

Blue Star Capital plc - Preliminary Results

29 March 2007

BLUE STAR CAPITAL PLC ('Blue Star' or 'the Company')

Preliminary Results for the Year ended 30 September 2006

Blue Star Capital plc (AIM: BLU), the Company created to provide seed capital for early stage companies, presents its preliminary results for the period ended 30 September 2006.

Highlights

- Participated in three new funding rounds for existing investee companies with a value of £1.05 million to support their development
- Made new investments in three companies
- Balance sheet remains strong - net assets of £4.1 million
- With £3.0 million of investments (£1.4 million 2005) and £1.1 million of cash Blue Star continues to pursue its prudent investment strategy

Nigel Robertson, Blue Star's Chairman, said:

"We have built an investment strategy based on delivering good capital growth to its shareholders. During the year we have participated in new funding rounds for existing investees, as well as investing in new companies. Our investee companies each have substantial long term growth potential which we believe have the potential to generate good returns."

For further information:

Blue Star Capital plc Tel: 020 7297 0010 Nigel Robertson, Chairman
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Extracts from the Chairman's statement and the report of the directors

In the year ended 30 September 2006, the Company recorded a loss before tax of £851,716 compared to a loss before tax of £192,796 for the 15 month period ended 30 September 2005. The loss figure in 2006 includes unrealised loss of £387,200 providing for an impairment diminution in value of fixed assets, as a result of the movements in their share price. The principal risks facing the business arise from its investments. The risks attached to each of these are explained more fully below. As at 30 September the Company had a cash balance of £1,122,166 and investments at

cost less provision for diminution in value of £3,038,731.

Blue Star has made investments across a variety of sectors including property, oil & gas, outsourcing, e-marketing and pest control as part of its strategy of providing seed and development capital to companies that have significant potential capital growth. During the year the Company made further investments as part of new funding rounds in existing investee companies Gasol £500,000, India Outsourcing Services £250,000 and Black Raven Properties £300,000. We also made some new Investments in Zenergy £482,244, Venteco £265,040 and Eseekers limited £150,000.

The year under review has seen significant activity and progress in our investee companies as shown in the following review of Blue Star's portfolio of investments.

Gasol Plc

Blue Star has a 13.9% stake in Gasol Plc (AIM: GAS) which joined AIM in March 2005 with a strategy of seeking acquisition and investment opportunities in the oil & gas sector. In September of 2006 Gasol raised a further £3 million in addition to the £4.5 million it had raised previously. In implementing its corporate strategy Gasol has made an investment in African LNG by acquiring a 20% stake with the option to purchase the remaining 80% equity.

African LNG has been established to play a significant role in the fastest growing segment of the international oil and gas sector; liquefied natural gas ('LNG'). As there is both a current and projected shortage of gas in Europe, African LNG believes it is very well positioned to help address this substantial demand through the procurement of significant new supply of LNG from West Africa.

African LNG aims to become the premier independent LNG company in the Gulf of Guinea. With more than 200 trillion cubic feet of stranded gas reserves in West Africa alone, African LNG believes that a significant opportunity exists for an independent, agile company to develop multiple LNG projects throughout the Gulf of Guinea region. To that end, African LNG is currently in various stages of development on four LNG projects in the region that are designed to provide a stable, long-term supply of gas to European and US markets.

The African LNG management team is led by Theo Oerlemans, who, during a distinguished career at the Royal Dutch Shell Group of companies, served as Chief Executive of the Nigeria LNG project, launching the first two LNG production trains of the largest capital project in Africa. The project has expanded continuously since its launch to become the largest private sector LNG Company in the world with annual cash flow of several billion dollars. In addition to heading the Nigerian LNG project, Mr Oerlemans held senior roles on the Sakhalin LNG project in Russia, the Oman LNG project and the Brunei and Malaysia LNG projects, and is considered one of the world's leading LNG professionals with a demonstrated track record in the global LNG business.

Gasol has also acquired 75% of the equity of Afgas Infrastructure Limited ('AIL'), a project management company established to support the gas infrastructure-related activities in the Gulf of Guinea region of African Gas Development Corporation, for a

cash consideration of £400,000. African Gas Development Corporation recently announced a joint venture with Sociedad Nacional de Gas, G.E.

Medcenter Holdings Inc.

Blue Star took a minority stake in the private company Medcenter Holdings Inc., a leading provider of e-marketing intelligence and relationship marketing solutions to the pharmaceutical industry, in June 2005. Medcenter's clients include a number of the world's top five pharmaceutical companies, in addition to other well-known multi-national pharmaceutical groups.

