



# Chairman's statement

## From The Chair

It is my pleasure to report to all stakeholders on the developments that have taken place within Blue during the 12 months of the 2011 financial year. At the start of the year, the prospects for Blue were, to say the least, poor. By the end of the year, and following the financial restructuring which became effective on 10 December 2010, as demonstrated and measured by actual results achieved, there has been a dramatic change for the better in Blue's fortunes.

At the outset of the year, few could have predicted the distinctly favourable position in which we now find ourselves.

The previous year had produced staggering losses due to a number of reasons, including the difficult state of world economies. During 2011, however, Blue's Board successfully negotiated a turnaround strategy with new majority shareholder, the Mayibuye Group. Mayibuye turns out to be the perfect partner – or parent - to rejuvenate Blue and bring it back 'from the brink' as well as championing it towards a much brighter future.

## Turnaround

The turnaround strategy that included refinancing and debt restructuring has transformed Blue's financial health and set a firm platform for Blue based on sound principles and strong funding.

Mayibuye engineered a new funding facility involving a number of key funders, and I thank all parties involved in creating this facility to take Blue forward with renewed confidence. I also thank them for their support during the difficult and turbulent times prior to the deal with Mayibuye Group being finalised.

It is much more than funding that Mayibuye has brought into the turnaround process. Their active and hands-on approach has helped infuse new life into Blue across all levels and disciplines. The company's operational ethos has changed and continues to be transformed for the better.

## Board

Starting at the top, and in line with improved corporate governance and honouring the principles of the King Commission Reports, Blue now has a restructured and fit-for-purpose Board. The Board is supported by the relevant and refreshed sub-committees that have already proven to function well in support of our new business plans and objectives.

## Management

In restructuring at the next level of the management team, we have retained all that was excellent in Blue and brought in some new people and improved processes. This has made management more effective in implementing the strategies developed at higher levels.



In practical terms, the management team is driving the turnaround strategy which is translating into positive results in Blue's performance figures. Accordingly, and in recognition of the vital role the management team plays, we are currently in the process of reviewing the executive rewards scheme that will encompass both short-term and long-term incentives.

## Corporate identity

As part of breathing new life into Blue, I am delighted to say that the company has a bright new visual identity, with fresh colours and images of which we can all be proud. This visual renewal was not only focused externally at the marketplace but also internally to uplift and revive the spirits of the people who make up Blue's workforce, and without whose wholehearted commitment our turnaround strategy would not have been possible.

## Commitment to Blue's people – and thanks

As part of Blue's new values and commitment to improving the working environment, the company commissioned Deloitte & Touche to conduct an Employee Climate Survey so as to afford all staff in every office and branch in each country in which Blue operates the opportunity of participating.

The information and insights this survey has produced form the basis of improvement plans that are currently being formulated and implemented throughout the organisation.

It is the positive motivation and commitment of Blue's people at all levels that will make – and have already made – the current turnaround not only possible but, as results are already showing, a reality. I therefore heartily thank everyone throughout Blue for their support and keen contribution in helping to turn our organisation around.

My thanks also go to the people of Mayibuye for the new energy they have brought to Blue at what was a crucial time in the company's development. Time will undoubtedly show just how vital this injection of energy has been and its pivotal role in the turnaround strategy.

## Auditors

It is both sobering and encouraging to note that for the first time year-on-year we retained the same firm of auditors. I thank them for their role in scrutinising and reporting on the annual financial statements.

## Products and markets

Operationally, it is exciting to note that Blue's association with the Mayibuye Group has brought about some fortunate synergies relating to products and markets.

While Blue has an extensive market access infrastructure throughout its pan-African footprint, Mayibuye has added some excellent new products to Blue's current range that complement and materially extend Blue's offerings to the marketplace.

For example, from Blue's new sister company Integer, it now has access to granting leading-edge home loan packages that have been described by a Business Times survey as "the best account for home owners."

Blue now has a winning combination, which is what excites me personally and gives me sustainable confidence in the upturn of Blue's operations going forward.

## Final words

Together with Blue's marketing access points throughout Africa, its enhanced products and a brightly refreshed public image, secure funding and a backbone of committed and enthusiastic people, it is not surprising that I can say with confidence that, at the end of the 2011 financial year, Blue is in a distinctly favourable position.

Indeed, I believe Blue is now perfectly poised for a recovery that will reach and even exceed its vision, goals and objectives in such spectacular fashion that it will surprise us all and delight our stakeholders in the years to come.



Siphon Twala  
Chairman