quoted high growth-oriented companies;

- exploiting HSI technologies primarily in the UK, but also mainland Europe, Scandinavia, USA and elsewhere in the developed world;

- targeting companies and business propositions that have good prospects of achieving significantly enhanced valuations through acquisitions or initial public offerings;

- targeting technologies that have an HSI focus but with significant cross-sectoral civilian applications as well as attractive valuations, strong, focused management and products with proven potential and revenues;

- and drawing upon the diversified skills and experience of the board of directors of the Fund Manager.

The Board proposes to further the Company's investment in the high capital growth area of HSI to the benefit of its shareholders by investing in the Fund as and when capital is realised via the unwinding of Blue Star Capital's current portfolio of investments ("the Proposal"). Under the Proposal, PegasusBridge would ultimately effectively manage the Company's assets. Provided that the Proposal is approved at a general meeting of the Company on 3 July 2008 ("the GM"), Dr Richard Leaver, CEO of PegasusBridge will be appointed as a director of Blue Star Capital and Haresh Kanabar, the current CEO of Blue Star Capital, will stand down on 30 July 2008. I will remain on the Board as Chairman. This proposal will be voted on at the Company's general meeting.

I have set out below an update on the portfolio of investments that Blue Star has made.

The PegasusBridge Defence & Security Fund Limited
The Fund has made four unquoted UK company investments since October 2007. Each of the companies is characterised by a strong management team, revenues from international markets and protectable intellectual property. Whilst the companies have roots in the defence and security sector, they each have extensive reach into civilian areas which fulfil the dual criteria set by the Fund and offer a wider range of exit opportunities anticipated in the next two to three years.

Radiation Watch Limited (www.radiation-watch.com) has developed directly coupled substrate technology to enable radiological detection and measurement in four major growth markets: Homeland Security Defence, Health Physics, Instrumentation and Environmental Monitoring. Its technology enables the efficient solid-state measurement of radiation detection, dose measurement and isotope identification both for its family of stand-alone portable devices and networked devices.

Cambridge-based Zimiti Limited (www.zimiti.com) is developing portable and robust wireless access control solutions for monitoring and control of security systems including electronic locks based upon its patented wireless technology platform. The company was rebranded as Zimiti from award-winning product company, Boardbug, which developed and brought to market a wristwatch child-monitoring device in 2004/5.

OmniPerception (www.omniperception.com) is a SETsquared Partnership (www.setsquaredpartnership.co.uk) company which has successfully commercialised world leading research from the University of Surrey's Centre for Vision, Speech and Signal Processing led by Professor Josef Kittler. It has developed unique face biometrics technology for computer vision including applications such as secure access, machine-readable travel documents, identification and personalisation. This software is unique in that it can be deployed not just in security applications including the Police services but also in civilian areas including social networking and broadcast, as well as variants which allow automatic logo brand recognition and quantification in video imagery for high value advertising tracking.

Pedagog Limited (www.pedagog.com) has developed cost effective SIM-enabled camera technology using mobile phone networks to create real-time video interaction via a middleware platform with simple setup. It offers both security solutions for commercial and private users at all levels including videoconference as well as the opportunity to establish a social network platform with live video.

The Fund continues to evaluate and progress a strong range of incoming dealflow.

Gasol

In early April Gasol announced the successful placing of 50,000,000 ordinary shares with new and existing institutional investors at 8 pence raising £4 million, before fees and expenses. The proceeds, to be used for general working capital, will contribute to the on-going assessment of a number of LNG related opportunities in the Gulf of Guinea.

On 18 April 2008 Gasol announced that it is currently in discussions regarding the potential exercise of its option to acquire the balance of 80 per cent of the issued share capital of African LNG Holdings Ltd ('AfLNG'), the LNG project company in which Gasol currently owns 20 per cent.

The proposed acquisition of 80% of African LNG is to be satisfied by the issue of 623,067,064 new fully paid Gasol shares ('Consideration Shares') which will be issued on completion of the Acquisition. The Consideration Shares will represent approximately 75 per cent. of Gasol's enlarged share capital.