Medcenter has strengthened its management team with the appointment of Dr Paul Kelly, CEO and Raymond Land, CFO and has opened an office in New York to exploit the potential of the US market.

In July 2006, the company participated in a further fund-raising round of US\$6m for its pro rata share at a price of US\$3.80 an uplift of about 15% on the company's original investment in June 2005. New investors accounted for about 50% of the round.

India Outsourcing Services Plc

India Outsourcing Services Plc (AIM: IOS) joined AIM in December 2004. Its strategy is to seek acquisition opportunities in the Indian business processing market. It has identified and studied a number of potential transactions but as yet not completed any acquisitions. IOS raised a further £3million in February 2006 to fund its expansion plans. Blue Star has a 16% stake in IOS.

Black Raven Properties Plc

Black Raven Properties plc (AIM: BRP) joined AIM in February 2005. The Company was established to identify and pursue opportunities in the property sector. It is currently investing primarily in Portugal. Its target market is the luxury housing market, as well as, commercial development opportunities with a focus on those assets where a full planning approval is in place and a completion time frame of 1 to 3 years. Blue Star has a 13.9% stake in Black Raven.

In January 2007 Black Raven Properties plc announced that it had transferred its interests in two of its properties, Palacette Vilhenna and Bairro Alto, to White Raven Capital Partners, a Portuguese closed end property fund ('the Fund').

Palacette Vilhenna and Bairro Alto are substantial old buildings that are being converted into housing apartments in the Lisbon area. These interests were acquired by the Company in July 2006.

The price at which the transaction has been agreed is based on the average of two independent valuations which were carried out by DTZ and CB Richard Ellis on behalf of the Fund. These valuations give a total anticipated developed value of €24 million and on that basis a value of €8.1 million was agreed for the transfer of the interests in the properties. This amount gives rise to a profit of approximately €3 million to

Black Raven.

Black Raven raised £2.075 million in September 2006 and a further £0.6 million in January 2007 to fund its operations.

Venteco Plc

Venteco Plc (AIM: VTO) joined AIM in March 2006 with a strategy to invest in companies pursuing environmentally friendly pest control technologies. Venteco raised net proceeds of £3million at its flotation. In July 2006 Venteco acquired the entire issued share capital of CTS Technologies AG, a Swiss based leader in non-poisonous pest control. The consideration for the acquisition was £7.4million which was satisfied entirely by issue of Venteco shares.

CTS are a specialist in non-poisonous pest control which uses patented "Cryonite" technology to kill all life stages of insects: adults, larvae and eggs, in a poison-free and environmentally friendly manner.

Venteco Plc also acquired Silvandersons Sweden AB ('Silvandersons'), a leading manufacturer of insect glue traps for up to SEK32.5m (c. £2.38m) in cash and shares. Silvandersons, which was established in 1982, is a family-owned company specialising in the development and manufacturing of various types of glue-traps for flies and other insects. The company markets its range of high-quality and effective non-toxic pest control products to the agricultural, horticultural and pest control industries.

Eseekers Ltd (izimi.com)

Blue Star acquired, in September 2006, a minority stake in Eseekers which owns the Izimi.com portal. Izimi is an innovative web-based software company that is currently developing a peer to peer (P2P) social networking computer application. Izimi's desktop application allows users to upload an unlimited number of files to the Internet directly from their own PC - with just a simple URL. The free Izimi Internet self publishing application is the first of its kind to place no restrictions on file type, size or quality that users can share without the need for recipients of the URL to register or download any client application. The main element of Izimi, the self-publishing application, is supported by a social networking website, creating the choice for users to publish content on their own terms as well as connect with other users to promote and share content of their choice. Registered users get their own profile plus additional community features including comments, rating, adding friends, adding favourites and messaging. Any content published using the Izimi application is also available to be searched and found on the website, making <http://www.izimi.com> the world's first self-publishing social network with the widest variety of user generated content.

Izimi is being led by an exceptional management team that has substantial experience in the management of technology-based start-ups and their growth into large companies. The team includes Nigel Robertson (the Chairman of Blue Star) and Chris Chedgzoy founders of Scoot, the online classified directory, which grew into an international business with a London Stock Exchange listing. Scoot was ultimately

acquired by British Telecom.

Zenergy Plc

Zenergy Power plc (AIM: ZEN) joined AIM in August 2006. Zenergy is a specialist manufacturer and developer of commercial applications for superconductive materials. Blue Star has a minority shareholding (2.88%) in Zenergy.

