

Blackstar Investors PLC

“Blackstar” or the “Company”

Interim results for the six months ended 30 June 2008

Investment Advisor’s statement

Highlights

- Strong overall performance in challenging markets
- Net asset value up to 134 pence per share
- Partial realisation of investment in York Timbers
- Solid platform for future growth

Introduction

South Africa has not been immune to the global market turbulence that has characterised the first half of 2008. The operating environment has changed materially over the past six months presenting Blackstar with both opportunities and challenges. Despite the economic downturn over the period under review, Blackstar’s portfolio has performed remarkably well, achieving a slight increase in the net asset value per share from 133p to 134p. Net assets rose to £101.3 million from £100.3 million. This has largely been on the back of strong performances from Mvela Resources and DCD-Dorbyl. The most significant transaction during the period under review was the disposal of half of Blackstar’s interest in York Timbers for £13 million, realising a profit of £6.8 million.

Operating review

The first half of 2008 has been characterised by upheaval in the South African economy. This has been driven by several factors namely, the global economic slowdown, the local electricity supply crunch, political uncertainty following the ANC leadership change and the ongoing crisis in Zimbabwe. Inflation hit double digit figures early in 2008 despite interest rates having increased by 450 basis points since June 2006. As a consequence of some of these factors, the South African economy is forecast to grow at between 3 and 3.5% in 2008, down from the 5.1% achieved in 2007. Fixed investment spend is set to continue, which will support the GDP growth in the current environment and should have a positive impact on Blackstar’s investments.

However despite the turmoil, Blackstar remains optimistic on the outlook for Sub-Saharan Africa and our ability to generate above average investment returns from the region. Many southern African countries are undergoing large scale infrastructure investment programmes and it is our view that the infrastructure spend directed at transport, energy, low cost housing, health and education will underpin the economies of the region. South Africa in particular is ideally positioned to be a provider of goods and services to these countries.

In the period under review income from investments was £12.8 million. This incorporates realised and unrealised gains on investments as well as fees, dividends and interest income from investments. The performance has largely been driven by Blackstar’s exposure to sectors that are benefiting from the fixed investment spend and the continued resources boom.

The investment portfolio was however impacted by the weaker South African Rand, which has come under increasing pressure, given the global financial instability and uncertainty. The Rand has depreciated by 13% against the Pound Sterling since year end and remains a key variable. Despite its volatility and vulnerability in the medium term, certain Blackstar investments are nonetheless positively disposed to a weaker Rand.

I encourage investors to read the investment portfolio review set out below.

Post balance sheet events and outlook

Blackstar continues to seek out value on a selective basis in South Africa and neighbouring markets. Our track record in identifying trends and accessing attractive investment opportunities will continue to help Blackstar grow its asset base. Furthermore, the resolution of the Zimbabwean crisis will have a positive impact and significant benefits for the region, especially South Africa.

Impala Platinum Holdings Limited recently announced that it has entered into discussions with Mvela Resources and its subsidiary Northam Platinum Limited to create a South African controlled platinum champion. Such a transaction would be positive for Blackstar’s indirect investment in Mvela Resources.

Although the short-term outlook remains tough, Blackstar is confident in the quality of its investments and their ability to withstand any turbulence in the markets.

Andrew Bonamour
Luxembourg
24 September 2008

For further information, please contact:

Blackstar Investors PLC +27 11 283 0060
Andrew Bonamour

Shore Capital and Corporate Ltd +44 20 7408 4090
Dru Danford

Investment portfolio review

Mvelaphanda Resources Limited (“Mvela Resources”)

Mvela Resources has performed remarkably well since the beginning of the year with the share price increasing from R41.50 to R64.52 at 30 June 2008, resulting in a significant increase in the value of Blackstar's investment.

The majorities of Mvela Resources and Northam Platinum Limited (“Northam”) shareholders recently passed all the ordinary and special resolutions required to implement Mvela Resources' acquisition of Anglo Platinum Limited's entire 22.2% interest in Northam and its 50% effective interest in the Booyesdal Platinum Project (“Booyesdal”) for R4 billion as well as the subsequent sale by Mvela Resources to Northam of its 100% interest in Booyesdal. The transaction was implemented on the 20 August 2008 and has resulted in Mvela Resources owning 63% and gaining control of Northam, the fifth largest global Platinum Group Metals producer.

Kulungile Metals Group (Pty) Limited (“KMG”)

KMG produced a good set of results for the year ended 29 February 2008 and is performing well above budget for the current financial year buoyed by a strong fixed investment momentum in the economy, both in the public and private sector. Forecast EBITDA for the 2009 financial year is estimated to exceed budget by almost 80% and compares favourably with the total business purchase price.

