



***Interim Results
For The Six Months Ended
30 September 2009***

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- **Xiao Gang: Founder & Chief Executive Officer**

- Over 16 years experience in the marketing, sales and manufacture of security/surveillance solutions
- Founded Beijing BlueStar Software Technology Development Corporation Limited in 2000 and its six subsidiary companies in P.R. China

- **Romeo Edward Sze Lam Kwok: Senior Vice President & Chief Financial Officer**

- Over 30 years experience in the marketing and sales of securities surveillance solutions both in the Greater China area and in international markets
- A good knowledge of IFRS, Chinese GAAP, AIM regulations and the financial systems

- **Jeff Teo: Non-Executive Director**

- Over 14 years of strategic planning and venture capital experience in the USA, China and Singapore
- Strong relationships with Chinese entrepreneurs, international and domestic venture capital firms, professional service firms and government agencies

- **Antonia Ping: Company Secretary & Assistant to CFO**

- Qualified ACCA Accountant with over eight years of accounting and management experience in the UK and China
- Familiar with UK Accounting standards and Chinese GAAP

- BlueStar SecuTech Inc. is one of China's leading video network surveillance solution providers
- Incorporated on 7 June 2006, listed on AIM since June 2007 (AIM: BSST) and is headquartered in Beijing with six branch offices and 26 regional sales centres
- BlueStar designs, develops, markets and manufactures proprietary video network solutions and through its core products, provides market leading, mission critical surveillance solutions to its clients
- Customers are predominantly in the banking/financial sector and include the Bank of China, China Construction Bank, People's Bank of China, Bank of Communications and Agricultural Bank of China
- The Chinese surveillance market benefits from strong regulatory drivers and domestic demand is also driven by the need to replace and upgrade systems in order to deal with increasing security concerns
- New areas of revenue generation from surveillance centres and new sectors including defence
- Confident of achieving full year targets

- Business Model
- Market Opportunities & Growth Strategy
- Financials
- Outlook & Summary

