Making big things happen for small businesses

Annual Report 2011

Business PARTNERS

Investing in Entrepreneurs

Making big things happen
for small businesses

"We are proud to be associated with Business Partners with whom we have worked very well. Their support during the difficult times has been so valuable for our growing company."

Siyabonga Meyina
Elma Engineering

Contents

Vision

Our vision is to live our name by being the premier business partner for SMEs (small and medium enterprises) and by facilitating wealth creation, job creation and shared economic development.

Mission

Our mission is to invest capital, skill and knowledge into viable entrepreneurial enterprises.

Goal

Our goal is to be an internationally respected, successful and profitable business partner for SMEs.

Values

Business and personal integrity
Honesty, integrity and respect for human dignity are imbued in both our business and personal conduct.

Superior client service
We exist for our clients and enjoy serving them. We aim to delight them with our products, innovative solutions and the quality of our service.

Economic merit
Economic merit underpins all our finance and investment decisions, ensuring access to business finance and added-value service for entrepreneurs from all the communities we serve. It also underpins all our operational decisions, ensuring long-term sustainability and the ability to deliver optimum value for clients and shareholders alike.

Entrepreneurship
Our entrepreneurial approach to doing business enables us to partner with our clients in the success of their businesses.

> "We received honesty and integrity from Business Partners and are delighted with their innovative solutions and commitment."
>
> Breched de Kock
> Atlantis Build It

Business PARTNERS
Investing in Entrepreneurs

Strategic Principles Ensuring Sustainability

Business Partners has for over 30 years provided a range of services to support SMEs in South Africa, encouraging a culture of entrepreneurship, facilitating job creation and contributing to small enterprise development. Our service offering – determined by the needs of the entrepreneur, the viability of the business and the risk assessment and expected return for Business Partners – includes:

- Risk finance solutions
- Mentorship, consulting and technical assistance services
- Real estate broking, management and consulting services

Over recent years Business Partners has expanded into Africa by establishing risk finance funds in Madagascar, Kenya, Rwanda and Mozambique. A new risk finance fund is currently being raised to support SMEs in Namibia, Zimbabwe, Zambia and Malawi.

The success of these funds has proven the rigour, the relevance and the portability of the Business Partners risk finance methodology and the strategic principles that underpin its sustainability. These strategic principles are:

A single-minded, unwavering focus on SMEs

It is generally accepted that SMEs play a major role in the generation of economic growth and wealth and the creation of jobs in modern economies, especially in emerging countries. The problem is that whilst all parties – ranging from politicians to academics, economists, big business and financial institutions – agree on the importance of a thriving and vibrant SME sector for socioeconomic progress, few are prepared to appropriately finance or support this sector.

At Business Partners we understand the important role SMEs play in economic development, and we have developed a risk finance methodology and a balance sheet to support them. We believe that our success is largely due to decades of learning regarding SME risk and behaviour, and the principles we have developed that allow us to succeed in supporting SMEs, grow our portfolio of clients and, simultaneously, reward our shareholders for their faith and support.

We have resisted all temptations to extend our activities beyond the SME sector for two important reasons. The first is that our 'knowledge' may not be as valid in other sectors, and the second is that our learning over time has created competitive advantages for us in the SME sector. Given the paucity of risk finance competitors in the sector, there is little to limit the effect that Business Partners can have on SMEs, except for our own ability to continue to 'stick to our knitting' and the extent of available funding.

Development and Profit

Financing SMEs, the heart of our business, is developmental by nature and, in essence, our business has a twin soul. We aim to have a developmental impact by facilitating access to risk finance for entrepreneurs, who relentlessly pursue wealth for themselves and, in the process, create many jobs for others.

At the same time, we aim to generate sufficient profits to ensure the long-term sustainability of Business Partners. Of equal importance, we believe it would be difficult for Business Partners, as risk financier, to guide and encourage SMEs to be profitable if our business itself was not profitable.

We invest more than just money. The risks associated with investing in SMEs are considerable, and are the reasons why conventional funders are reluctant to invest in the sector. Experience has taught us that simply providing risk finance without risk mitigating and value adding services increases the risk of failure for both the financier and the SME.