KMG is a significant steel player in South Africa and is developing a strong African footprint. In order to fund KMG's forecasted growth, KMG has entered into discussions with a South African institution to raise additional equity with the objective of strengthening KMG's balance sheet.

York Timber Organisation Limited (“York”)

Following the acquisition of Global Forest Products (“GFP”) in 2007, York released a good set of full year results for the period ended 30 June 2008 showing that significant progress has been made in integrating York and GFP. Ongoing efforts will be directed towards improving efficiencies and unlocking operational synergies.

In April 2008, Blackstar disposed of half its shareholding in York, realising £13 million and thereby recouping the majority of the costs of its investment, whilst still retaining a 10% interest in the company and reducing its concentration risk to the investment. Although York's share price has come off the highs experienced in April, the outlook remains positive.

DCD- Dorbyl (Pty) Limited (“DCD-Dorbyl”)

DCD-Dorbyl has performed well above expectations with a full order book and has produced strong results for the year ended 31 March 2008, more than doubling its budgeted EBITDA in the first year of the buyout and generating significant profits for its shareholders. The company is on target to meet its current year forecast EBITDA and should pay down its acquisition debt quickly.

Following its first full set of results since acquisition, the investment has been revalued for the first time at Blackstar's half year end, thereby contributing to the increase in net asset value. We remain buoyant about the prospects for DCD-Dorbyl and believe that there is a significant amount of value in this investment.

Credit U Holdings Limited (“Credit U”)

Credit U is a financial services group that targets the financial needs of clients in the lower income groups of South Africa with a broad range of financial services products. These include credit products, cellular products, insurance products, employee benefits and other financial solutions.

Blackstar provided Credit U with a R100 million (£6.5 million) loan facility. As part of the transaction, Blackstar has the right and option to subscribe for a maximum of 16,666,667 Credit U ordinary shares for cash at an issue price of R3.00 per share. The loan facility has been drawn down in full, with the last draw down taking place in July 2008. To fund this transaction Blackstar has now fully utilised its R100 million (£6.5 million) loan facility from Investec Bank Limited (“Investec”). Effectively Blackstar earns a spread on the interest differential between the loan facility made to Credit U and the loan facility from Investec. The funds are being deployed by Credit U to grow its advances book.

In August 2008, Blue Financial Services Limited (“Blue”) made an offer to acquire 100% of Credit U. The offer is subject to various conditions precedent including regulatory approval. Following this transaction, Blackstar's loan to Credit U is to be repaid by 30 April 2009.

Myriad Medical Holdings Limited (“Myriad”)

Myriad's share price has been negatively impacted by the general downturn in the market, particularly in the small cap and healthcare sectors, falling 46% since Blackstar's year end. Despite this Myriad has good cash flow with no debt, good profitable growth fuelled by inelastic demand for its products and excellent BEE credentials.

Myriad's recently published a strong set of results where earnings grew by 37%. Blackstar believes that further growth opportunities exist for Myriad in the public sector due to the government's significant investments in upgrading infrastructure and equipment at public hospitals. In addition Myriad has recently secured three new exclusive agency agreements with world class international players and management remains positive about the future outlook of the company.

Adreach Group (Pty) Limited (“Adreach”)

Adreach has performed reasonably well since Blackstar's acquisition, enjoying some record trading months in the period under review. Adreach has however been affected by the drop in advertising spend and increased costs.

Media assets are nonetheless scarce resources and highly sought after in South Africa. Adreach has some exciting projects leading towards the 2010 FIFA World Cup. In addition there are currently many changes happening in the local media space. Blackstar aims to participate in these changes through Adreach and has started examining other media assets in conjunction with management of Adreach.

Services Company and Telecom Company Derivative Transactions

Blackstar's investments in a large listed services company and a large listed telecommunications company using derivative structures have been effected by the downturn in the equity markets.

Both companies have nonetheless performed in line with expectations and we remain positive about the medium to longer term outlook of the companies.

Independent review report

Independent review report to the shareholders of Blackstar Investors Plc

Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2008 which comprises the Consolidated Income Statement, the Consolidated Statement of Changes in Equity, the Consolidated Balance Sheet, the Consolidated Cash Flow Statement and related notes.