Business Model

- Surveillance Network Solutions

- ✧ DVR series

- ✧ Surveillance Network Systems Total Solutions



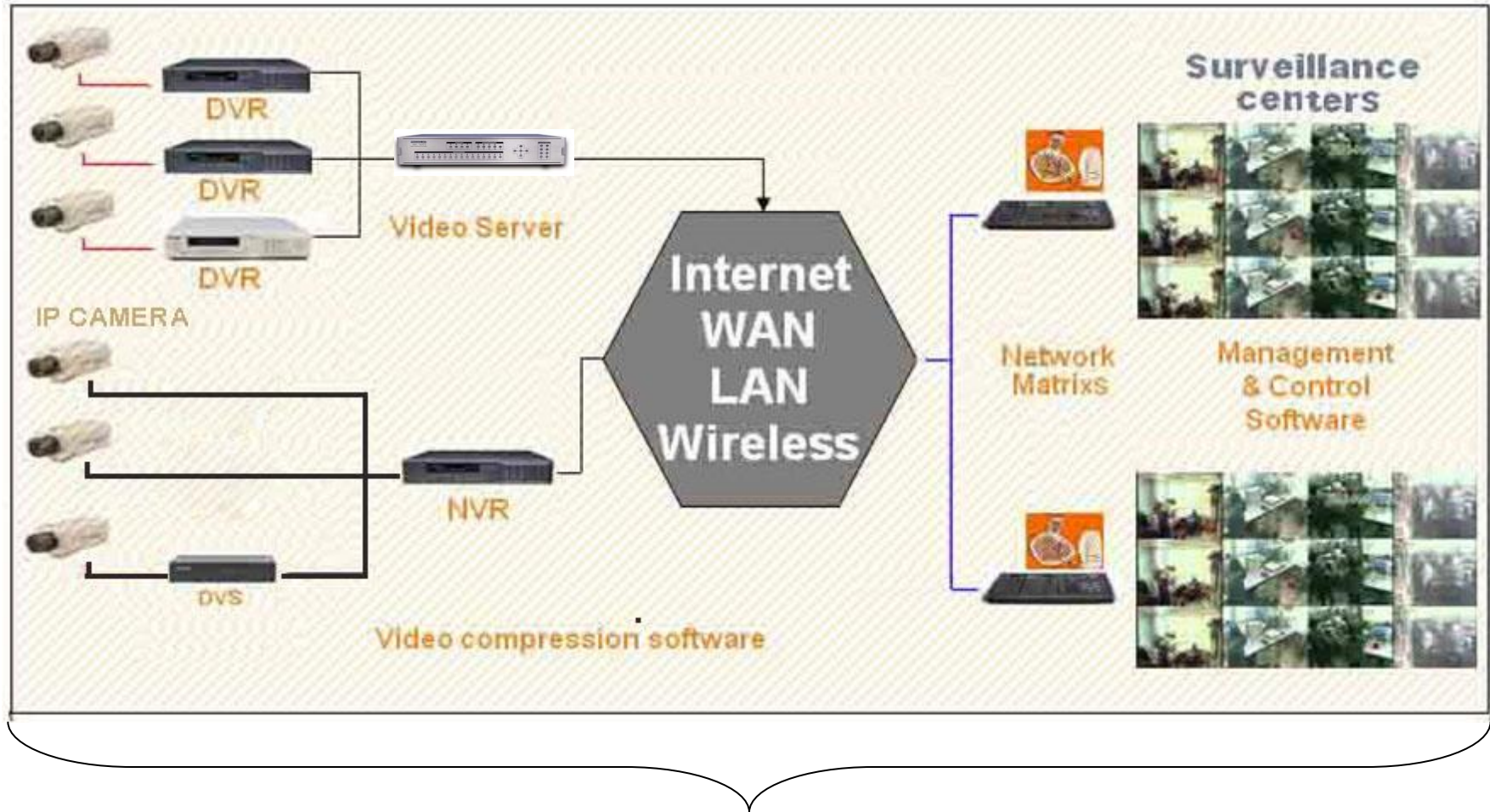
