BLUE FINANCIAL SERVICES LIMITED
(Incorporated in the Republic of South Africa)
(Registration Number: 1996/006595/06)
JSE Code: BFS
ISIN: ZAE000083655
("Blue" or "the Company" or “the Group”)

TRADING STATEMENT

In accordance with paragraph 3.4 of the Listings Requirements of the JSE Limited, a listed company is required to publish a trading statement, as soon as it is satisfied that a reasonable degree of certainty exists, that the financial results for the next period to be reported on are likely to vary by more than 20% from the previous corresponding period.

Further to the trading update released on the Securities Exchange News Service of the JSE Limited on 28 June 2011 (“June 2011 update”), the Board advises that it has since obtained a reasonable degree of certainty as to the quantum of the (loss) / earnings per share (“EPS”) and the headline (loss) / earnings per share (“HEPS”) for the six months ended 31 August 2011 (“interim period”).

Blue wishes to advise shareholders that the Company expects a further improvement in the Company’s earnings and headline earnings reported in the June 2011 update and accordingly advises that for the interim period, EPS are expected to be between a basic loss of (0.58) cents per share and basic earnings of 0.53 cents per share; HEPS are expected to be between a headline loss of (0.54) cents per share and headline earnings of 0.54 cents per share attributable to ordinary shareholders. These compare with the basic loss per share and headline loss per share of (25.01) cents and (24.59) cents respectively, reported in the prior comparative period.

The main reasons for the improvements in results per share reported in the prior comparative period are:-
- cost savings generated as a result of right-sizing the organization;
- increase in lending activities and resultant book growth;
- credit impairments reduced through improvements in collection processes;
- improvements in operational efficiencies and business sophistication; and
- increase in the number of shares in issue due to the recapitalisation of the Group and subsequent debt: equity conversion. The current issued shares are 5.8 billion (August 2010: 624 million).

The restructuring embarked upon by the Company during the past financial year and the impact of the Mayibuye turnaround strategy, have contributed to the improvement in financial results.

These actions provide a sound platform for growth and returning the group to sustainable profitability in the future.

The information in this trading statement has not been reviewed or reported on by Blue’s independent auditors.

Pretoria
11 October 2011

Designated Advisor
Grindrod Bank Limited