We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of and has been approved by the directors. The directors are responsible for preparing the interim report in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market which require that the half-yearly report be presented and prepared in a form consistent with that which will be adopted in the company's annual accounts having regard to the accounting standards applicable to such annual accounts.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Our report has been prepared in accordance with the terms of our engagement to assist the company in meeting the requirements of the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2008 is not prepared, in all material respects, in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

BDO Stoy Hayward LLP

Chartered Accountants and Registered Auditors
Gatwick
24 September 2008

Consolidated income statement
for the six months ended 30 June 2008

	<i>Notes</i>	Unaudited Six months to 30 June 2008 £'000	<i>Unaudited Six months to 30 June 2007 (restated)</i> £'000	<i>Audited Year to 31 December 2007</i> £'000
Continuing Operations				
Net gains on investments	3	10,206	17,549	22,458
Fees, dividends and interest from loans and investments	4	2,565	1,222	3,813
Net investment income		12,771	18,771	26,271
Administrative expenses - Performance fee		(236)	(3,523)	(5,767)
Administrative expenses - Other		(1,577)	(1,162)	(2,438)
Administrative expenses		(1,813)	(4,685)	(8,205)
Profit from operations		10,958	14,086	18,066
Finance income		335	1,344	1,806
Profit before taxation		11,293	15,430	19,872
Taxation		(36)	—	(37)
Profit for the period from continuing operations		11,257	15,430	19,835
Discontinued Operations				
Profit for the period from discontinued operations	5	—	458	2,629
Profit for the period		11,257	15,888	22,464
Attributable to:				
Equity holders of the parent		11,257	15,688	22,264
Minority interest		—	200	200
		11,257	15,888	22,464
Basic and diluted earnings per ordinary share				
attributable to equity holders from continuing operations in pence	6	14.88	19.66	25.49
attributable to equity holders from continuing and discontinued operations in pence	6	14.88	19.99	28.62

Consolidated statement of changes in equity
for the six months ended 30 June 2008

	Share capital £'000	Capital redemption reserve £'000	Foreign currency translation reserve £'000	Special reserve £'000	Treasury shares £'000	Retained earnings £'000	Attributable to equity holders £'000	Minority interest £'000	Total equity £'000
Balance at 31 December 2006	78,465	775	(839)	11,754	—	(11,143)	79,012	—	79,012
Currency exchange losses on investments	—	—	(324)	—	—	—	(324)	—	(324)
Amount recognised directly in equity	78,465	775	(1,163)	11,754	—	(11,143)	78,688	—	78,688
Profit for the period	—	—	—	—	—	15,688	15,688	200	15,888
Total recognised income and expense for the period	78,465	775	(1,163)	11,754	—	4,545	94,376	200	94,576
Minority interest arising on acquisition	—	—	—	—	—	—	—	3,272	3,272
Balance at 30 June 2007 (restated)	78,465	775	(1,163)	11,754	—	4,545	94,376	3,472	97,848
Currency exchange gains on investments	—	—	2,377	—	—	—	2,377	—	2,377
Amount recognised directly in equity	78,465	775	1,214	11,754	—	4,545	96,753	3,472	100,225
Profit for the period	—	—	—	—	—	6,576	6,576	—	6,576
Total recognised income and expense for the period	78,465	775	1,214	11,754	—	11,121	103,329	3,472	106,801
Minority interest eliminated on disposal of subsidiary held with a view to dispose	—	—	—	—	—	—	—	(3,472)	(3,472)
Buy back of ordinary shares	—	—	—	—	(2,980)	—	(2,980)	—	(2,980)
Balance at 31 December 2007	78,465	775	1,214	11,754	(2,980)	11,121	100,349	—	100,349
Currency exchange losses on investments	—	—	(10,315)	—	—	—	(10,315)	—	(10,315)
Amount recognised directly in equity	78,465	775	(9,101)	11,754	(2,980)	11,121	90,034	—	90,034
Profit for the period	—	—	—	—	—	11,257	11,257	—	11,257
Total recognised income and expense for the period	78,465	775	(9,101)	11,754	(2,980)	22,378	101,291	—	101,291
Cancellation of ordinary shares	(2,800)	2,800	—	—	2,980	(2,980)	—	—	—
Balance at 30 June 2008	75,665	3,575	(9,101)	11,754	—	19,398	101,291	—	101,291

