BLUE FINANCIAL SERVICES TO ACQUIRE LISTED MICRO LENDER CREDIT U IN A R278 MILLION DEAL

SALIENT FEATURES of the OFFER:
Purchase consideration: R278 million for:
- total issued share capital
- R280 million debtors book
- 92 branches across South Africa
  - 600 staff

Listed Pan-African micro financier, Blue Financial Services, today announced its intention to purchase the entire issued share capital of AltX-listed micro financier, Credit U Holdings Limited, previously Kagisano Group Holdings, for a purchase consideration of R278 million.

The Acquisition will be effected through a 50% cash and a 50% share offer to all Credit U shareholders. The cash offer is a vendor placement of shares. The Blue shares are offered on the basis that (1) Blue share is paid for every (2.25) Credit U shares.

Blue CEO Dave van Niekerk commented that the acquisition will consolidate Blue's position in South Africa "Credit-U operates through a relatively expensive finance model, servicing its debt at between 6%-9% above its peer group. We believe that through a lower cost of funding and readily available finance, we will be able to unlock Credit-U's true potential."

"Although we are paying a premium to Credit-U's current market price, Blue's board believed that Credit U is currently trading at a discount to its real value." he continued. "Credit-U's debtors' book, customer base, branch footprint and support staff will allow Blue further growth within the South African operations. By improving on and changing the operating model in the branches and achieving economies of scale we will double our current footprint in South Africa, which makes it an attractive deal for Blue" he said.

The offer is subject to Competition Commission approval, and should the offer be successful, Credit-U will be delisted from the JSE. It listed in the form of Kagisano on AltX on July 24th 2007.

Credit U reported profits for the six months ended 29 February 2008 of R18 million (Interim 2007: R16 million). Profits for the year ended 31 August 2007 were R32 million. Its product offerings include term loans, mobile phone packages, insurance and mortgage bonds. The company presently has 92 branches in South Africa. Dave van Niekerk indicated that Credit U management and staff will be retained post the acquisition, and where there are duplications, staff will be redeployed, but that Credit-U directors would
not transfer across and will also relinquish their directorships. Blue feels that the outgoing directors will have value to add in other areas of the new business.

Says Credit U’s CEO, Eugene van Niekerk: “The Credit U board believes that enormous opportunities will flow from aligning these two quality, yet complementary, businesses. There is a huge opportunity from the economies of scale that will flow from combining the two companies’ extensive client bases and cross selling exciting new products like Credit U’s mobile telecommunication and bond origination services to the total client base.

“Furthermore, at the premium being offered on the current share price, the board believes that the transaction offers shareholders good value.”

Dave van Niekerk concluded by re-iterating Blue’s continental focus. "This acquisition presented us with an opportunity to consolidate Blue's South African operations, without detracting from growth efforts in the rest of Africa which are well on track" he said. The group will launch operationally later this month in Rwanda and Nigeria.

Note to editors: There is no relation between Dave van Niekerk and Eugene van Niekerk

Blue Financial Services (Pty) Ltd

Blue, the AltX listed pan-African financier, is currently one of the “big three” listed micro-financiers in South Africa. Of the three, Blue is the only micro-financier with a significant presence outside of South Africa, currently operating in eleven other countries and planning to open further African subsidiaries before the end of the year. Blue presently services its clients through 168 branches manned by more than 1 700 employees.

Blue offers formally employed people in the LSM 2–7 brackets access to credit solutions such as salary advances, home improvement loans, home loans and insurance. Blue is registered with the Finance Services Board (FSB) of South Africa and the central banks in each of its operating countries.