

Blackstar Group Plc
("Blackstar")

Portfolio Company Update – Mandatory offer for Myriad Medical Holdings Limited

Introduction

Blackstar owns a 19.48% shareholding in Myriad Medical Holdings Limited ("Myriad") (after the buy back of 34 million shares by Myriad in November 2009 ("the Repurchase")). Myriad is the first fully empowered and JSE listed medical device company in South Africa.

After the Repurchase, Vermogen Medical (Pty) Ltd ("Vermogen"), Myriad's **black economic empowerment** partner, owns a 30.98% shareholding in Myriad.

In 2006, Blackstar funded Vermogen's acquisition of its shareholding in Myriad through the subscription for "A" and "B" class preference shares in Vermogen (the "Preference Shares"). Vermogen is required to redeem the Preference Shares on or before 17 January 2010, failing which Blackstar will effectively acquire control of all Vermogen's shares in Myriad.

Vermogen will not be in a position to redeem the Preference Shares and therefore Blackstar will acquire control of Vermogen's 30.26% shareholding in Myriad by no later than 17 January 2010. With Vermogen's shareholding, Blackstar would then control 49.29% of Myriad. This holding exceeds the 34.9% control threshold which, under South African regulations, would require Blackstar to make a mandatory offer for the issued shares in Myriad it would not then own.

Given these circumstances, Blackstar has agreed with the Securities Regulation Panel in South Africa that it will make a mandatory offer now for all the Myriad shares it would not own at a price of 85 cents per Myriad share, being the same price as offered to shareholders by Myriad under the recent Repurchase. This mandatory offer for Myriad was announced to the JSE by Blackstar and Myriad last night.

Irrevocable Undertakings

Myriad shareholders holding 42.38 million Myriad shares (representing 55.3% of the Myriad shares in respect of which the mandatory offer will be made) have irrevocably undertaken not to accept the Blackstar offer. The shareholders that have provided irrevocable undertakings include senior management of Myriad, Visio Capital Management (Pty) Ltd, Clucasgray Investment Management (Pty) Ltd and Flagship Private Asset Management (Pty) Ltd.

As a result of the irrevocable undertakings received by Blackstar, if the Blackstar mandatory offer is declared unconditional, the maximum consideration payable by Blackstar under the terms of the offer will be R26 million (equivalent to £2 million) in cash (which Blackstar will fund out of its own resources) and Blackstar anticipates that its maximum holding in Myriad will be approximately 69% of the shares in issue immediately after the mandatory offer and redemption of the Vermogen Preference shares.

Potential acquisition by Myriad and Prospects

Myriad had previously announced on 26 October 2009 that it was in negotiations in relation to a potential acquisition which, if successfully concluded, may have a material effect on the price of Myriad's shares.

Myriad's core business of selling medical devices, single use medical consumables and medical capital equipment, to the private and public healthcare sector have traded well for the 12 months ended 31 May 2009. The medical device sector continues to grow and remains a defensive sector. Since its listing in 2006, the revenue of Myriad has doubled and the Myriad group has consistently delivered strong growth through maintaining an entrepreneurial focus within its divisions. Blackstar believes that Myriad will continue to consolidate and rationalise the South African medical device and related healthcare sector and is supportive of that strategy.

Profit before taxation of Myriad for the twelve months ended 31 May 2009 was R31.5 million (FY to 31 May 2008: R31.0 million) and published net assets as at 31 May 2009 were R156.1 million.

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