BFS - Blue Financial Services Limited - Update on the issue of the financial results of Blue for the year ended 28 February 2010 ("the 2010 results")

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

UPDATE ON THE ISSUE OF THE FINANCIAL RESULTS OF BLUE FOR THE YEAR ENDED 28 FEBRUARY 2010 ("THE 2010 RESULTS")

1. Shareholders are referred to the Provisional Condensed Consolidated Reviewed financial results for the year ended 28 February 2010, released on 21 June 2010 (the "provisional results") on the Securities Exchange News Service ("SENS") of the JSE Limited, wherein it was disclosed, that Blue incurred a loss for the year of R1 030 million.

2. The Company further announced on 10 June 2010 that it had entered into a Subscription Agreement with the Mayibuye Group (Proprietary) Limited ("Mayibuye") whereby Mayibuye will inter alia, subscribe for R163 million ordinary shares in the Company ("the Mayibuye transaction").

3. Shareholders are also referred to the announcement released on SENS on 23 June 2010, regarding an update on the disclaimer of conclusion issued by the Company’s independent auditors, Deloitte & Touche ("Deloitte") on the provisional results. The disclaimer of conclusion was issued as a result of the Mayibuye transaction being a key component to restore the Company to profitability. As a result of the Mayibuye transaction not yet becoming unconditional and further uncertainties as indicated in the basis for disclaimer of conclusion at that date, the disclaimer of conclusion was issued by Deloitte due to the significance of the uncertainties in this regard.
4. Shareholders are also referred to the update announcement released on SENS on 12 August 2010 wherein it was indicated that certain key conditions precedent of the Mayibuye transaction had been fulfilled and that progress was ongoing in relation to finalising the remaining conditions precedent.

5. Shareholders are advised that as at 31 August 2010:
   5.1 The majority of funders who are party to the Debt Rescheduling Agreement have signed same.
   5.2 The Claims Purchase Agreement which forms part of the remaining conditions precedent is close to finalisation.

6. For purposes of issuing an audit opinion on the audited financial statements for the year ended 28 February 2010, all further developments with regard to the fulfilment of the conditions precedent, further uncertainties and any other factors prevalent at that time need to be considered by Deloitte.

7. Accordingly the Company is of the view that, as the fulfilment of the remaining conditions precedent is imminent, it is in the best interests of shareholders to delay the issue of the 2010 Results until such time as there is finality in relation to the Mayibuye transaction, (but in any event not later than 30 days from the date of this announcement), such that it would enable Deloitte to consider the impact of this on their audit opinion.

A further announcement providing an update on the Mayibuye transaction as well as on the timing of the publication of the 2010 Results will be made in due course.

Pretoria
1 September 2010
Designated Advisor: Grindrod Bank Limited

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