Gasol on 2 June published its re-admission document and circular ('Admission Document') in respect of the proposed acquisition from African Gas Development Corporation Limited ('AFGAS') of 80 per cent. of African LNG the project company of which Gasol currently owns 20 per cent.

African LNG brings a combination of business opportunities at various stages of development, relationships and an experienced management team with significant experience in the oil and gas industry and liquefied natural gas ('LNG') in Africa.

Zenergy

Zenergy was created by the opportunistic consolidation of three pioneers in the field of high-temperature superconductivity, Germany based Trithor GmbH (`Trithor'), SC Power Systems, Inc. (`SC Power') in the USA and Australian Superconductors Pty Limited (`Australian Superconductors'). This amalgamation was achieved with great success and with a level of harmonious efficiency only conferred in instances where the merging assets are highly complementary and the end market opportunities so sizable. As a result, the Group owns and employs a portfolio of proprietary patents for HTS materials and is poised to expeditiously commercialise a number of ground-breaking energy products into a variety of global markets.

Zenergy is accelerating towards its goal of commercialising the innovative electrical properties of its core HTS technology. The many years of investment, development and industry relationship building that pre-date its listing are fast reaching fruition through a growing number of highly progressive and demanding commercial arrangements, which themselves are fostering further opportunities for Zenergy.

Zenergy has enjoyed a continual stream of successes across all of its product development and industrialisation activities, dominated by the world's first ever commercial sale, in September of 2007, of an industrial scale HTS metal billet heater to be delivered in 2008. This was a watershed achievement for both Zenergy and the HTS industry as a whole, particularly when it considers that HTS materials were first discovered in 1987.

In March Zenergy announced its Commercialisation Roadmap across its product range.

1) Induction Heater:

The landmark initial commercial sale in the period marked the emergence of its first fully developed industrial HTS product, and in 2008 it will look to build its order book for the Group's HTS induction heater products, most significantly it will aim to win new customers from a variety of geographical locations securing the Group not only commercial revenues but also growing acceptance of its ground-breaking technology.

2) Fault Current Limiter:

Further to the technical progress made in building and testing its medium-voltage HTS FCL, it also received a significant amount of government support during the period to progress and accelerate this technology, it are accordingly on course to be the first ever company to install a full scale HTS FCL into the U.S. Power grid. Indeed, since its year end it has been contracted to deliver detailed technical analysis of its HTS FCL to Consolidated Edison in New York for work being carried out on behalf of the U.S. Department of Homeland Security.

In 2008 it expects to continue to build on the opportunities represented by its involvement with the U.S. Department of Homeland Security and the U.S. Department of Energy and most significantly expect to deliver a fully developed medium-voltage HTS FCL to Southern Californian Edison for installation into the U.S. Power grid.

3) Renewable energy:

During 2008 it expect to further its work with Converteam in developing a range of highly efficient renewable Power generators, this will include its ground-breaking hydro project with E.ON AG, as well as the development work being carried out within the UK Department for Business, Enterprise and Regulatory Reform project. It expects to deliver to Converteam the first set of full scale HTS coils which will be used to power their generators.

Throughout 2007 and in the first few months of 2008, Zenergy has continued to experience ever increasing levels of commercial interest in its technology and products. Unlike many other companies in emerging technology markets it is experiencing a growing level of commercial engagements and commitment from both end-customers and government legislators.

Black Raven Properties

Black Raven and its quasi-subsidiary White Raven Capital Partners (White Raven), continue to pursue the main aim of investing in residential development projects in or near Lisbon in Portugal.

We have previously reported that Black Raven’s interests in two participation agreements had been transferred to White Raven, which is a Portuguese Closed End Real Estate Investment Fund, in January 2007. Debt finance for the conversion of one of these properties into luxury apartments was secured through White Raven and it is anticipated that these will be completed later this year. The works are already well advanced and sales are being planned by White Raven which will release cash back to Black Raven after the repayment of bank debt.

A decision regarding commencement of the second project in White Raven will be taken later this year. New opportunities are being investigated and decisions regarding their pursuit are being considered by the board. Further equity capital was raised during the year which, after related costs, raised £2,124,041.

