

**Blackstar Investors Plc**  
**(“Blackstar” or the “Company”)**

**Investment in Ferro Industrial Products (Pty) Limited**

The Board of Blackstar is pleased to announce that the Company has entered into a conditional agreement to acquire a controlling interest in Ferro Industrial Products (Pty) Limited (“Ferro”) for a total consideration of approximately £4.8 million, to be satisfied in cash. It is expected that the acquisition will be completed by the end of January 2009.

Blackstar has agreed to acquire 56% of the issued ordinary shares in Ferro from a South African financial institution for £2.6 million and to acquire certain shareholder loans in Ferro, at face value, of £2.2 million. Interest is payable by Ferro on this shareholder loan at the South African Prime rate (currently 15%) plus 3%, compounded monthly and payable semi-annually in arrears. Interest at this rate on the shareholder loans to be acquired, equates to an annual running yield receivable by Blackstar of approximately 8% on its total investment consideration of £4.8 million.

Ferro is a South African manufacturer and supplier of a specialised range of powder coatings, black and white plastic master batches as well as high quality porcelain enamels, glaze frits, glass coatings and glaze coatings used on ceramic products. Ferro has its own dedicated production facilities in South Africa for each product and its products are ISO accredited. Ferro has historically demonstrated a strong ability to generate cash flow through the business cycles. It has a strong reputation in the South African market and its brands are recognised as leaders in the industry.

For the year ended 30 June 2008, Ferro reported an operating profit of R39.4 million (£2.6 million), profit before taxation of R16.7 million (£1.1 million). Shareholders’ equity (including shareholders’ loans) as at 30 June 2008 were R132.6 million (£8.7 million) and total assets were R386.7 million (£25.4 million).

Ferro, which was established in South Africa in 1947, was originally part of Ferro Corporation, a company listed on the New York Stock Exchange. Although now a privately owned independent South African company, Ferro still maintains licensing and technology support relationships with Ferro Corporation.

Andrew Bonamour, Managing Partner of Blackstar Managers, said today:

“Ferro is a unique chemicals business within South Africa and has a strong reputation in the market and its brands are recognised as leaders in the industry. Ferro provides a diverse range of products and has significant market share in many of the sectors in which it operates. Ferro is run by a high quality and experienced management team with a solid track record. We believe that the business, which historically has produced strong cash flows, will be an excellent addition to Blackstar’s portfolio.”

**For further information, please contact:**

Blackstar Investors PLC	Andrew Bonamour	+27 11 283 0060
Collins Stewart Europe Limited	Hugh Field Adam Cowen	+44 (0) 20 7523 8350