



Making big things happen
for small businesses

Condensed unaudited group results
for the six months ended 30 September 2011

Business
PARTNERS
Investing in Entrepreneurs

Interim consolidated statement of financial position

as at (Amounts in R'000)

Assets

Non-current assets

Investment properties
Business investments
Investments in associates
Property and equipment
Defined benefit pension fund surplus

Current assets

Inventories and assets held for resale
Short-term portion of business investments
Accounts receivable
Current tax asset
Deposits and bank balances

Total assets

Equity and liabilities

Capital and reserves

Share capital
Treasury shares
Fair value and other reserves
Retained earnings

Minority interest

Non-current liabilities

Borrowings
Provision for post-retirement medical aid
Deferred tax liability

Current liabilities

Short-term borrowings
Accounts payable
Provisions
Current tax liability
Shareholders for dividend

Total equity and liabilities

Notes

		Unaudited 30 September			Audited 31 March 2011
		2011	% Change	2010	
		2 488 956	8,1%	2 302 143	2 463 305
		611 736	14,6%	533 892	569 232
2		1 619 244	8,0%	1 498 977	1 623 140
		84 063	7,6%	78 150	85 462
		88 287	4,9%	84 178	88 586
		85 626	-19,9%	106 946	96 885
		365 695	1,7%	359 707	316 885
		2 081	63,7%	1 271	1 196
2		310 178	3,5%	299 828	263 807
		24 704	43,3%	17 244	23 172
		-	-100,0%	6 536	3 299
		28 732	-17,5%	34 828	25 411
		2 854 651	7,2%	2 661 850	2 780 190
		2 384 993	2,9%	2 317 922	2 367 550
3		178 835	-	178 835	178 835
3		(15 292)	-	(15 292)	(15 292)
		48 311	-39,1%	79 341	57 225
		2 173 139	4,7%	2 075 038	2 146 782
		2 003	3,2%	1 940	1 929
		294 493	35,8%	216 889	308 851
4		211 363	48,8%	142 020	224 071
		69 639	23,7%	56 301	67 940
		13 491	-27,3%	18 568	16 840
		173 162	38,4%	125 099	101 860
4		98 917	49,7%	66 080	33 923
		38 149	16,3%	32 807	32 726
		31 261	21,9%	25 652	34 839
		4 050	-	-	-
		785	40,2%	560	372
		2 854 651	7,2%	2 661 850	2 780 190

Interim consolidated statement of comprehensive income

for the period ended (Amounts in R'000)

Revenue

Other operating income
Operating expenses

Profit from operations

Finance cost
Income from associated companies

Profit before tax

Tax expense

Net profit

Other comprehensive income

Fair value adjustment of financial instruments
Foreign currency translation reserve movement
Other comprehensive income: Associated companies
Actuarial (losses)/gains on employee benefits

Other comprehensive income net of tax

Total comprehensive income

Profit attributable to:

Equity holders of the parent
Minority interest

Total comprehensive income attributable to:

Equity holders of the parent
Minority interest

Earnings per share (cents)
Headline earnings per share (cents)
Dividends per share (cents)

7,1
7,2
9

		Unaudited 30 September			Audited 31 March 2011
		2011	% Change	2010	
		175 097	-2,3%	179 239	357 863
		45 116	48,9%	30 305	88 966
		(156 944)	-1,8%	(159 770)	(311 978)
		63 269	27,1%	49 774	134 851
		(10 766)	23,9%	(8 686)	(17 653)
		8 914	25,2%	7 118	21 781
5		61 417	27,4%	48 206	138 979
		(15 542)	22,4%	(12 702)	(31 683)
		45 875	29,2%	35 504	107 296
		(17)	>100%	(6)	8
		433	<-100%	(118)	(279)
		-	-	1 201	1 202
		(9 330)	<-100%	2 685	(19 285)
		(8 914)	<-100%	3 762	(18 354)
		36 961	-5,9%	39 266	88 942
		45 800	29,4%	35 403	107 147
		75	-25,7%	101	149
		45 875	29,2%	35 504	107 296
		36 886	-5,8%	39 165	88 793
		75	-25,7%	101	149
		36 961	-5,9%	39 266	88 942
		26,5	29,3%	20,5	62,0
		15,2	-0,7%	15,3	35,5
		-	-	-	12,0

Interim consolidated statement of changes in equity

(Amounts in R'000)

	Share Capital	Fair value and other reserves	Retained earnings	Total
Balance at 1 April 2010	162 857	75 579	2 058 905	2 297 341
Share options taken up	686			686
Total comprehensive income for the period		3 762	35 403	39 165
Profit for the year			35 403	35 403
Other comprehensive income for the year		3 762		3 762
Movement in retained earnings of associates			(269)	(269)
Dividend			(19 001)	(19 001)
Balance at 30 September 2010	163 543	79 341	2 075 038	2 317 922
Balance at 1 April 2011	163 543	57 225	2 146 782	2 367 550
Total comprehensive income for the period		(8 914)	45 800	36 886
Profit for the year			45 800	45 800
Other comprehensive income for the year		(8 914)		(8 914)
Movement in retained earnings of associates			1 317	1 317
Dividend			(20 760)	(20 760)
Balance at 30 September 2011	163 543	48 311	2 173 139	2 384 993

