Blue Financial Services Limited
(Incorporated in the Republic of South Africa)
(Registration Number: 1996/006595/06)
JSE Share code: BFS
ISIN: ZAE000083655
(“Blue” or the “Company”)

TRADING UPDATE

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.

Blue wishes to advise shareholders that the company expects a decrease in the loss per share (“LPS”) and the headline loss per share (“HLPS”) for the year ended 28 February 2011, of more than 20% compared to the LPS and HLPS reported in the prior comparative period.

The main reasons for the reductions in the losses are:

- cost savings generated as a result of right-sizing the organization;
- credit impairments reduced through improvements in collection processes;
- the need for further write-offs of financial and intangible assets post the recapitalization of the Group by Mayibuye has been reduced; and
- improvements in operational efficiencies and business sophistication.

The restructuring embarked upon by the Company during the current financial year and the impact of the Mayibuye turnaround strategy, have contributed to the expected improvement in financial results. The management actions aimed at stabilizing the business have led to a decline in new loan advances to customers during the year. This should change with the market repositioning of the business and enhanced credit granting procedures.

These actions provide a sound platform for growth and returning the group to profitability in the future.
Once the Company has obtained a reasonable degree of certainty on the actual range of the decrease in LPS and HLPS, a further trading statement will be released.

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

Pretoria
1 February 2011

Designated Adviser
Grindrod Bank Limited