- Surveillance CMS Services

- ✧ Surveillance Command Centers



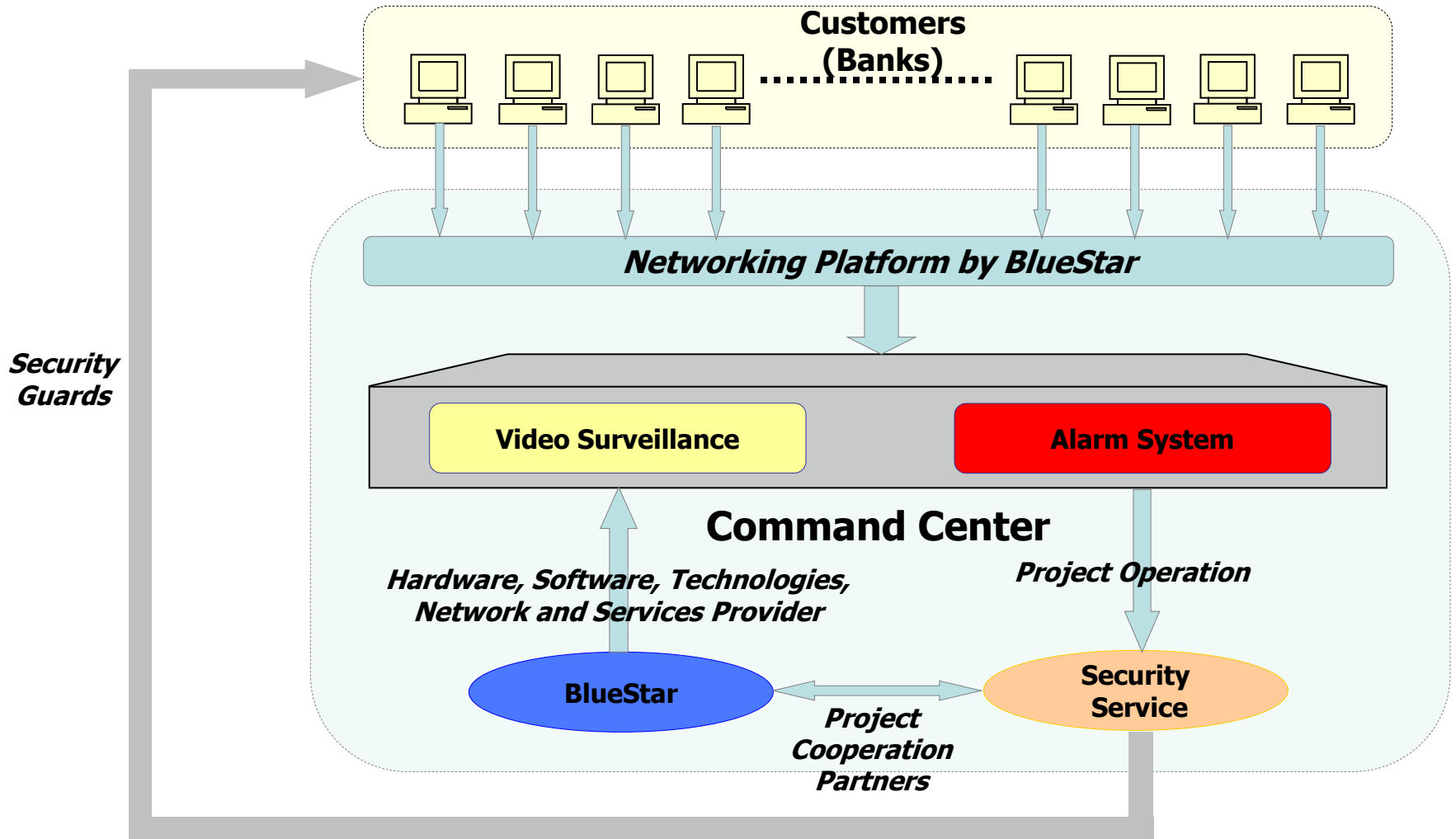
Business Model: Surveillance Network Solutions