Interim consolidated statement of cash flows

for the period ended (Amounts in R'000)

	Notes	Unaudited 30 September		Audited 31 March 2011
		2011	% Change	2010
Cash flow from operating activities		86 492	6,3%	81 341
Finance cost		(10 766)	23,9%	(8 686)
Tax paid		(7 914)	-45,0%	(14 383)
Dividend paid	9	(20 347)	10,1%	(18 480)
Net cash flow resulting from operating activities		47 465	19,3%	39 792
Net cash flow resulting from investing activities		(96 430)	>100%	(19 425)
Net cash flow resulting from financing activities		(11 785)	-17,5%	(14 284)
Movement in cash and cash equivalents		(60 750)	<-100%	6 083
Cash and cash equivalents - beginning of period		17 765	<-100%	(2 983)
Cash and cash equivalents - end of period		(42 985)	<-100%	3 100

Cash and cash equivalents for the purposes of the cash flow statement includes deposits and bank balances and bank overdrafts (see note 4)

Notes to the interim consolidated financial statements

for the period ended (Amounts in R'000)

	2011	Unaudited 30 September % Change	2010	Audited 31 March 2011
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1. Basis of preparation

These condensed consolidated interim financial statements for the period ended are prepared in accordance with and comply with South African Statements of Generally Accepted Accounting Practice. The condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 as well as the accounting policies set out in the Consolidated Annual Financial Statements for the year ended 31 March 2011.

The interim report is not the Group's statutory accounts. The statutory accounts for the year ended 31 March 2011 have been audited and filed with the Registrar of Companies.

The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 March 2011, which have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice.

The preparation of the condensed consolidated interim financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and the disclosure of contingent liabilities at the reporting date. If in future such estimates and assumptions deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the period in which the circumstances change.

2. Business investments

Investment in <i>En Commandite</i> partnerships	16 395	-11,8%	18 589	19 056
Financial instruments – fair value adjusted to equity	300	-1,0%	303	323
Gross loans and receivables	2 080 296	7,2%	1 940 583	2 041 111
Less: Allowance for impairment	(167 569)	4,3%	(160 670)	(173 543)
Less: Short-term portion	(310 178)	3,5%	(299 828)	(263 807)
Carrying value of business investments	1 619 244	8,0%	1 498 977	1 623 140

	Unaudited 30 September			Audited 31 March 2011
2011	% Change	2010		

3. Share capital

Authorised

400 000 000 ordinary shares of R1 each **400 000** - 400 000 400 000

Issued

178 834 594 ordinary shares of R1 each **178 835** - 178 835 178 835

5 834 000 treasury shares held by the employee share trust **(15 292)** - (15 292) (15 292)

173 000 594 ordinary shares **163 543** - 163 543 163 543

4. Borrowings

Interest-free long-term borrowings **2 277** 91,5% 1 189 1 370

Interest-bearing long-term borrowings **209 086** 48,5% 140 831 222 701

Non-current borrowings **211 363** 48,8% 142 020 224 071

Short-term portion of long-term borrowings **27 200** -20,8% 34 352 26 277

Bank overdraft **71 717** >100% 31 728 7 646

Current borrowings **98 917** 49,7% 66 080 33 923

Total borrowings **310 280** 49,1% 208 100 257 994

5. Profit before tax

The following items have been included in arriving at profit before tax:

Depreciation on property and equipment **1 564** -27,1% 2 144 4 148

Interest paid **10 766** 23,9% 8 686 17 653

Net bad debts **34 855** -18,4% 42 739 66 767

Impairment (released)/created **(1 926)** -8,5% (2 105) 11 400

Surplus on realisation of assets **(6 560)** 100,1% (3 279) (13 082)

6. Commitments and contingent liabilities

Business investments approved but not yet advanced **389 631** 35,1% 288 438 315 047

Capital committed to *En Commandite* partnerships **14** -99,9% 12 476 3 799

Unexpired portion of lease agreements **9 358** 7,5% 8 706 10 225

Guarantees **400** -12,5% 457 694

7. Earnings per share

7.1 Basic earnings per share

Net profit **45 800** 29,4% 35 403 107 147

Weighted number of ordinary shares in issue ('000) **173 001** 0,1% 172 872 172 871

Earnings per share (cents) **26,5** 29,3% 20,5 62,0

7.2 Headline earnings per share

Determination of headline earnings

Net profit **45 800** 29,4% 35 403 107 147

Profit on sale of equipment **2** <-100% (22) (21)

Profit on sale of associates **(5 158)** 84,4% (2 798) (11 230)

Profit on sale of investment property **(502)** - - -

Fair value adjustment of investment property **(13 811)** >100% (6 130) (34 512)

Headline earnings **26 331** -0,5% 26 453 61 384

Weighted number of ordinary shares in issue ('000) **173 001** 0,1% 172 872 172 871

Headline earnings per share (cents) **15,2** -0,7% 15,3 35,5

8. Related parties

Loans to/from related parties

Loans to associates **751 919** 6,9% 703 639 733 474

All other loans to/from related parties have been eliminated on consolidation to arrive at the Group's interim results.

