



Comments

Business Activities

Business Partners Ltd is a specialist investment group, providing risk finance, mentorship and property management services to small and medium enterprises in South Africa. Investment funds, targeting risk-based financing of small and medium enterprises, are managed in African and Indian Ocean countries on behalf of international investors with an operational presence established in Nairobi, Kenya and Antananarivo, Madagascar.

Net Profit

The net profit attributable to shareholders amounts to R31,9 million for the period under review, substantially lower than the R65,3 million profit over the same period last year.

The decrease in profit resulted primarily from a R24,0 million decrease in net interest revenue from R133,0 million reported over the same period last year to R108,9 million for the period under review. The 500 basis points decrease in interest rates over the past year, coupled with the financing cost incurred on the medium term funding facilities that were arranged, are the primary causes of the decrease in net interest revenue.

The income from the share-based investments in SMEs declined by R12,5 million from R22,4 million reported last year to R9,9 million for the period under review. The recessionary environment has adversely impacted on the performance of the associated companies, resulting in lower dividends received. There were fewer opportunities for disposing of the investments in these entities, and the recessionary conditions meant it was unwise to contemplate exiting from investments at depressed values.

Operational expenses increased by R8,8 million, or 7,4 percent, to R127,3 million (September 2008: R118,5 million). However, the net charge to the income statement resulting from bad debts and impairments decreased marginally to R38,2 million for the period under review. A net bad debt charge of R39,3 million was accounted for in the corresponding period last year.

Operational Results

269 investments amounting to R490,9 million were approved in the period under review, compared to 371 investments amounting to R644,7 million in the corresponding period last year. The 27,5 percent decrease in the number of investments made is the result of a decline in quality deal flow coupled with a more cautious approach to investment decisions during recessionary conditions.

Investments *advanced* amounted to R376,2 million over the period under review, a decrease of 20,8 percent compared to the same period last year (September 2008: R475,2 million). The commitments – investments approved, but not yet advanced – decreased by 19,7 percent from R380,5 million at the end of September 2008 to R305,4 million at the end of September 2009.

The exposure to non-performing investments increased from 16,1 percent to 22,4 percent of the portfolio, and as a consequence, the impairment on the carrying value of the portfolio amounts to R150,2 million (7,5 percent of the portfolio) in September 2009.

Future prospects

The recession adversely impacted on consumer demand, employment and disposable income. The SME sector in particular has been affected by the recession and the risk profile of the investment portfolio reflects the tough trading conditions.

However, the repayment performance trends as measured over the past three months indicate a stabilisation of the deterioration in the risk profile of the portfolio, and an improvement in repayment performance is anticipated over the next six months as economic conditions improve. Furthermore, the special initiatives that were embarked upon to address the deteriorating risk profile are bearing fruit. The continued focus on credit control, expanded post investment value adding to our clients and specifically the initiatives to support worthy clients who experienced cash flow constraints should improve the risk profile of the portfolio. The international division, Business Partners International, continues to successfully deliver the Business Partners investment approach into Africa.

The Group is committed to playing a significant role in the risk-based financing of SMEs in South Africa and various opportunities are being explored to fund the requirements of the expected growth in investment activity.

The outlook for Business Partners' profitability remains within budgetary expectations for the balance of the financial year with the profits realised during the second half of the financial year expected to match those of the first half of the 2009/2010 financial year.

On behalf of the board.