Despite difficult conditions in property markets across Europe Black Raven remains confident that its existing investments are sound and that returns will be generated through existing and future opportunities.

Venteco

2007 was a transformational year for Venteco. Revenues increased by £4.21m to £4.45m (£0.24m in 2006) reflecting Venteco's increasing penetration, through the two acquisitions, of the non-toxic pest control market globally. Having recognised its market opportunity in international pest control, Venteco successfully incorporated two acquisitions whilst reviewing several new prospects.

Interest in Cryonite remains high. However, Venteco experienced distribution and marketing problems, resulting in a much slower than anticipated deployment of its Cryonite technology, and poor weather conditions impacted on the demand for Silvandersson's products.

Pest control remains a long-term growth market. Indeed, the pace of expansion of the industrialised world suggests that the underlying rate must now be well in excess of the 5% to 10% range generally quoted by industry specialists. Operating in a sector that is widely recognised for its lack of innovation, this opens important and significant opportunities for Venteco.

Public and professional interest in Cryonite technology remains very high. In order to achieve 2007's targeted deployment however, Venteco needed (i) distribution and franchise arrangements to work in harmony, and (ii) an exceptional level of product reliability. As the year progressed, problems in both of these areas became apparent and unit deployment fell well short of target.

The two acquisitions of Silvandersson and SIK Valiguard will provide a platform on which it will build its innovative approach to non-toxic and environmentally friendly pest control.

Government and industry attitudes now tend toward policies of greater social responsibility, while an ever more 'ecologically-aware' public is becoming increasingly reluctant to use toxins where alternative or 'green' solutions already exist. Venteco's products and technologies provide an alternative treatment and 'green solution' to the problem of pest control. Market opportunities for such a solution are plentiful and can be found in hospitals, food producers, pharmaceutical companies, hotels and restaurants, through to general kitchen locations and the retail market.

Although Cryonite is the Venteco’s core technology, its business plan is based on the concept of becoming a 'complete solution supplier' to the international non-toxic pest control market. Operating in an exceptionally fragmented business landscape, Venteco is able to identify a number of potential 'bolt on' targets that are complementary in terms of geography, product offering, client base and technology.

Eseekers

Eseekers LTD (ShareNow.com) the developers of the innovative internet self-publishing file-sharing application has successfully completed a US$4 million fund raising that values Eseekers LTD at US$40 million, an increase of 166% on the previous valuation. Blue Star has, up to this point, invested GBP300,000 and owns 3.54% of the company valuing its shareholding after the fund-raising at US$1.41 million. ShareNow enables a registered user to instantly share any files and of any size on their computer with anyone else on the web - without the need to have to upload them to anyone's servers, in essence, the user remains in control and ownership of their media. This is a key differential advantage in establishing ShareNow as a leading social networking site in a sector that is rapidly growing.

Medcentre

Medcentre continues its focus on the 15 most important pharmaceutical customers enabling it to provide a deeper level of attention and service to our major clients resulting in increased revenues and stronger gross margins. It is looking to:

- expand its nascent operations initially in Spain and then in Iberia more broadly;

- use the strong demand for access to both the Latin American and North American Hispanic markets as leverage with which to establish strategic partnerships or other relationships with leading online health sector companies and/or international advertising and marketing groups;

- preserve and nurture our core existing assets including our talented personnel, our formal relationships with medical associations, societies, universities and colleges throughout Latin America, our extensive physician community and medical content databases.

Medcenter announced a strategic collaboration with Web MD ('Web MD' Nasdaq: WBMD) to create and launch a new portal in conjunction with its subsidiary, Medscape ('the Web MD Transaction'). Although it operates only from within the United States and enjoys a 90% share of the online continuing medical education market in the US, Web MD is the leading provider of healthcare information services around the globe. Medcenter was identified by Web MD as the group with whom it wanted to collaborate for its first overseas expansion. Accordingly, Medcenter was appointed to act as Web MD's exclusive partner with respect to Latin America and Iberia.