9. Dividend

A dividend in respect of the year ended March 2011 of 12 cents per share (2010: 11 cents per share) was declared on 24 May 2011 and paid on 12 August 2011 to shareholders registered on 2 August 2011. In line with the prior interim period, no interim dividend has been declared.

COMMENTS

Business Activities

Business Partners Ltd is a specialist investment group providing risk finance, mentorship as well as property accommodation and management services to small and medium enterprises (SMEs) in South Africa. In addition, investment funds – earmarked for the risk-based financing of SMEs – are managed in African and Indian Ocean countries on behalf of international investors. Over the past five years, an operational presence has been established in Nairobi (Kenya), Antananarivo (Madagascar) and Kigali (Rwanda). The establishment of similar operations in Mozambique is nearing completion.

Net Profit

The net profit attributable to shareholders amounts to R45,9 million for the six months ended September 2011, a R10,3 million (29,2 percent) improvement on the R35,5 million profit reported for the same period last year.

Revenue declined by 2,3 percent to R175,1 million for the period ended September 2011 (September 2010: R179,2 million) primarily due to decreases in the prime interest rate. During the period under review the average prime interest rate was 90 basis points lower than the average prime interest rate over the same period last year, resulting in a decrease in interest revenue of R8,6 million.

Profit from operations increased by 27,1 percent, largely due to a 48,9 percent (R14,8 million) increase in other operating income to R45,1 million for the period (September 2010: R30,3 million). The adjustment to the fair value of the property portfolio, which amounted to R16,1 million net of tax (September 2010: R7,1 million), contributed materially to the increase in other operating income.

The net bad debt and impairment charge for the period under review decreased to R32,9 million (September 2010: R40,6 million). The allowance for impairment for loans and receivables decreased from R173,5 million (8,5 percent of the portfolio) in March 2011 to R167,6 million (8,1 percent of the portfolio).

Operational Results

183 investments, amounting to R504,0 million, were approved in the period under review (September 2010: 225 investments amounting to R440,4 million), a satisfactory increase in investment activity under the current market conditions. Investments advanced amounted to R299,6 million over the period under review, a 59,0 percent improvement on the R188,4 million advanced for the comparable period ended September 2010.

The increase in investments advanced over the period resulted in part from the high level of commitments – investments approved, but not yet advanced – which amounted to R319,3 million at the end of March 2011. The commitments increased by 23,4 percent to R394,1 million at the end of September 2011. Despite the improvement in investment activity, the SME risk financing environment continues to remain flat with low confidence levels and limited growth opportunities prevailing amongst SMEs.

The exposure to investments with repayment obligations in arrear, increased marginally from 27,4 percent of the investment portfolio in September 2010 to 27,7 percent of the portfolio in September 2011.

Future prospects

The South African economy continues to be affected by international developments such as the sovereign debt challenges, low growth and high levels of unemployment. Business confidence remains cautious, especially amongst SMEs, and the lending and investment environment remains challenging. Business Partners has carefully managed its cost structures without compromising its capacity to invest and is positioned to benefit from increases in deal flow as the economic environment improves.

The risk profile of the investment portfolio has stabilised, and despite the continued high level of non-performing investments, we are optimistic that our collection efforts and turnaround initiatives have gained traction. SMEs are however very sensitive and vulnerable to broader economic shocks, and much of their expected recovery is dependent on the level of growth and prosperity in the broader economy.

Profit realised during the second half of the financial year usually exceeds the profit realised during the period under review. Based on the results of the interim period, it is reasonable to expect that the profit for the full financial year ending March 2012 will marginally exceed the profit realised for the financial year ended March 2011.

On behalf of the board



T van Wyk
Chairman

15 November 2011



N Martin
Managing Director

The condensed consolidated interim financial statements have been reviewed by the Chief Financial Officer, BD Bierman.

Directors: T van Wyk (Chairman), N Martin (Managing Director)*, C Botes*, JW Dreyer, DR Geeringh, G Gomwe §, Dr P Huysamer, Dr E Links, ZJ Matlala, F Meisenholl, D Moshapalo, SST Ncgobo, Dr ZZR Rustomjee, VO Twala, G van Biljon*. **Company Secretary:** CM Gerbrands.

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