No dividends were declared in any of the periods presented above

Consolidated balance sheet
as at 30 June 2008

	Notes	<i>Unaudited</i> 30 June 2008 £'000	<i>Unaudited</i> 30 June 2007 (restated) £'000	<i>Audited</i> 31 December 2007 £'000
Non-current assets				
Loans and receivables	7	4,493	—	—
Investments held to maturity	8	37,293	30,522	41,998
Investments at fair value through profit and loss	9	46,004	28,906	54,706
		87,790	59,428	96,704
Current assets				
Loans and receivables	7	89	—	—
Trade and other receivables		597	943	469
Cash and cash equivalents		20,312	33,076	10,295
		20,998	34,019	10,764
Assets held for sale				
		—	18,947	—
Total assets		108,788	112,394	107,468
Non-current liabilities				
Borrowings	10	(4,589)	—	—
Provisions	11	(2,074)	(3,523)	(5,767)
Tax payable		—	—	(37)
		(6,663)	(3,523)	(5,804)
Current liabilities				
Borrowings	10	(76)	—	—
Provisions	11	(483)	—	—
Trade and other accounts payable		(275)	(131)	(1,315)
		(834)	(131)	(1,315)
Liabilities directly associated with assets classified as held for sale				
		—	(10,892)	—
Total liabilities		(7,497)	(14,546)	(7,119)
Total net assets		101,291	97,848	100,349
Equity				
Share capital	12	75,665	78,465	78,465
Capital redemption reserve		3,575	775	775
Foreign currency translation reserve		(9,101)	(1,163)	1,214
Special reserve		11,754	11,754	11,754
Treasury shares	12	—	—	(2,980)
Retained earnings		19,398	4,545	11,121
Total equity attributable to equity holders		101,291	94,376	100,349
Minority interest		—	3,472	—
Total equity		101,291	97,848	100,349
Net asset value per share in pence	13	134	120	133

Consolidated cash flow statement
for the six months ended 30 June 2008

	<i>Notes</i>	Unaudited Six months to 30 June 2008 £'000	<i>Unaudited Six months to 30 June 2007 (restated) £'000</i>	<i>Audited Year to 31 December 2007 £'000</i>
Cash flow from operating activities				
Cash absorbed by operations	14	(6,127)	(1,123)	(413)
Interest received		347	1,344	1,817
Dividends received		50	—	138
Taxation paid		(73)	—	—
Cash (absorbed)/generated by operating activities		(5,803)	221	1,542
Cash flow from investing activities				
Purchase of investments		(237)	(29,348)	(52,889)
Purchase of subsidiary held with the view to dispose		—	(4,231)	(4,231)
Increase in loans and receivables		(4,535)	—	—
Proceeds from disposal of investments		15,980	226	592
Proceeds from disposal of rights arising in respect of subsidiary held with a view to dispose		—	—	867
Proceeds from the redemption of preference share investments		—	11	1,197
Cash generated/(absorbed) by investing activities		11,208	(33,342)	(54,464)
Cash flow from financing activities				
Proceeds from borrowings		4,612	—	—
Buy back of ordinary shares		—	—	(2,980)
Cash generated/(absorbed) by financing activities		4,612	—	(2,980)
Net increase/(decrease) in cash and cash equivalents		10,017	(33,121)	(55,902)
Cash and cash equivalents at beginning of period		10,295	66,197	66,197
Cash and cash equivalents at the end of the period		20,312	33,076	10,295

Notes to the interim financial statements (unaudited) *for the six months ended 30 June 2008*

1. Accounting policies

Basis of preparation

This half-yearly financial report has been prepared in accordance with the accounting policies disclosed in the full statutory accounts for the year ended 31 December 2007.

These policies are in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs) issued by the International Accounting Standards Board as endorsed for use in the European Union, that are expected to be applicable for the year ended 31 December 2008.

The Group has chosen not to adopt IAS 34 'Interim Financial Statements' in preparing the interim consolidated financial information.

The financial information presented for the Group does not constitute "statutory accounts" within the meaning of Section 240 of the Companies Act 1985.

The comparatives for the full year ended 31 December 2007 are not the Company's full statutory accounts for that year. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditors' 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. Comparative figures

During the interim period ended 30 June 2007, the Group acquired 56.3% of the ordinary shares of York Timber Organisation Limited ("York"). This controlling stake was still held as at 30 June 2007 and should have been accounted for under the principles of IFRS 5: Non-current assets held for sale and discontinued operations and treated as a discontinued operation and disposal group. IFRS 5 requires a disposal group to be carried at the lower of its carrying amount and fair value less costs to sell and for the results of the discontinued operations to be presented as a single amount on the face of the income statement comprising the post tax profit or loss of the discontinued operation and the post tax gain or loss on measurement to fair value less costs to sell of the disposal group.

As at 30 June 2007, the directors did not have the necessary information to comply with IFRS 5 and as such classified York as an investment at fair value through profit and loss in the interim financial statements for the six months ended 30 June 2007. The comparative figures for the six months ended 30 June 2007 have been restated to account for York under the principles of IFRS 5, rather than as an investment at fair value through profit and loss.