It is for this reason that at Business Partners we provide business advice, mentorship, consulting and technical assistance services at all stages of our interaction with SMEs, from assessment to due diligence, and from negotiation through the post-investment phases to the exit. Regular interactions by our post-investment value adding team, and our team of over 320 mentors and consultant specialists, are all designed to reduce risk and increase the success rate of our SME partners.

Superior processes, systems and infrastructure

Due diligence comprises, in absolute terms, by far the single largest cost associated with providing risk finance solutions to SMEs. To remain profitable and hence sustainable, information technology has been used extensively to facilitate Business Partners' processes, systems and

SMEs have a major role to play in the generation of economic growth, wealth generation and job creation in the modern economy, and especially in emerging economies

Strategic principles ensuring sustainability

databases – helping us to reduce the time, extent and cost of due diligence and the administration of our client base.

Effectively, the best practices associated with private equity and venture capital have been borrowed and adapted, enabling Business Partners to produce private equity or venture capital-like solutions for many SMEs, at acceptable costs.

Only the best and the most committed people

Business Partners is a service business operating in a specialist and niche sector of the financial services industry. As such, we rely on critical inputs for our success. The business has built up 30 years of proprietary knowledge around how to sustainably and successfully support SMEs.

This knowledge, which is embodied in the very processes that give us our market advantage, needs to be applied with skill and with insight by people who live our ideals and objectives with integrity and with passion. Thus the people of Business Partners are truly our greatest asset.

We recognise that financing SMEs is a difficult and skilled job, and that some of our best people will be nurtured here, and move into more lucrative or easier sectors of the financial services industry. But those who find reward in the fruits of what their effort and skills enable in this sector – facilitating wealth and job creation and contributing to the overall economic well-being of society – will stay to become our most valuable assets. They are the people who have as their life's passion the welfare of the SME sector. It's their calling.

Once we find such people we hire them, train them and endeavour to retain them as SME risk financiers. Reward systems are designed to ensure that the interests of our shareholders and our staff are aligned. A balanced scorecard is used to ensure that we focus both on our ability to generate profits and thereby remain sustainable, and on our ability to generate the optimum developmental impact for our efforts.

Managing Director's report

Overview of the organisation

Business Partners is committed to the twin goals of profitability to ensure sustainability and growth, and the developmental impact we generate through our support for and risk financing of SMEs. Our initial focus was within the Republic of South Africa, but we have, over the last half-decade, extended our mandate to other African countries.

We operate through the following three business-generating operational divisions:

- Business and Property Investments South Africa
- Business Investments International
- Property Management Services

The business-generating operational divisions are enabled by the operational support services team comprising Finance and Management Information Services, Deal Implementation, Collections, Technical Assistance, Mentorship and Consulting Services, Human Resources and Marketing.

The three operational divisions and each of the support services units provide monthly reports for review by the executive management team. The executive committee of Business Partners meets monthly to review policy, strategy and strategic execution, and the operational performance of the business as a whole.

The Business Partners board is the business' ultimate governance mechanism. It incorporates several subcommittees which meet during the year to assess performance, provide guidance and advice and ensure effective corporate governance. The board is chaired by a non-executive director.

Understanding the operational context

The past year was another challenging one for Business Partners. The effect of the global recession was significant both for our business directly and for our client partners.

In general, credit extension to SMEs remained sharply down compared to 2008 levels, both due to the still more stringent lending criteria of traditional financiers and because of the reluctance of SMEs to borrow due to uncertainty regarding the economic recovery. It is anticipated that this

"It is great dealing with a company that understands my vision and where I want to be moving to. Business Partners sure is the best partner – with them I see a promising future for my company."

Shaun Rahman

Roxy Manufacturing

will change slowly as borrowers gain more confidence in the economy, and as their balance sheets recover to support conventional lending, but this will be a slow and cautious process.

The year was also characterised by a gradual but persistent reduction of prime interest rate. On the one hand, this lower interest rate environment is negative for our income statement as many of our funding arrangements are linked to the prime interest rate (each 1 percent drop in the rate translates to a reduction in income of approximately R20m per annum for us). On the other hand, the low interest rate environment has a positive effect on our business in that it makes it easier for our client partners to repay interest and capital in what are challenging times for them. This in turn helps us to manage our bad debt levels.