Surveillance Locations

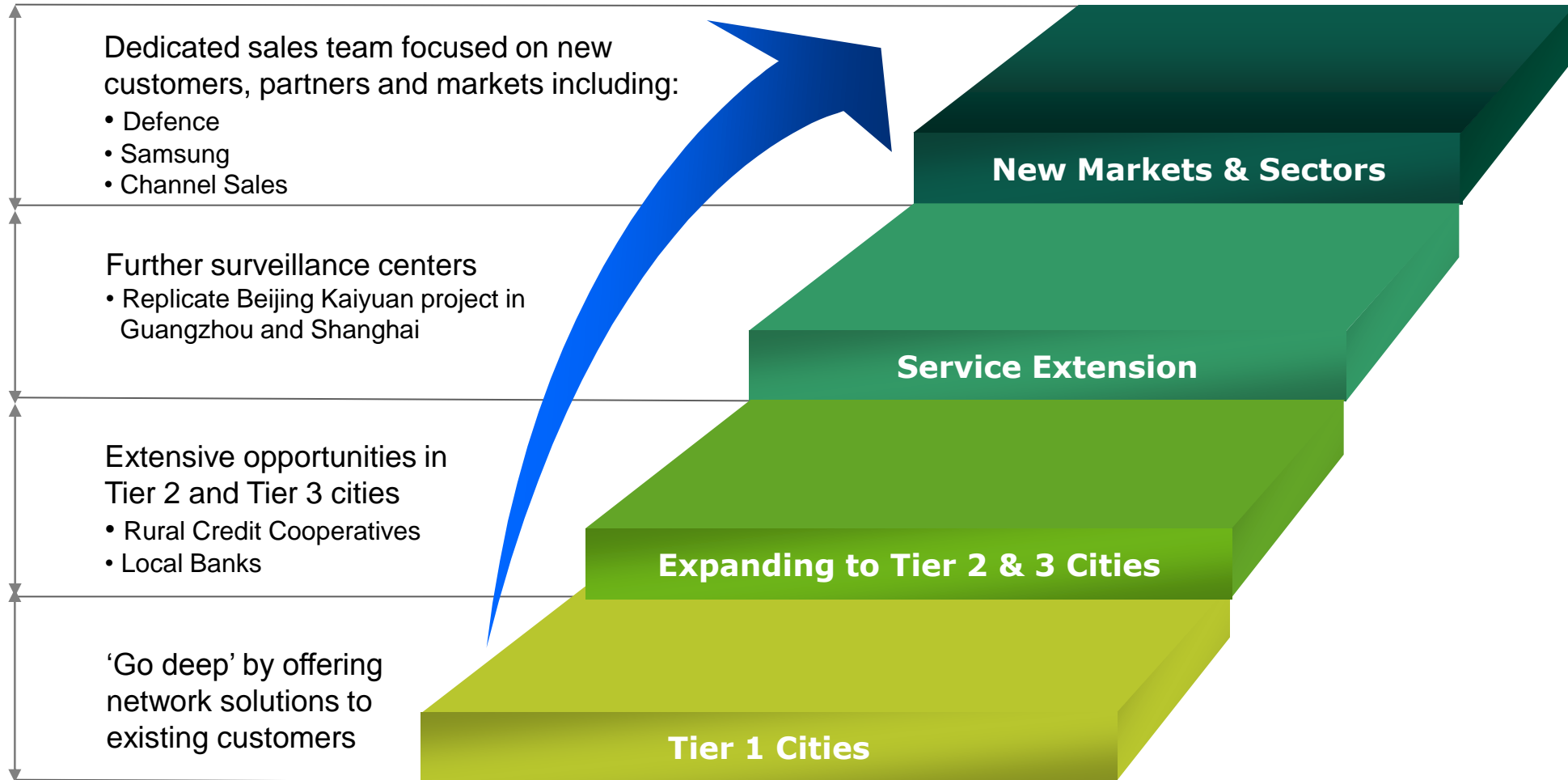


BlueStar's Surveillance Network Solutions

Business Model: Surveillance Services

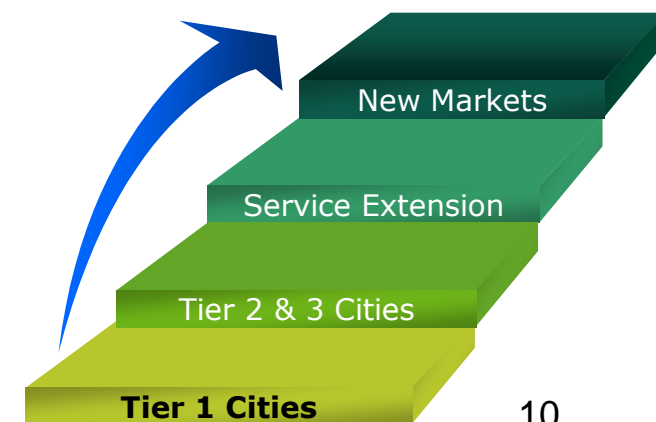


Market Opportunities & Growth Strategy



Further Expansion in Tier 1 Cities

- Continued focus on blue chip clients
 - Business started with Blue chip clients in 2001
 - 2003-2006: sales mainly for surveillance equipments
 - 2007-2009: increased sales on networking projects
 - Currently 74.1% of revenue generated from Tier 1 cities
- Focus on bank's HQs
 - Beijing is a World class banking centre
 - Create long standing relationships with the top banks in China
 - Expand into Tier 2 & 3 cities through relationships with HQs



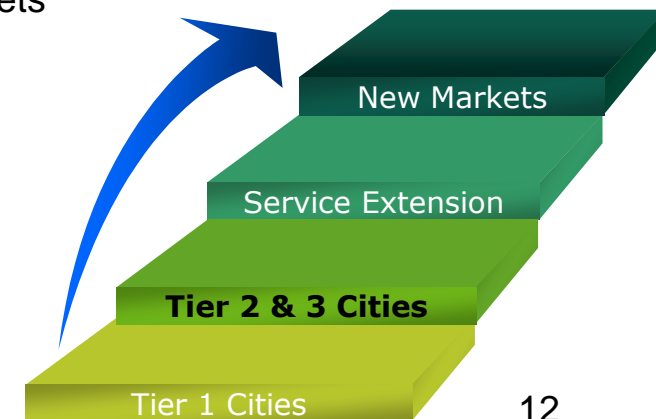
Existing Financial Customers in Tier 1 Cities

- BlueStar works with Chinese and foreign banks, including:



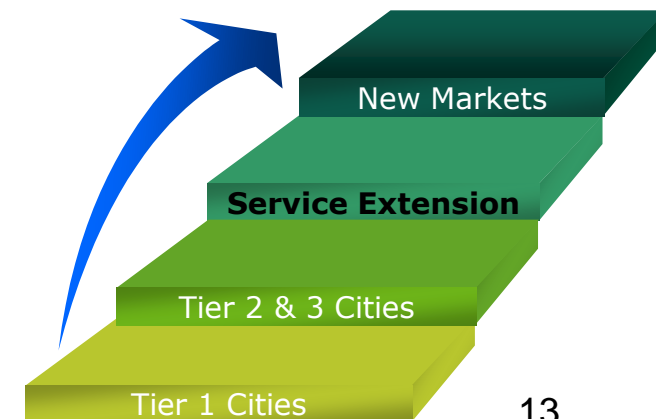
Opportunities in Tier 2 & Tier 3 Cities

- **Focus on Rural Credit Cooperatives (RCCs)**
 - Approximately 40,000 RCCs across China
 - RCCs have played a growing role in assisting the development of China's rural economy
 - First contract for RMB 3.6m to supply surveillance equipment in Langfang, Hebei Province
- **Focus on local banks**
 - First contract with Agricultural Bank of China in 2002 to provide DVR surveillance equipment
 - RMB 30m contract with HQ of ABC to provide DVR for branches and outlets throughout China
 - Cooperation with Shenzhen Development Bank, Shanghai Pudong Development Bank
- **Currently 25.8% of revenue from Tier 2 & 3 Cities**



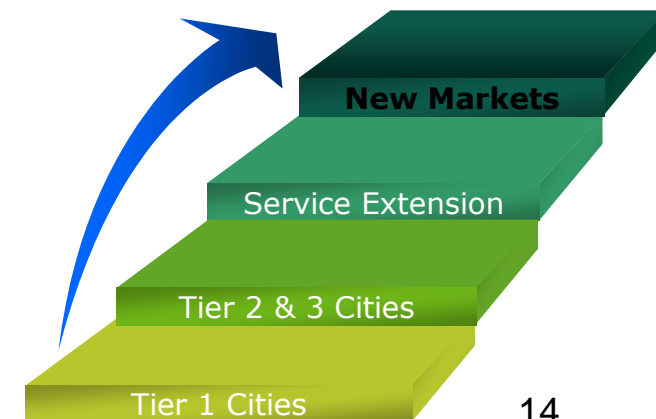
Service Extension

- Surveillance command centers
- Initial Beijing surveillance centre with Kaiyuan Company now fully operated
- Kaiyuan is sole security service provider for Beijing's financial sector and responsible for approximately 2,000 self-service banks, 3,000 bank branches and 6,000 ATMs
- Model provides recurring monthly subscription revenue
- This business model will generate RMB 15m annual revenue
- Model can be replicated in other areas and sectors of China and discussions started in Shanghai and Guangzhou



New Markets - Other Sectors

- Leveraging BlueStar's technology and know how
- Intelligent video analytical software and network total solution tailored for the demands of the Defence sector
- First contracts awarded, worth approximately RMB 8m (GBP 0.73 m)
- Completion of this project will provide large scale opportunities for BlueStar in defence and other Government departments



New Markets - Strategic Partners

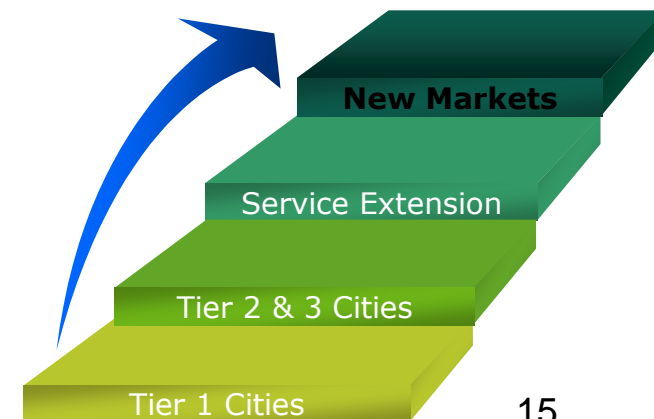
- Joint development of high resolution surveillance camera with JVC
- Provided the JVC cameras to Bank of China's surveillance network projects in May 2009
- Strategic partnership with Winhi-a sole agent for Samsung Electronics CCTV products
- Strong brand recognition and full range of surveillance products
- Expected revenues of RMB 30m within the first year.
- November 2009, Samsung products sales generated RMB 1.05m from the contract with CCB Shanghai region