The effect of the above adjustment on the financial statements for the six months ended 30 June 2007 was as follows:

- Net gains on investments from continuing operations decreased from £24,246,000 to £17,549,000. Administrative expenses (performance fee) decreased from £4,811,000 to £3,523,000 and profit for the period from discontinued operations increased from nil to £458,000. As a result, profit for the period decreased from £20,839,000 to £15,888,000.
- Profit for the period attributable to equity holders decreased from £20,839,000 to £15,688,000 and profit for the period attributable to minorities increased from nil to £200,000.
- Basic and diluted earnings per ordinary share attributable to equity holders from continuing operations decreased from 26.56 pence to 19.66 pence. Basic and diluted earnings per ordinary share attributable to equity holders from continuing and discontinued operations decreased from 26.56 pence to 19.99 pence.
- Investments at fair value through profit and loss decreased from £39,928,000 to £28,906,000. Assets held for sale increased from nil to £18,947,000 and liabilities relating to assets held for sale increased from nil to £10,892,000. Provisions (performance fee) decreased from £4,811,000 to £3,523,000. As a result total net assets decreased from £99,527,000 to £97,848,000.
- Retained earnings decreased from £9,696,000 to £4,545,000 and minority interest increased from nil to £3,472,000. As a result total equity decreased from £99,527,000 to £97,848,000.
- Total net assets/equity attributable to equity holders decreased from £99,527,000 to £94,376,000. As a result the net asset value per share decreased from 127 pence to 120 pence.

3. Net gain on investments

	Six months to 30 June 2008	Six months to 30 June 2007 (restated)	Year to 31 December 2007
	£'000	£'000	£'000
Net losses on investments held to maturity	(1,169)	—	—
Net gains on investments at fair value through profit and loss	11,375	17,549	22,458
Net gains on investments	10,206	17,549	22,458

An analysis of gains and losses on investments is provided in notes 8 and 9 to the interim financial statements.

4. Fees, dividends and interest from loans and investments

	Six months to 30 June 2008	Six months to 30 June 2007	Year to 31 December 2007
	£'000	£'000	£'000
Dividends from investments held to maturity	1,630	514	1,803
Dividends from investments at fair value through profit and loss	—	11	88
Interest from investments held to maturity	858	134	1,020
Net interest from loans and borrowings	13	—	—
Fee income	64	563	902
	2,565	1,222	3,813

5. Profit from discontinued operations

Acquisition of York Timber Organisation Limited ("York")

On 14 March 2007, the Group acquired a 56.3% interest in the voting rights of York. York was acquired with the intention to dispose of part of the holding and it has been accounted for as such in the financial statements, with its results from acquisition to deemed disposal (see below) being treated as a discontinued operation.

The assets and liabilities acquired were as follows:

	£'000
Total assets	18,378
Total liabilities	10,892
Total net assets acquired	7,486
Group share of net assets acquired (including goodwill of £17,000)	4,231
Consideration paid in cash	4,231

Deemed disposal of York

On 12 July 2007, York acquired 100% of the shares in and claims against Global Forest Products (Pty) Limited ("GFP") and South African Plywood (Pty) Limited ("Plywood"), which was funded by York through raising additional equity including a rights issue by York, with the balance through debt facilities.

Whilst the Group exercised its rights to 10 million additional shares in York, it did not exercise all of its available rights and following the acquisition by York of GFP and Plywood on 12 July 2007, the Group's share of voting rights reduced from 56.3% to 19.9%.

Results shown as part of discontinued operations

The profit from discontinued operations of £458,000 in the consolidated income statement for the six months ended 30 June 2007 reflects the post acquisition profits of York for the period 14 March 2007 to 30 June 2007.

The profit from discontinued operations of £2,629,000 in the consolidated income statement for the year ended 31 December 2007 reflects the post acquisition profits of York for the period 14 March 2007 to 12 July 2007 of £458,000 and the post tax gain on the deemed disposal arising on 12 July 2007 of £2,171,000 which includes net proceeds from the sale of rights that were not taken up of £867,000.

Consequential accounting since 12 July 2007

Since 12 July 2007, the Group has accounted for its retained interest in York at fair value through profit and loss.

6. Basic and diluted earnings per share

Continuing operations	Six months to 30 June 2008	Six months to 30 June 2007 (restated)	Year to 31 December 2007
	£'000	£'000	£'000
Net profit attributable to equity holders	11,257	15,430	19,835
Weighted average number of shares in issue (thousands)	75,665	78,465	77,801
Basic and diluted earnings per share (in pence)	14.88	19.66	25.49

Continuing and discontinued operations	Six months to 30 June 2008	Six months to 30 June 2007 (restated)	Year to 31 December 2007
	£'000	£'000	£'000
Net profit attributable to equity holders	11,257	15,688	22,264
Weighted average number of shares in issue (thousands)	75,665	78,465	77,801
Basic and diluted earnings per share (in pence)	14.88	19.99	28.62

7. Loans and receivables

	30 June 2008	30 June 2007	31 December 2007
	£'000	£'000	£'000
Carrying value at the beginning of the period	—	—	—
Increases during the period	4,535	—	—
Interest accrued during the period	89	—	—
Currency exchange losses on loans and receivables during the period	(42)	—	—
Carrying value at the end of the period	4,582	—	—
Non current portion	4,493	—	—
Current portion	89	—	—
	4,582	—	—

Loans and receivables comprise a loan to Credit U Holdings Limited. The loan bears interest at South African Prime rate plus 200 basis points per annum, nominal annual compounded monthly and is repayable in 2011. The Group has provided security to Investec Bank Limited over its loan to Credit U Holdings Limited.