Zenergy Power plc is comprised of three operating subsidiaries located in Germany, USA and Australia. All three of the Group's subsidiaries are established market participants in their respective regions in the commercialisation and development of applications for superconductive materials.

Zenergy Power recently announced an exclusive co-operation agreement with Converteam Group, an international developer of electrical energy conversion systems, to develop jointly high temperature superconductor generators.

Outlook

We have built an investment strategy based on delivering strong capital growth to its shareholders. The investee companies have substantial long term growth potential which we believe have the potential to generate good returns.

Results and dividends

The profit and loss account is set out above and shows the loss for the year. The directors do not recommend the payment of a dividend for the year.

Principal activities, review of business and future development

The principal activity of the company is to provide initial seed capital for the development of early stage companies:

- To form and fund shell companies at the founder stage, upon IPO and subsequently (if required);
- To fund operating businesses prior to IPO (or alternative exit) that offer strong growth prospects and significant opportunities for capital appreciation.

Blue Star Capital plc Profit and Loss Account for the year ended 30 September 2006

	Notes	Year ended 30 September 2006	15 month period ended 30 September 2005
Turnover		£ -	£ 75,000
Diminution in value of fixed asset investments		(387,200)	-
Other administrative expenses		(587,455)	(434,112)

Administrative expenses		(974,655)	(434,112)
Operating loss		(974,655)	(359,112)
Net interest receivable		112,427	166,316
Gains on disposal of investments		10,512	-
Loss on ordinary activities before taxation		(851,716)	(192,796)
Tax on loss on ordinary activities		-	-
Loss for the financial year		(851,716)	(192,796)
Loss per share-basic and diluted	2	(0.81p)	(0.19p)

All amounts relate to continuing activities.

All recognised gains and losses for the year ended have been included in the profit and loss account.

Blue Star Capital plc Balance sheet as at 30 September 2006

	2006 £	2005 £
Fixed assets		
Tangible assets	7,605	10,811
Investments	3,038,731	1,416,157
	3,046,336	1,426,968
Current assets		
Debtors	53,148	21,752
Cash at bank and in hand	1,122,166	3,650,065
	1,175,314	3,671,817
Creditors: amounts falling due within one year	(128,137)	(153,556)
Net current assets	1,047,177	3,518,261
Net assets	4,093,513	4,945,229
Capital and reserves		
Called up share capital	105,500	105,500
Share premium account	5,032,525	5,032,525
Profit and loss account	(1,044,512)	(192,796)
Shareholders' funds	4,093,513	4,945,229

Blue Star Capital plc Cash Flow Statement for the year ended 30 September 2006

Year ended 30 September 2006	15 month period ended 30 September 2005
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	£	£
Net cash outflow from operating activities	(635,662)	(223,428)
Returns on investments and servicing of finance		
Interest received	112,488	167,132
Interest paid	(61)	(816)

Net cash inflow from returns on investments and servicing of finance	112,427	166,316
Financial investments and capital expenditure		
Purchase of tangible fixed assets	(5,402)	(14,691)
Payments to acquire investments	(2,046,256)	(1,416,157)
Sale of investments	46,994	-

Net cash outflow from financial investments and capital expenditure	(2,004,664)	(1,430,848)

Net cash outflow before financing	(2,527,899)	(1,487,960)
Financing		
Issue of ordinary shares	-	5,600,000
Expenses paid in connection with share issues	-	(461,975)

Cash inflow from financing	-	5,138,025

(Decrease)/Increase in net cash	(2,527,899)	3,650,065

Blue Star Capital plc Notes to the financial statements

1 Accounting policies

Basis of preparation

The results have been prepared using accounting policies consistent with those used in the preparation of the statutory accounts. The financial information is derived from the financial statements for the Year ended 30 September 2006, and does not constitute full accounts within the meaning of Section 240 of the Companies Act 1985. The financial statements on which the auditors have given an unqualified report do not contain a statement under Section 237 (2) or (3) of the Companies Act and will be delivered to the Registrar of Companies in due course.

The financial statements have been prepared under the historical cost convention and in accordance with the United Kingdom, Generally Accepted Accounting Practice. The following principal accounting policies have been applied:

Fixed asset investments

In accordance with FRS 9, investments held as part of an investment portfolio are stated at cost less provision for diminution in value.

2 Loss per share

The calculation of loss per share of 0.81 pence (2005 - 0.19 pence) is based on the loss for the year of £851,716 (2005 - £192,796) and on the weighted average number of shares in issue during the year of 105,500,000 (2005 - 101,230,769).

The Annual Report will be sent to all shareholders. Additional copies are available from 22 Soho Square, London W1D 4NS.