The www.medcenter.com/medscape portal combines Medscape's content with Medcenter's relationships with physicians and medical societies in order to provide news feeds, disease resource centres, the latest medical conference coverage and continuing medical education (CME) on a specialty-specific basis. Within two months, Medcenter launched the www.medcenter.com/medscape portal, as well as the eight underlying sub-portals that customise content and language for localised conditions in individual countries.

Indian Restaurants Group

The Company announced the proposed acquisition of Mela Group of Restaurants and this transaction was approved its Shareholders on the 25th of February 2008. The revised strategy of this company is to create a leading branded chain of Indian Restaurants providing authentic Indian food. The goal is embark upon a realistic rollout programme predominately focused in the London/M25 geography subject to market conditions and site profitability. Clearly, with the widely publicised pressure on the UK economy and subsequent impact on consumer spending they are taking a cautious view on expansion, with a strong focus on not just the site viability, but also potential site premiums and rent.

Following the acquisition, the focus has been to review the strategic positioning of both Mela Restaurant and Chowki Restaurant so that they can refine the concepts with respect to a number of areas. The goal of this review is to build upon the success of both concepts, so that they can establish a leadership position in a very large but highly fragmented sector. The company is also developing a range of promotional campaigns that drive additional revenue into the existing units and are attaching a stronger focus on this aspect, as clearly the UK consumer is facing probably the most demanding period since the 1990's.

A short-list of potential sites expansion has been finalised with significant negotiations. The expansion initially will be focused to the London/M25 area and also ensuring that we optimise our negotiation position with respect to new site openings (i.e. good will, rent and refurbishment costs). As the economic climate has rapidly deteriorated since the acquisition, further rigour is being applied to the financial aspects to potential site expansion. This cautious approach will help improve the payback period and profitability of potential new sites.

Outlook

Following on from the strategic review the board is of the view that the homeland security space has the potential to deliver a good return for shareholders.

Nigel Robertson
Chairman

27 June 2008

Blue Star Capital plc
Income Statement
for the six months ended 31 March 2008

	Note	Unaudited 6 months ended 31 March 2008 £	Unaudited 6 months ended 31 March 2007 £	Unaudited Year ended 30 September 2007 £
Gain/(loss) from disposal of investments held for trading		892	(298,635)	379,418
Net income/(loss) from trading activities		892	(298,635)	379,418
Administrative expenses		(164,320)	(247,331)	(463,894)
Loss from operations		(163,428)	(545,966)	(84,476)
Fair value losses on investments held for trading		(85,551)	(995,968)	(860,710)
Finance income		35,772	25,876	57,109
Loss before taxation		(213,207)	(1,516,058)	(888,077)
Taxation		-	-	-
Loss for the period		(213,207)	(1,516,058)	(888,077)
Loss per ordinary share				
Basic and diluted loss per share	4	(0.2p)	(1.4p)	(0.8p)

All losses for the period are attributable to equity shareholders of the company.

Blue Star Capital plc
Balance Sheet
at 31 March 2008

	Note	Unaudited 31 March 2008 £	Unaudited 31 March 2007 £	Unaudited 30 September 2007 £
Non-current assets				
Property, plant and equipment		-	2,581	-
Current assets				
Investments – held for trading		4,362,598	4,050,376	4,244,749
Cash and cash equivalents	6	1,224,741	1,001,239	1,135,479
Trade and other receivables		29,322	132,909	423,009
Total current assets		5,616,661	5,184,524	5,802,237
Total assets		5,616,661	5,187,105	5,803,237
Liabilities				
Current liabilities				
Trade and other payables		(145,911)	(131,129)	(119,280)
Total liabilities		(145,911)	(131,129)	(119,280)
Net Assets		5,470,750	5,055,976	5,683,957
Equity				
Share capital		105,500	105,500	105,500
Share premium account		5,032,525	5,032,525	5,032,525
Retained earnings		332,725	(82,049)	545,932
Equity attributable to equity holders of the parent		5,470,750	5,055,976	5,683,957