JVC[®]

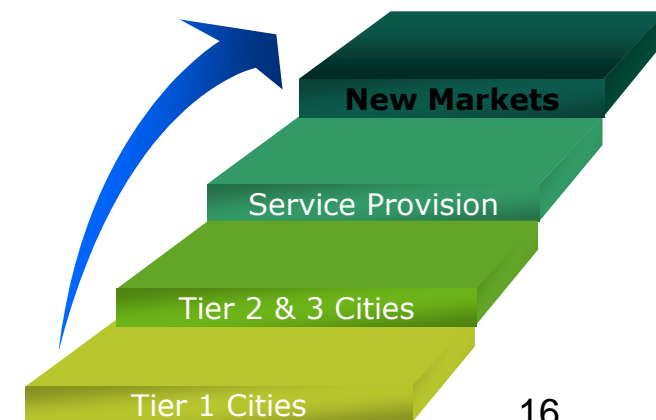


SAMSUNG
ELECTRONICS



New Market – BlueStar Branded Products

- Sale of BlueStar branded products
- Through third party distributors, systems integrators, agents and own sales team
- Promotes own brand products
- Promotes complete product range to new markets
- Large market potential



- Over RMB 9 million has been invested into R&D to strengthen our competitiveness.(H1 2008: RMB 7.5m)
- Self-developed Video Analytics technology has been applied to the new products
- Optimising the stability and features of the products and software platform



Financials: Summary Income Statement



**6 months ended
30 September 2009** **6 months ended
30 September 2008**

	RMB'000	RMB'000
Revenue	67,253	80,556
Cost of sales	(29,256)	(39,910)
Gross profit	37,997	40,646
Other income	1,141	1,231
Selling and distribution expenses	(14,737)	(16,557)
Administrative expenses	(17,142)	(12,497)
Other operating expenses	(200)	(759)
Finance cost	(59)	(42)
Finance income	271	785
Profit from operations	7,271	12,807
Taxation	-	(161)
Profit for the period/year	7,271	12,646

Financials: Summary Balance Sheet



	30 September 2009	30 September 2008	31 March 2009
	RMB'000	RMB'000	RMB'000
Non-current assets	31,680	30,631	33,916
Inventories	26,274	27,181	23,490
Trade and other receivables	167,904	138,086	125,437
Cash and cash equivalents	49,340	66,957	85,245
Total assets	275,198	262,855	268,088
Total liabilities	31,970	30,914	28,059
Net assets	243,228	231,941	240,029

Receivables:

- Account receivables at 30 September 2009 of RMB 149m, up from RMB 121m
- Account receivables days up to 404 days vs. 276 days last year

However:

- RMB 16m received in period to 15 November 2009, decreasing days to 362 days
- RMB 30m (20%) relate to longer term networking projects
- RMB 127.5m (85%) are with banking customers – historically no bad debts
- Dedicated credit control team now established reporting directly to finance department
- Branded goods sold on a ‘cash with order’ basis
- Tier 2&3 city banks are much quicker payers

Financials: Summary Cash Flow



	6 months ended 30 September 2009	6 months ended 30 September 2008
	RMB'000	RMB'000
Cash and cash equivalents at beginning of the period	85,245	115,362
Add: Operating cash flows before movement in working capital	11,435	15,653
Less: Increase in inventories	(2,784)	(7,189)
Less: Increase in trade and other receivables	(42,467)	(49,119)
Add: Increase in trade and other payables	3,911	6,625
Less: Net cash used in investing activities	(1,928)	(4,826)
Less: Dividends paid	(4,072)	(9,549)
Add: Net cash generated from financing activities	-	-
Cash and cash equivalents at the end of the period	49,340	66,957

	6 months ended 30 September 2009	6 months ended 30 September 2008
	(cents)	(cents)
Earnings per ordinary share		
Basic	9.99	17.37
Diluted	9.79	17.02

- Looking for the organic growth in financial industry
- Strong market drivers: general domestic demand and regulation led
- Continuing expansion into new market sectors and overseas
- Well positioned to benefit from the macroeconomic recovery
- Enhance profit improvement and trade debtors control
- Confident of achieving full year targets

Appendix



BlueStar's Pan-China Sales Network



- 30 Sales and Service offices covering 90% of China's provinces
- 75% of revenue currently from Beijing, Shanghai, Guangzhou, Tianjin and Shenzhen.

