

21 February 2012

Blackstar Group SE
("Blackstar" or the "Company")

Disposal of Investment

Blackstar is pleased to announce that it has entered into a conditional agreement for the sale of 72,989,078 ordinary shares in Litha Healthcare Group Limited ("Litha") to Paladin Labs Inc. ("Paladin") (the "Disposal"). The Disposal, for a cash consideration of R200,719,964.50 (£16.6 million), represents 50% of Blackstar's interest in Litha and equates to R2.75 per Litha share.

On completion, the Disposal proceeds will represent a 4.58 times return on investment in South African Rand and 5.36 times return in Pounds Sterling, which equates to a 32% IRR and 36% IRR, respectively, over the 5 year holding period. The Disposal proceeds will be applied against the Investec Bank Limited debt facility that was taken out recently to fund the purchase of shares in Mvelaphanda Group Limited, as announced on 18 January 2012.

The Disposal forms part of a larger transaction, facilitating Litha's acquisition of 100% of Pharmaplan Proprietary Limited ("Pharmaplan") from Paladin for R590 million in cash and shares, as announced on 21 February 2012. Pharmaplan is one of the fastest growing specialist pharmaceutical companies in South Africa. Following on from the Disposal, and the Pharmaplan acquisition (collectively the "Transaction"), Paladin will become a new strategic shareholder in Litha owning 44.52% of the ordinary share capital. Following the Transaction, Blackstar will retain 73 million shares or 13.4% of the ordinary share capital of Litha.

The acquisition of Pharmaplan gives Litha the appropriate scale in all three divisions in which it operates, namely pharmaceuticals, vaccines and medical devices. Following the Paladin acquisition, the Litha Pharma Division is expected to become Litha's most profitable division by earnings, as such the group's profitability is expected to be positively impacted.

Blackstar is a founding shareholder in Litha (formerly Myriad Medical) having invested in the business prior to its IPO in October 2006. Blackstar has been actively involved in Litha and the development of the business, as well as leading many of Litha's successful acquisitions. On this occasion, Blackstar will earn a R5 million (£0.4 million) corporate finance fee, payable in cash, for its role as originator and underwriter of the Transaction.

The sale agreement is subject to the fulfillment of certain suspensive conditions, which are standard in a transaction of this nature, including the approval of the South African Competition Authorities. Blackstar's remaining shares will be subject to a 6 month lock up, with Paladin having a pre-emptive right over these shares. The transaction is expected to be completed in the second half of 2012.

Andrew Bonamour, director of Blackstar and Chairman of Litha, commented:

“Litha has been a very successful investment for Blackstar and the Blackstar board is pleased that it has been able to generate these returns on investment for shareholders. The Pharmaplan acquisition provides the appropriate scale to the Litha group as a whole and should positively impact the group’s profitability. It will solidify the Litha business model in South Africa and will assist with the long term strategy to expand its African footprint in the sub-Saharan African healthcare market.”

For further information, please contact:

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