Blue Star Capital plc
Statement of changes in equity
at 31 March 2008

	Share capital – equity £	Share premium £	Retained earnings £	Total £
Year ended 30 September 2007				
At 1 October 2006	105,500	5,032,525	1,434,009	6,572,034
Profit for the year	-	-	(888,077)	(888,077)
At 30 September 2007	105,500	5,032,525	545,932	5,683,957
Six months ended 31 March 2007				
At 1 October 2006	105,500	5,032,525	1,434,009	6,572,034
Profit for the period	-	-	(1,516,058)	(1,516,058)
At 31 March 2007	105,500	5,032,525	(82,049)	5,055,976
Six months ended 31 March 2008				
At 30 September 2007	105,500	5,032,525	545,932	5,683,957
Profit for the period	-	-	(213,207)	(213,207)
At 31 March 2008	105,500	5,032,525	332,725	5,470,750

Blue Star Capital plc
Cash Flow Statement
for the six months ended 31 March 2008

	Note	Unaudited 6 months ended 31 March 2008 £	Unaudited 6 months ended 31 March 2007 £	Unaudited Year ended 30 September 2007 £
Net cash absorbed by operating activities	6(a)	255,999	(319,075)	(835,006)
Investing activities				
Interest received		35,772	25,876	57,109
Net cash used in investing activities		35,772	25,876	57,109
Investing activities				
Investments acquired		(300,000)	(150,000)	(209,115)
Investments disposed		97,491	322,272	1,000,325
Cash flows from investing activities		(202,509)	172,272	791,210
Net increase in cash and cash equivalents		89,262	(120,927)	13,313
Cash and cash equivalents at beginning of period	6(b)	1,135,479	1,122,166	1,122,166
Cash and cash equivalents at end of period	6(b)	1,224,741	1,001,239	1,135,479

Blue Star Capital plc
Notes to the interim statement
for the six months ended 31 March 2008

1. Basis of preparation

The AIM Rules for Companies require that the annual financial statements of the company for the year ending 30 September 2008 be prepared in accordance with International Financial Reporting Standards adopted for use in the European Union ("EU") ("IFRS").

Consequently these interim financial statements has been prepared on the basis of the recognition and measurement requirements of IFRS in issue that are either endorsed by the EU and effective (or available for early adoption) at 30 September 2008, the group's first annual reporting date at which it is required to use IFRS. Based on these IFRS, the directors have made assumptions about the accounting policies expected to be applied when the first annual IFRS financial statements are prepared for the year ending 30 September 2008.

IAS 34 "Interim financial reporting" has not been adopted early.

An explanation of how the transition to IFRS has affected the reported financial position and financial performance of the Company is included within note 15. This includes reconciliations of equity and profit or loss for the comparative periods under UK Generally Accepted Accounting Practice ("UK GAAP") to those reported for the periods under IFRS.

The preparation of the interim statement requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

This interim statement has been prepared under the historical cost convention.

This interim statement is unaudited. The comparatives for the full year ended 30 September 2007 are not the Company's statutory accounts for that year as they are restated under IFRS. A copy of the statutory accounts for that year, which were prepared under UK GAAP, has been delivered to the Registrar of Companies.

The auditor's report on those accounts was unqualified, did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their report and did not contain a statement under Section 237(2)-(3) of the Companies Act 1985.

2. Significant accounting policies

Basis of accounting

The significant accounting policies that the Company has applied to its financial statements for the six months ended 31 March 2007 and which it expects to apply in its full financial statements for the year ending 30 September 2008 are set out below:

Foreign currencies

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

Financial instruments
The Company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are recognised on the balance sheet at fair value when the Company becomes a party to the contractual provisions of the instrument.

Investments
Investments are recognised and derecognised on a trade date where a purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at cost, including transaction costs.

Investments are classified as held-for-trading and are measured at subsequent reporting dates at fair value. Where securities are held for trading purposes, gains and losses arising from changes in fair value are included in net profit or loss for the period.

Trade receivables
Trade receivables are stated at their amortised cost as reduced by appropriate allowances for estimated irrecoverable amounts.

Trade payables
Trade payables are stated at their amortised cost.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. The group considers all highly liquid investments with original maturity dates of three months or less to be cash equivalents.