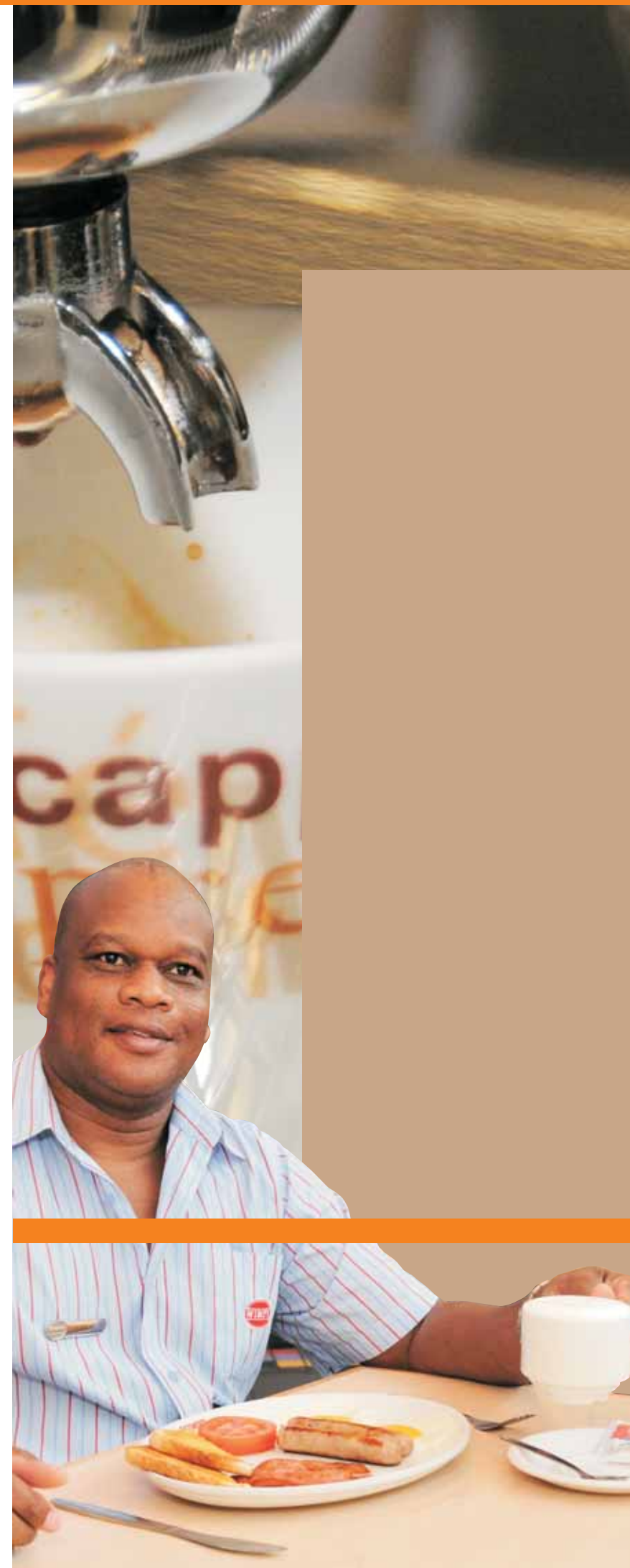
T van Wyk
Deputy Chairman

11 November 2009

N Martin
Managing Director

Directors: JP Rupert (Chairman), T van Wyk (Deputy Chairman), N Martin (Managing Director)*, C Botes*, JW Dreyer, DR Geeringh #, GG Gomwe, Dr P Huysamer, Dr E Links, J Matlala, F Meisenholl, SA Molepo, D Moshapalo, Dr MA Ramphela, Dr ZZR Rustomjee, G van Biljon*. **Company Secretary:** CM Gerbrands # Alternate: SST Ngcobo * Executive Director

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Registration number: 1981/000918/06



Condensed Unaudited Group Results

for the six months
ended 30 September 2009

Business
PARTNERS

Investing in Entrepreneurs



Statement of financial position as at

(Amounts in R'000)