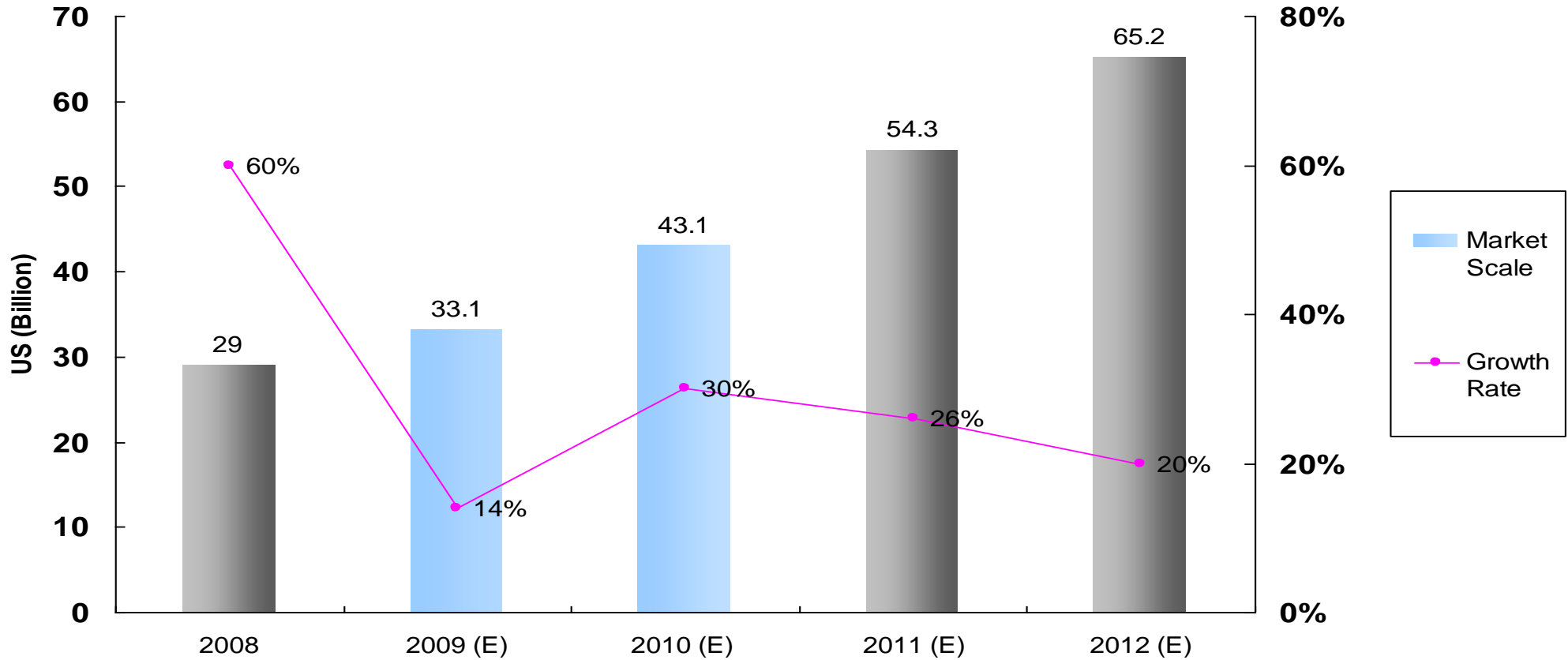
★ HQ in Beijing

● 6 sales and service centres in key locations across China

● 26 new sales offices opened since the second half of 2007

● 477 employees

Chinese Surveillance Market Scale



Thank You

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