Provisions
Provisions are recognised when the group has a present obligation as a result of a past event, and it is probable that the group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

Investment income
Investment income relates to interest income, which is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

3. Critical accounting judgements and key sources of estimation uncertainty
The preparation of the financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amounts, events or actions, actual results ultimately may differ from these estimates.

The company believes that the most significant critical judgement area in the application of its accounting policies is the carrying value of the financial assets.

4. Loss per ordinary share

The calculation of a basic loss per share of 0.2 pence (31 March 2007: loss of 1.4 pence , 30 September 2007: loss of 0.8 pence) is based on the loss for the period attributable to equity holders of the Blue Star Capital plc of £213,207 (31 March: loss of £1,516,058, 30 September 2007: loss of £888,077) and on the weighted average number of shares in issue during the period of 105,500,000 (31 March 2007: 105,500,000, 30 September 2007: 105,500,000).

Due to the loss incurred during the year, a diluted loss per share has not been disclosed as this would serve to reduce the basic loss per share.

5. Investments – held for trading

The held for trading investments relate to investments in companies listed on the AIM market of the London Stock Exchange plc and in private unquoted business. The investments are classified as current assets and are measured at their fair value at each reporting date. Changes in fair value are recorded in the Income Statement.

6. (a) Notes to the cash flow statement

Net cash absorbed by operating activities

	Unaudited 31 March 2008 £	Unaudited 31 March 2007 £	Unaudited 30 September 2007 £
Gain/(Loss) before taxation	(213,207)	(1,516,058)	(888,077)
Adjustments for:			
Investment revenues	(35,772)	(25,876)	(57,109)
Other revenues	84,659	1,294,603	481,292
Depreciation of tangible assets	-	5,023	7,605
Operating cash flows before movements in working capital	(164,320)	(242,308)	(456,289)
Increase in receivables	393,689	(79,759)	(369,861)
(Decrease)/Increase in payables	26,630	2,992	(8,856)
Net cash outflow from operations	255,999	(319,075)	(835,006)

Cash and cash equivalents (which are presented as a single class of assets on the face of the balance sheet) comprise cash at bank and other short-term highly liquid investments with a maturity of three months or less.

(b) Cash and cash equivalents

	Unaudited 31 March 2008 £	Unaudited 31 March 2007 £	Unaudited 30 September 2007 £
Cash at bank and in hand	290,223	93,395	222,665
Overdraft	(2,967)	-	(22,233)
Treasury reserve deposit	937,485	907,844	935,047
Net cash position	1,224,741	1,001,239	1,135,479

7. Events after the balance sheet date

Management are not aware of any events occurring between the balance sheet date of these interim financial statements and the date of their approval that would materially impact the information contained within in these financial statements.

8. Explanation of transition to IFRS

This is the first year that the group has presented its financial statements under IFRS. The following disclosures are required in the year of transition. The last audited financial statements under UK GAAP were for the year ended 30 September 2007 and the date of transition to IFRSs was therefore 1 October 2007.

(a) **Reconciliation of balance sheet at 1 October 2006 from UK GAAP to IFRS**

	Notes	Audited UK GAAP £	Unaudited Effect of transition to IFRS £	Unaudited IFRS £
Assets				
Non-current assets				
Tangible assets		7,605	-	7,605
Investments	*(i)*	3,038,731	(3,038,731)	-
		3,046,336	(3,038,731)	7,605
Current assets				
Investments held for trading	*(i)*	-	5,517,252	5,517,252
Cash and cash equivalents		1,122,166	-	1,122,166
Trade and other receivables		53,148	-	53,148
Total current assets		1,175,314	5,517,252	6,692,566
Total assets		4,221,650	2,478,521	6,700,171
Liabilities				
Current liabilities				
Trade and other payables		128,137	-	128,137
Total liabilities		128,137	-	128,137
Net assets		4,093,513	2,478,521	6,572,034
Equity				
Share capital		105,500	-	105,500
Share premium account		5,032,525	-	5,032,525
Retained losses		(1,044,512)	2,478,521	1,434,009
Total equity		4,093,513	2,478,521	6,572,034