8. Investments held to maturity

	30 June 2008 £'000	30 June 2007 £'000	31 December 2007 £'000
Book cost at the beginning of the period	38,200	2,796	2,796
Additions during the period at cost	—	27,291	35,415
Disposals/redemption during the period at cost	(948)	(11)	(11)
Book cost at the end of the period	37,252	30,076	38,200

	30 June 2008 £'000	30 June 2007 £'000	31 December 2007 £'000
Carrying value at the beginning of the period	41,998	2,816	2,816
Additions during the period at cost	—	27,291	35,415
Disposals/redemptions during the period – proceeds	(865)	(11)	(11)
– realised losses	(83)	—	—
Dividends from investments accrued during the period	1,580	514	1,753
Dividends accrued in previous periods on disposed investments	(90)	—	—
Interest from investments accrued during the period	846	134	1,009
Impairments during the period	(996)	—	—
Currency exchange (losses)/gains on investments during the period	(5,097)	(222)	1,016
Carrying value at the end of the period	37,293	30,522	41,998

Analysis of investment gains/(losses)

	30 June 2008 £'000	30 June 2007 £'000	31 December 2007 £'000
Proceeds on disposals/redemptions during the period	865	11	11
Investment at cost	(948)	(11)	(11)
Realised losses on disposals/redemptions based on historical cost	(83)	—	—
Less dividends accrued in previous periods	(90)	—	—
Realised (losses)/gains recognised in the income statement on disposals/redemptions based on carrying value at previous period balance sheet date	(173)	—	—
Impairments during the period	(996)	—	—
Net losses on investments	(1,169)	—	—

The Group does not have a controlling interest in any of the investments held to maturity. These investments comprise the following:

	Carrying value 30 June 2008 £'000	Carrying value 30 June 2007 £'000	Carrying value 31 December 2007 £'000
Cumulative redeemable preference shares in a special purpose vehicle established to acquire an interest in Euro Steel Holdings (Pty) Limited. Dividends are payable at the South African Prime rate plus 5.5% nominal annual compounded monthly and the shares are redeemable in 2013.	—	558	588
Cumulative redeemable preference shares in a special purpose vehicle established to acquire an interest in Myriad Medical Holdings Limited. Dividends are payable at South African Prime rate plus 1.5% nominal annual compounded monthly and the shares are redeemable in 2009.	1,534	2,384	2,675
Cumulative redeemable preference shares in a special purpose vehicle established to acquire an interest in Mvelaphanda Resources Limited. Dividends are payable at 91% of South African Prime rate nominal annual compounded monthly and the shares are redeemable in 2010.	11,985	11,603	12,843
Loan to a special purpose vehicle established to acquire an interest in DCD-Dorbyl (Pty) Limited. The loan bears interest at South African Prime rate less 25 basis points per annum, nominal annual compounded semi-annually and is repayable in a bullet payment in 2014.	5,078	4,906	5,436
Cumulative redeemable class A preference shares Kulungile Metals Group (Pty) Limited. Dividends are payable at 90% of South African Prime rate nominal annual compounded semi-annually and the shares are redeemable in 2013.*	2,759	2,768	3,057
Cumulative redeemable class B preference shares Kulungile Metals Group (Pty) Limited. Dividends are payable at 90% of South African Prime rate nominal annual compounded semi-annually and the shares are redeemable in 2010.*	7,660	—	8,228
Loan to Kulungile Metals Group (Pty) Limited. The loan bears interest at 90% of South African Prime rate nominal annual compounded semi-annually and is repayable in a bullet payment in 2013.*	8,277	8,303	9,171
Carrying value at the end of the period	37,293	30,522	41,998

* The Group has provided security to ABSA Bank Limited over its class A preference shares and class B preference shares in and loan to Kulungile Metals Group (Pty) Limited.

