

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

UPDATE ON DISCLAIMER OF CONCLUSION ISSUED ON THE PROVISIONAL FINANCIAL INFORMATION FOR THE YEAR ENDED 28 FEBRUARY 2010("THE RESULTS")

Further to the announcement released by the JSE Limited on the Securities Exchange News Service (SENS) of the JSE, shareholders' attention is drawn to the following:

The Company announced on 10 June 2010 that it had entered into a Subscription Agreement with the Mayibuye Group (Proprietary) Limited ("Mayibuye") whereby Mayibuye will subscribe for R163 million ordinary shares in the Company and in addition will provide loan financing of R300 million.

The disclaimer of conclusion issued by the Company's independent auditors, Deloitte & Touche ("Deloitte") was issued as a result of the Mayibuye transaction being a key component to restore the Group to profitability. As a result of the transaction not yet becoming unconditional and further uncertainties as indicated in the basis for disclaimer of conclusion, the disclaimer of conclusion was issued by Deloitte due to the significance of the uncertainties in this regard.

For purposes of issuing an audit opinion once the audited financial statements for the year ended 28 February 2010 have been finalised, all further developments with regard to the fulfillment of the conditions precedent, the further uncertainties and any other factors prevalent at that time will be considered.

Shareholders are also referred to the reviewed financial results for the year ended 28 February 2010, released on 21 June 2010 on SENS.

Several factors concerning these results should be taken into consideration:

As disclosed, Blue incurred a loss for the year of R1 030 million. Included in these losses are significant and unusual write-downs and impairments of various financial assets, which have been prudently assessed in line with the challenging trading conditions and take into account the status of the Company and its required Recapitalisation. A portion of these write-downs and impairments are not deemed to be recurring in nature.

The Company believes that the decision taken regarding these write-down and impairments will contribute to providing a solid foundation from which the Company can be rebuilt.

Mayibuye is engaging the Company, its shareholders and principal funders regarding its Recapitalisation strategy.

Apart from obtaining the necessary regulatory approvals, the status of the remaining key conditions precedent are as follows:

Conclusion of Pinebridge Global Emerging Markets Partners II, L.P. and Pinebridge Capital Partners LLC ("Pinebridge") (previously AIG Global Emerging Markets Partners II, L.P. and AIG Capital Partners LLC, respectively) settlement agreement with Mayibuye. Discussions between the parties are ongoing.

Conclusion of the terms of the R300 million loan financing to be provided to Blue by Mayibuye are being discussed with the Company.

Conclusion of the Restructuring Agreements with existing debt funders - discussions have already commenced between Mayibuye and existing funders.

In conclusion, the board acknowledges that the successful implementation of the Recapitalisation is vital to the future of the Company and can restore the Company to profitability. The Company is monitoring the situation on an ongoing basis and will appraise shareholders as the transaction develops over the next few weeks.

23 January 2010

Designated Advisor: Grindrod Bank Limited

Financial Adviser: NM Rothschild & Sons (South Africa) (Proprietary) Limited