It is well known that in a recession the SME sector is the first to feel the pain, and the last to recover. So as a specialist SME financier we have to behave differently to other funders. We are patient capital investors even though our finance may include debt. As a consequence our bad debt levels are lower than might have been expected, but more of our clients are in arrears with their repayments.

Our objective in these challenging times is to strengthen the ability of our client partners to survive. Our patient approach – along with our close monitoring, mentoring and technical assistance – makes the difference.

Our willingness and ability to behave as equity partner has helped many of our SME clients to survive the recession

It is a welcome sign that Government has placed more emphasis on the growth of the SME sector in its policy statements over the last year, and in its decisions reflected in the 2011 budget speech. The limited risk finance skills available in the country, as well as the enviable track record and infrastructure we have built over 30 years opens up the possibility for us as a potential partner for Government in implementing the ambitious job creation and SME growth strategy.

However, the underlying economic conditions appear to be changing for the better. Although there are still many global risks that may affect us in the next year, we are beginning to experience a recovery in the demand for funding from SMEs, and a marked improvement in the quality of applications.

Thus far, Africa has shown itself to be resilient in the face of the recession, and our expansion into African countries over the past five years has proved to be well-timed in terms of demand, but also in terms of securing the support of those global investors who have invested in our various funds.

If one assumes that the world will not immediately or soon experience another major financial or economic crisis, the abovementioned factors and an expected stable or rising interest rate environment should bode well for Business Partners in the 2011/2012 year.

Performance in the last 12 months

Business Partners Limited's profit after tax increased by 13,3 percent to R107,1 million in 2010/11. Given that we were negatively impacted by an already low and declining interest rate environment, and that economic conditions remained challenging, we are pleased with this financial performance. The business concluded 438 new deals to the value of R1 009,3 million for the year which was an improvement on the 431 deals to the value of R765,0 million for the previous year.

However, the R666m in deals advanced was considerably lower than the R714m advanced last year. The slowdown in advances was primarily a result of slower due diligence responses from potential partners, as well as the timing of the deals, where we saw a marked increase in activity in the months preceding the year end. A consequence of this pattern of demand has been a healthy increase in our pipeline for deal advances from R160m at the beginning of 2010/2011 to R360m at the beginning of 2011/2012.

As previously stated, SMEs have been severely challenged over the past two years with many bearing the brunt of the recessionary economic conditions. More of our client partners

Managing Director's report

"The support we've experienced from Business Partners is overwhelming. We are completely satisfied with them and feel safe in having such a reliable business partner."

Daniel and Ronel Rossouw

Metglo Metalizing

were in distress as evidenced by our higher levels of arrear payments, bad debts and impairments.

We are, however, experiencing a slow improvement in the quality of our portfolio, as well as an increase in our overall deal approval rate over the past six months. These are important indicators for us and bear testimony to the supportive policy we adopt with client partners who are finding it difficult to maintain repayment commitments made in pre-recessionary times.

The second half of the year was used to lay the foundation for implementing an important structural change. From 1 April 2011 we have separated the responsibility for deal generation from deal support. It is clear that one of the differentiators of Business Partners is its commitment to partnering our investments, and providing mentorship and guidance for the duration of the deal term. But our ongoing growth depends as much on quality deal-flow as it does on ensuring that when we invest, our partners and our shareholders reap the right rewards. The creation of specialist teams to facilitate these two vital functions will lead to improved performance in both functions and facilitate improved productivity.

To this end we have also restructured the South African business into four geographical regions from the previous six, and have placed a greater emphasis on growth in the Gauteng area where we have previously been under-represented. The property investments business, which invests in multi-tenanted facilities for SMEs, continues to be managed through a specialist unit.

The year has also been a busy one for our internationally focused business unit. The funds in Madagascar and Kenya have performed as expected, and we are well on our way to becoming operational in Mozambique and in Rwanda. We have issued a prospectus on the back of this performance for the floating

Managing Director's report

of a new Southern African SME Risk Finance Fund which aims to raise US$40m for investment in Namibia, Zambia, Zimbabwe and Malawi. The concept has received considerable international support and we expect to conclude the fund raising phase of the project in the first half of the 2011/2012 year.

The success of this international operation proves that as long as we stick to the strategic principles that ensure our sustainability as stated earlier in this report, our concept is transportable, at least in an African context.