(b) **Reconciliation of balance sheet at 31 March 2007 from UK GAAP to IFRS**

	Notes	Unaudited UK GAAP £	Unaudited Effect of transition to IFRS £	Unaudited IFRS £
Non-current assets				
Tangibles		2,581	-	2,581
Investments	*(i)*	2,977,742	(2,977,742)	-
Total non-current assets		2,980,323	(2,977,742)	2,581
Current assets				
Investments held for trading	*(i)*	-	4,050,376	4,050,376
Cash and cash equivalents		1,001,239	-	1,001,239
Trade and other receivables		132,909	-	132,909
Total current assets		1,134,148	4,050,376	5,184,524
Total assets		4,114,471	1,072,634	5,187,105
Current liabilities				
Trade and other payables		131,129	-	131,129
Total liabilities		131,129	-	131,129
Net assets		3,983,342	-	5,055,976
Equity				
Share capital		105,500	-	105,500
Share premium account		5,032,525	-	5,032,525
Retained earnings		(1,154,683)	1,072,634	(82,049)
Equity attributable to equity holders of the parent		3,983,342	1,072,634	5,055,976

(c) **Reconciliation of balance sheet at 30 September 2007 from UK GAAP to IFRS**

	Notes	Audited UK GAAP £	Unaudited Effect of transition to IFRS £	Unaudited IFRS £
Assets				
Non-current assets				
Investments	*(i)*	2,790,036	(2,790,036)	-
		2,790,036	(2,790,036)	-
Current assets				
Investments held for trading	*(i)*	-	4,244,749	4,244,749
Cash and cash equivalents		1,135,479	-	1,135,479
Trade and other receivables		423,009	-	423,009
Total current assets		1,558,488	4,244,749	5,803,237
Total assets		4,348,524	1,454,713	5,803,237
Liabilities				
Current liabilities				
Trade and other payables		119,280	-	119,280
Total liabilities		119,280	-	119,280
Net assets		4,229,244	1,454,713	5,683,957
Equity				
Share capital		105,500	-	105,500
Share premium account		5,032,525	-	5,032,525
Retained earnings		(908,781)	1,454,713	545,932
Total equity		4,229,244	1,454,713	5,683,957

(d) **Reconciliation of the UK GAAP statement of profit and loss to the IFRS income statement for the 6 months ended 31 March 2007**

	Notes	**Unaudited UK GAAP £**	**Unaudited effect of transition to IFRS £**	**Unaudited IFRS £**
Loss on disposal of investments	*(i)*	-	(298,635)	(298,635)
Net loss from trading activities		-	(298,635)	(298,635)
Administrative expenses		(247,331)	-	(247,331)
Loss from operations		(247,331)	(298,635)	(545,966)
Investment revenues	*(i)*	111,284	(1,107,252)	(995,968)
Finance income		25,876	-	25,876
Loss before taxation		(110,171)	(1,405,887)	(1,516,058)
Taxation		-	-	-
Loss for the period		(110,171)	(1,405,887)	(1,516,058)

(e) **Reconciliation of the UK GAAP consolidated statement of profit and loss to the IFRS consolidated income statement for the year ended 30 September 2007**

	Notes	**Audited UK GAAP £**	**Unaudited effect of transition to IFRS £**	**Unaudited IFRS £**
(Loss)/gain from disposal of investments		(89,620)	469,038	379,418
Net (loss) / income from trading activities		(89,620)	469,038	379,418
Administrative expenses		(463,894)	-	(463,894)
Loss from operations		(553,514)	469,038	(84,476)
Investment revenues		632,135	(1,492,845)	(860,710)
Finance income		57,109	-	57,109
(Loss) / profit before taxation		135,730	(1,023,807)	(888,077)
Taxation		-	-	-
(Loss) / profit for the period		135,730	(1,023,807)	(888,077)

(f) **Notes to reconciliations explaining the transition to IFRS**

(i) Equity investments were previously recognised under UK GAAP at cost on acquisition, less any provision for impairment. Under IFRS, these investments are classified as held for trading and are recognised initially at cost and subsequently at fair value. Any gains or losses arising due to movements in the fair values of these investments are recorded directly in Income Statement.