9. Investments at fair value through profit and loss

	30 June 2008	30 June 2007 <i>(restated)</i>	31 December 2007
	£'000	£'000	£'000
Book cost at the beginning of the period	27,387	6,766	6,766
Additions during the period at cost	237	2,057	21,705
Disposals during the period at cost	(7,844)	(103)	(1,084)
Book cost at the end of the period	19,780	8,720	27,387

	30 June 2008	30 June 2007 <i>(restated)</i>	31 December 2007
	£'000	£'000	£'000
Fair value at the beginning of the period	54,706	9,722	9,722
Additions during the period at cost	237	2,057	21,705
Disposals during the period – proceeds	(15,115)	(226)	(1,779)
– realised gains	7,271	123	695
Unrealised gains during the period	12,607	17,516	22,009
Unrealised gains recognised in previous periods on disposed investments	(8,503)	(90)	(246)
Currency exchange (losses)/gains on investments during the period	(5,199)	(196)	1,038
Gains on the deemed disposal from discontinued operations	—	—	1,304
Share of post acquisition profits from discontinued operations	—	—	258
Fair value at the end of the period	46,004	28,906	54,706

Analysis of investment gains/(losses)

	30 June 2008	30 June 2007 <i>(restated)</i>	31 December 2007
	£'000	£'000	£'000
Proceeds on disposals during the period	15,115	226	1,779
Investment at cost	(7,844)	(103)	(1,084)
Realised gains on disposals based on historical cost	7,271	123	695
Less unrealised gains recognised in previous periods	(8,503)	(90)	(246)
Realised (losses)/gains recognised in the income statement on disposals based on carrying value at previous period balance sheet date	(1,232)	33	449
Unrealised gains during the period	12,607	17,516	22,009
Net gains on investments	11,375	17,549	22,458

The Group does not have a controlling interest in any of the investments at fair value through profit and loss. These investments are monitored on a fair value basis and comprise the following:

	Fair value 30 June 2008	Fair value 30 June 2007 <i>(restated)</i>	Fair value 31 December 2007
	£'000	£'000	£'000
Derivative investment in a telecom company, which gives the Company exposure to a minority interest in the underlying telecom company.	1,381	1,579	1,589
Derivative investment in a services company, which gives the Company exposure to a minority interest in the underlying services company.	2,927	7,038	5,557
Ordinary shares in a special purpose vehicle established to acquire an interest in Euro Steel Holdings (Pty) Limited. The special purpose vehicle unwinds in 2013.	—	158	327
Ordinary shares in Myriad Medical Holdings Limited.*	827	1,846	1,901
Preference shares in a special purpose vehicle established to facilitate an empowered Group to acquire an interest in Myriad Medical Holdings Limited, in which the Company participates. The shares are redeemable in 2009.	—	49	83
Ordinary shares in York Timber Organisation Limited.*	10,444	—	29,592
Preference shares in a special purpose vehicle established to facilitate a York staff trust to acquire an interest in York Timber Organisation			

	Fair value 30 June 2008 £'000	Fair value 30 June 2007 (restated) £'000	Fair value 31 December 2007 £'000
Limited in which the Company participates. The shares are redeemable in 2011.	588	1,032	721
Preference shares in a special purpose vehicle established to facilitate a community trust to acquire an interest in York Timber Organisation Limited, in which the Company participates. The shares are redeemable in 2011.	940	1,651	1,155
Option to subscribe, for "N" preference shares in a special purpose vehicle established to acquire an interest in Mvelaphanda Resources Limited. The "N" preference shares will have an economic interest in the special purpose vehicle and are redeemable in 2014.	19,041	15,470	6,940
Ordinary shares in a special purpose vehicle established to acquire an interest in DCD-Dorbyl (Pty) Limited. The special purpose vehicle unwinds in 2014.	5,135	83	86
Ordinary shares in Kulungile Metals Group (Pty) Limited.*	2,100	—	2,481
Ordinary shares in Spescom Limited.	—	—	491
Ordinary shares in Adreach Group (Pty) Limited.	2,424	—	2,776
Ordinary shares in Mvelaphanda Resources Limited.	—	—	1,007
Ordinary shares in Credit U Holdings Limited.	197	—	—
Fair value at the end of the period	46,004	28,906	54,706

* The Group has provided security to ABSA Bank Limited over its ordinary shares in Kulungile Metals Group (Pty) Limited. The Group has provided security to Investec Bank Limited over its ordinary shares in York Timber Organisation Limited and its ordinary shares in Myriad Medical Holdings Limited.

10. Borrowings

	30 June 2008 £'000	30 June 2007 £'000	31 December 2007 £'000
Carrying value at the beginning of the period	—	—	—
Increases during the period	4,612	—	—
Interest accrued during the period	76	—	—
Currency exchange gains on borrowings during the period	(23)	—	—
Carrying value at the end of the period	4,665	—	—
Non current portion	4,589	—	—
Current portion	76	—	—
	4,665	—	—

The Group's borrowings are denominated in Rands and bear interest at the Johannesburg Interbank Accepted Rate plus 275 basis points and are repayable in 2012 or earlier. The loan is secured by the Group's ordinary shares in York Timber Organisation Limited, its ordinary shares in Myriad Medical Holdings Limited, its loan to Credit U Holdings Limited and a bank account comprising £3.4 million.