Notes	Unaudited 30 September		Audited 31 March	
	2009	% Change 2008	2008	2009
Assets				
Non-current assets				
	2 195 243	12,1%	1 958 467	2 029 619
Investment properties	476 862	22,4%	389 728	448 544
Business investments	1 490 087	7,5%	1 385 640	1 455 856
Investments in associates	64 174	41,2%	45 445	59 790
Property and equipment	87 813	202,9%	28 988	28 613
Deferred tax asset	16 298	-	-	15 083
Defined benefit pension fund surplus	60 009	-44,8%	108 666	21 733
Current assets				
	330 833	0,2%	330 070	329 782
Inventories and assets held for resale	1 142	57,5%	725	457
Short-term portion of business investments	305 848	14,6%	266 882	284 762
Accounts receivable	12 403	-44,2%	22 229	18 988
Current tax asset	603	-	-	743
Deposits and bank balances	10 837	-73,1%	40 234	24 832
Total assets	2 526 076	10,4%	2 288 537	2 359 401
Equity and liabilities				
Capital and reserves				
	2 212 764	2,5%	2 158 958	2 169 364
Share capital	178 835	-	178 835	178 835
Treasury shares	(15 978)	-20,0%	(19 973)	(15 984)
Fair value and other reserves	55 768	-27,6%	77 048	18 429
Retained earnings	1 994 139	3,7%	1 923 048	1 988 084
Minority interest	985	7,1%	920	961
Non-current liabilities				
	183 621	232,5%	55 218	52 540
Borrowings	131 732	>1000%	1 350	1 350
Provision for post-retirement medical aid	51 889	4,8%	49 520	51 190
Deferred tax liability	-	-100,0%	4 348	-
Current liabilities				
	128 706	75,3%	73 441	136 536
Borrowings	59 171	-	-	58 866
Accounts payable	36 542	-2,3%	37 386	37 979
Provisions	30 643	3,2%	29 680	39 641
Current tax liability	-	-100,0%	5 620	-
Shareholders for dividend	2 350	211,3%	755	50
Total equity and liabilities	2 526 076	10,4%	2 288 537	2 359 401

Statement of comprehensive income for the period ended

(Amounts in R'000)

Notes	Unaudited 30 September		Audited 31 March	
	2009	% Change 2008	2008	2009
Revenue	191 971	-10,4%	214 179	423 700
Profit from operations	44 510	-45,8%	82 128	152 889
Finance cost	(5 093)	>1000%	(56)	(1 524)
Income from associated companies	7 054	20,1%	5 874	22 123
Profit before tax	46 471	-47,2%	87 946	173 488
Tax expense	(14 483)	-36,0%	(22 625)	(43 089)
Net profit	31 988	-51,0%	65 321	130 399
Other comprehensive income:				
Fair value adjustment of financial instruments	31	-144,3%	(70)	(95)
Foreign currency translation reserve movement	(968)	14,8%	(843)	1 898
Actuarial gains/(losses) on employee benefits	38 276	-	-	(61 335)
Other comprehensive income net of tax	37 339	>1000%	(913)	(59 532)
Total comprehensive income	69 327	7,6%	64 408	70 867
Net profit attributable to:				
Equity holders of the parent	31 964	-51,0%	65 273	130,310
Minority interest	24	-50,0%	48	89
Total comprehensive income attributable to:	31 988	-51,0%	65 321	130 399
Equity holders of the parent	69 303	7,7%	64 360	70 778
Minority interest	24	-50,0%	48	89
Total comprehensive income	69 327	7,6%	64 408	70 867
Determination of headline earnings:				
Net profit	31 964	-51,0%	65 273	130 310
Profit on sale of property and equipment	(25)	-	-	(38)
Profit on sale of investment property	-	-	-	(450)
Headline earnings	31 939	-51,1%	65 273	129 822
Weighted number of ordinary shares in issue ('000)	172 730	0,9%	171 207	171 588
Earnings per share (cents)	18,5	-51,4%	38,1	75,9
Headline earnings per share (cents)	18,5	-51,4%	38,1	75,7
Dividends per share (cents)	-	-	-	15,0

Statement of changes in equity

(Amounts in R'000)