Our strategic objectives

Our strategic objectives are as follows:

- To grow our business by partnering more SMEs in South Africa with our unique full service offering comprising risk finance, mentorship, consulting and technical assistance services, and real estate accommodation and management services
- To increase the funds earmarked as risk finance for SMEs in South Africa through responsible on-balance sheet gearing (maximum of 25%) and off-balance sheet enterprise development funds
- To bed down our new organisational platform which is geared for growth, freeing up our investment officers to conclude many deals, yet providing our partner clients with a differentiated, value-adding post investment service
- To relentlessly streamline our business ensuring:
  - Cost effectiveness
  - Efficiency and increased productivity
  - A culture of innovation and continuous improvement
- To manage the transformation of our leadership team, continuously attracting and retaining talented individuals, ensuring that we remain relevant and enhancing our ability to tap into all market segments
- To continue our international expansion – successfully starting businesses in Rwanda and Mozambique, as well as closing the fundraising phase of our Southern Africa (Namibia, Zimbabwe, Zambia and Malawi) SME Risk Finance Fund
- To shape our environment – lobbying directly or via industry associations for an SME-friendly legislative, regulatory and fiscal environment – making it easier to do business in our country

Future Prospects

The high level of uncertainty prevailing in the international economy means that, for the year ahead, traditional financiers will continue their current cautious approach to funding SMEs. Perversely, this creates opportunity for Business Partners, not because we take more risk, but because our methodology helps us to avoid and mitigate risk, and we are therefore able to fund when others don't or can't. We are also inherently less risky than traditional funders with respect to our own funding methodology, with a low level of debt on our balance sheet.

Having said that, our potential client partners are beginning to feel more optimistic, as they improve their balance sheets and face an inherently lower interest rate environment. The SMEs we deal with are beginning to feel the effects of regionally high real GDP growth, and we expect an increase in demand for our services. In response to this demand we have begun to gear up both our ability to fund and our capacity to manage deal flow at higher levels.

Interest rates are expected to be stable or to increase slightly which will have a neutral to positive effect on our business as roughly half of our income is linked to the prime interest rate, and small increases in the rate are unlikely to affect our client partners' ability to repay capital and interest.

All of the above changes will improve the prospects for Business Partners as long as we continue to manage our business in accordance with the basic principles which have thus far ensured our sustainability. The International business expansion further into Africa will increase our footprint and, in the long term, our prospects.

Overall we expect to see new business volumes increase, margins stabilise or increase, and barring international collapse, an improvement in the overall quality of our portfolio.

Our ability to deliver developmental dividends in terms of SME support, wealth creation amongst entrepreneurs, and job creation in the territories in which we operate should be enhanced this next year.

Thanks

The pleasing results we have posted for our 2010/11 financial year would not have been possible without:

- our patient shareholders who have, over more than 30 years, given us an opportunity to make a positive contribution to the society in which we operate;
- our chairman, deputy chairman, board and board committees who continue to provide us with advice and guidance, as well as ensure that we practice and adhere to world class corporate governance standards;
- our management teams and colleagues in all our offices in South Africa, Kenya and Madagascar for relentlessly pursuing our vision with energy, passion, and great care in a challenging and uncertain economic environment; and
- our SME client partners who continue to utilise our product and service offering – the true heroes of economic society who, despite the often insurmountable odds, pursue wealth for themselves and create jobs for many.

We thank them all for their contribution in ensuring that Business Partners continues to provide risk finance solutions for SMEs, on scale and on a sustainable basis.

Operational review

"Business Partners is a reliable partner in my business."

Connie Nkosi
Lidonga Holdings

Business Investments South Africa

The Business Investments environment in South Africa was dominated by the effects of the recession which swept through the world from 2008. Most SMEs experienced very challenging conditions with turnovers and margins decreasing, and funding harder to come by.

Ironically, whilst traditional funders have become more risk averse, the tailored investment financing solutions sector (based on business viability that is the niche occupied by Business Partners) has held up relatively well.