11. Provisions

A provision has been raised for the performance fee payable by the Company under the terms of the investment advisory agreement. The total performance fee is equal to 20% of the increase in the market value of investments of the Company, subject to a 10% hurdle and making good any investment write-downs and general expenses. Following the approval of the new investment advisory agreement 50% of the performance fee is payable annually, subject to a high watermark and the availability of cash resources and the remaining 50% of the performance fee will be payable within 14 days of the approval of the Company's audited consolidated financial statements for the year ending 31 December 2012 or earlier, if the Company's investments are realised prior to that date. Blackstar Managers Limited can elect to postpone this fee payment for a further 12 month period, but cannot postpone the fee payment beyond 14 April 2015 (based on the Company's audited consolidated financial statements for the year ended 31 December 2014). The movement in provisions was as follows:

	30 June 2008	30 June 2007 <i>(restated)</i>	31 December 2007
	£'000	£'000	£'000
Balance at the beginning of the period	5,767	—	—
Additional provisions during the period at cost	236	3,523	5,767
Performance fee paid during the period	(3,446)	—	—
Balance at the end of the period	2,557	3,523	5,767
Non current portion	2,074	3,523	5,767
Current portion	483	—	—
	2,557	3,523	5,767

12. Share capital and reserves

	30 June 2008	30 June 2007	31 December 2007
	£'000	£'000	£'000
Authorised			
90,000,000 ordinary shares of £1.00 each	90,000	90,000	90,000
Issued and fully paid			
75,664,998 ordinary shares of £1.00 each	75,665		
78,464,998 ordinary shares of £1.00 each		78,465	78,465
Movement of the ordinary shares of £1.00 each for the period	Number of shares	Number of shares	Number of shares
Total number of shares in issue at the beginning of the period	78,464,998	78,464,998	78,464,998
Buyback and cancellation of shares	(2,800,000)	—	—
Total number of shares in issue at the end of the period	75,664,998	78,464,998	78,464,998

Shares held in treasury

On 12 September 2007, the Company purchased 500,000 ordinary shares of nominal value £1.00 each in the share capital of the Company, further to the authority granted to the Company at the annual general meeting of the Company held on 29 June 2007. The price paid for these ordinary shares was £1.05 per share.

On 21 September 2007, the Company purchased 500,000 ordinary shares of nominal value £1.00 each in the share capital of the Company, further to the authority granted to the Company at the annual general meeting of the Company held on 29 June 2007. The price paid for these ordinary shares was £1.13 per share.

On 16 October 2007, the Company purchased 1,800,000 ordinary shares of nominal value £1.00 each in the share capital of the Company, further to the authority granted to the Company at the annual general meeting of the Company held on 29 June 2007. The price paid for these ordinary shares was £1.05 per share.

These shares were cancelled in accordance with the Companies Act 1985 in 2007. However in accordance with Luxembourg law, the ordinary shares bought back were held in treasury until cancelled through an amendment to the memorandum and articles of association of the Company and were held as treasury shares at 31 December 2007. A resolution to authorise the cancellation of these shares was passed by shareholders of the Company at a general meeting of the Company held in February 2008.

13. Net asset value per share

	30 June 2008	30 June 2007 <i>(restated)</i>	31 December 2007
	£'000	£'000	£'000
Total net assets attributable to equity holders	101,291	94,376	100,349
Number of shares in issue (thousands)	75,665	78,465	75,665
Net asset value per share (in pence)	134	120	133

Net asset value per share has been calculated by using the actual number of shares in issue at the end of the financial period. At 31 December 2007, the actual number of shares in issue has been reduced to take into account the 2,800,000 shares that were bought back by the Company. These shares were held as treasury shares at 31 December 2007 and have since been cancelled as set out in note 12 to interim financial statements.

14. Cash absorbed by operations

	30 June 2008	30 June 2007 <i>(restated)</i>	31 December 2007
	£'000	£'000	£'000
Profit before taxation	11,293	15,430	19,872
Adjustments for:			
Unrealised gains on investments	(3,018)	(17,426)	(21,763)
Dividends and interest from loans and investments	(2,501)	(648)	(2,911)
Finance income	(335)	(1,344)	(1,806)
Realised gains on disposal of investments	(7,188)	(123)	(695)
(Decrease)/increase in provision for performance fee	(3,210)	3,523	5,767
Changes in working capital			
Increase in trade and other receivables	(128)	(508)	(34)
(Decrease)/increase in trade and other accounts payable	(1,040)	(27)	1,157
Cash absorbed by operations	(6,127)	(1,123)	(413)