Notes	Share capital	Fair value and other reserves	Retained earnings	Total
	162 851	18 429	1 988 084	2 169 364
Balance at 1 April 2009	6	-	-	6
Share options taken up	-	-	31 964	31 964
Net profit for the year	-	37 339	(25 909)	37 339
Other comprehensive income for the year	-	-	31 964	69 303
Total comprehensive income for the period	-	37 339	(25 909)	(25 909)
Dividend declared	-	-	1 994 139	2 212 764
Balance at 30 September 2009	162 857	55 768	1 994 139	2 212 764

Statement of cash flows for the period ended

(Amounts in R'000)

Notes	2009	% Change 2008	2008	2009
Cash flow from operating activities	79 508	-28,2%	110 743	214 209
Tax paid	(15 558)	-57,9%	(36 924)	(62 919)
Dividend paid	(23 609)	-26,8%	(32 259)	(37 629)
Net cash flow resulting from operating activities	40 341	-2,9%	41 560	113 661
Net cash flow resulting from investing activities	(185 029)	-22,3%	(238 077)	(383 447)
Net cash flow resulting from financing activities	130 388	-	-	(999)
Movement in cash and cash equivalents	(14 300)	-92,7%	(196 517)	(270 785)
Cash and cash equivalents - beginning of period	(34 034)	-114,4%	236 751	236 751
Cash and cash equivalents - end of period	(48 334)	-220,1%	40 234	(34 034)

Cash and cash equivalents for the purposes of the cash flow statement includes deposits and bank balances and current borrowings (see note 3)

Notes to the financial statements for the period ended

(Amounts in R'000)

Notes	2009	% Change 2008	2008	2009
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1 Basis of preparation

These Consolidated Interim Financial Statements for the 6-month period ended 30 September 2009 are prepared in accordance with and comply with South African Statements of Generally Accepted Accounting Practice. The 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 2009.

The preparation of the 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 Share capital

	2009	% Change 2008	2008	2009
Authorised	400 000	-	400 000	400 000
400 000 000 ordinary shares of R1 each				
Issued	178 835	-	178 835	178 835
178 834 594 ordinary shares of R1 each				
7 627 200 treasury shares held by the employee share trust			(19 973)	
6 104 400 treasury shares held by the employee share trust				(15 984)
6 102 300 treasury shares held by the employee share trust	(15 978)	-20,0%		
172 732 294 ordinary shares	162 857	2,5%	158 862	162 851

3 Borrowings

	2009	% Change 2008	2008	2009
Non-current	289	-0,3%	290	290
Interest free loans repayable by rebates on petrol purchases				
Interest bearing long term loans:				
Medium and long term loans	129 889	100,0%	-	-
Other long term loans	1 554	46,6%	1 060	1 060
Current	131 732	>1000%	1 350	1 350
Bank overdraft	59 171	-	-	58 866
Total	190 903	>1000%	1 350	60 216

4 Profit before tax

	2009	% Change 2008	2008	2009
Profit before tax is stated after accounting for the following:				
Depreciation on property and equipment	1 810	26,0%	1 437	2 938
Interest paid	5 093	>100%	56	1 524
Net bad debts	31 390	63,2%	19 231	58 022
Impairment created	6 802	-66,1%	20 039	39 460
Surplus on realisation of assets	(2 498)	-79,7%	(12 299)	(20 947)

5 Commitments and contingent liabilities

	2009	% Change 2008	2008	2009
Business investments approved but not yet advanced	288 438	-21,4%	367 055	242 359
Capital committed to <i>En Commandite</i> partnerships	12 476	-23,7%	16 344	15 560
Capital committed in respect of purchase of building	-	-	-	55 000
Unexpired portion of lease agreements	8 706	35,1%	6 442	10 087
Guarantees	457	-	457	457

6 Dividend

A dividend in respect of the year ended March 2009 of 15 cents per share (2008: 22 cents per share) was declared on 19 May 2009 and paid on 14 August 2009 to shareholders registered on 28 July 2009. No interim dividend has been approved.