The challenges under these trying conditions have been:

- to assist our current partners through constant monitoring and the appropriate and timeous provision of mentoring and consulting services and, where appropriate, the refinancing or restructuring of their facilities to ensure their viability through the short-term challenges to long-term health
- to improve the quality of our deal prospecting process so that we continue to fulfil our mandate of providing assistance to qualifying SMEs at optimal volumes
- to maintain our strict implementation criteria in spite of the difficult environment
- to minimise the effect of small business failure on our book quantity or quality

The restructuring of our South African operation, announced in our Annual Report last year, is now complete. We have decreased the number of business units in our business to four, and we have organised our client-facing staff into specialist functions with the objectives of increasing their effectiveness on the one hand, and increasing their efficiency on the other.

We have four business units strategically located in the major metropolitan areas, supported by 21 branches throughout the country. These business units each have a deal generation team and a consulting services team, which are supported by specialist implementation and legal teams.

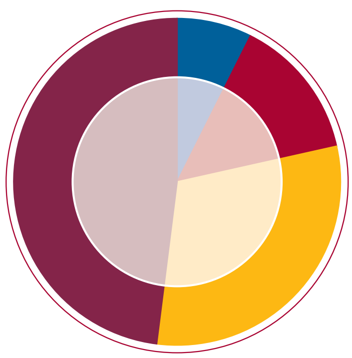
All of these teams are functionally led from our Johannesburg Corporate Office, but have strong processes and methodology to ensure regional synergy and accountability.

Our objectives are to become more effective and more efficient at each of the functions. Over time it will ensure that people who are more suited to deal sourcing and closure (hunting) are doing this most of the time, while those more suited to the monitoring and shepherding of our investments towards successful exits are fully employed doing what they do best. There should be benefits to all of our stakeholders from this re-organisation.

New business aquisitions

The wellbeing and growth of most SMEs has a lot to do with how well large private enterprise businesses and government are faring, and on the level of employment. It is not

Stratification of investments
Investment portfolio composition as at 31 March 2011



7,4%	0 – 500 000
14,1%	500 000 – 1 000 000
30,5%	1 000 000 – 2 500 000
48,0%	more than 2 500 000

Operational review

surprising that the SME sector is still feeling the effects of the 2007/8 global recession.

An added challenge for the sector has been the change to the policies and guidelines of mainstream financiers toward lending caused by the "winds of change that have blown through global capital and lending markets". However, this general tightening of credit policy has opened up opportunities for us to support the sector. Our ability to support these businesses when others can't is driven by our ability to assess risk, and to distinguish between viable and unviable businesses quickly and relatively inexpensively. Thus we are able to fulfil our mandate in times when SMEs have fewer options than they have in easier times.

In particular we have taken advantage, for existing and new client partners, of our ability to restructure the balance sheets of SMEs to ease cash flow pressure and release capital. Of course our ability to achieve our growth targets in difficult times is dependent on our ability to identify and distinguish excellent prospects and to ensure that our research and due diligence processes are accurate. The restructuring has allowed us to concentrate the efforts of our people most talented at these processes to focus on deal generation. A consequence of the tougher economic conditions and our revised organisational structure has been a change in product mix from lower-return products that compete with other financiers, to higher-return but more complex products.

Our objective in these challenging times is to strengthen the ability of our partners to survive and thrive

The year saw us approve 438 transactions (up from 431) worth R1 009m. We have seen approval levels increase over the latter part of the year, an indication that conditions are easing for our client partners and that our new structure is beginning to work. Advances are down to R666m (from R714m), as many of our transaction approvals happened toward the end of the fiscal year, but the product mix has improved, and the pipeline for advances at year end was up to R319m (from R161m).

We anticipate that the transaction level in the coming year will once again top R1bn but that the advances level will be considerably higher compared to the year under review, due to the size of the pipeline at the start of the new year.

A priority for the year will be to build experience and capacity during the year to cope with what we expect to be a higher level of demand as the country recovers its growth momentum. A second major priority for the year will be to improve our deal generation capability in the Greater Gauteng area to match those of the coastal areas, which have historically been our most productive provinces.

Technical assistance, mentorship and consulting services

The consulting division is tasked with adding value primarily to our invested SMEs, but also through our consulting capacity to other non-invested sector businesses.

Just as the deal generating team has concentrated on improving the quality of deals that are approved by Business Partners, so the consulting division has striven to improve the timing and the quality of the assis-

Distribution of investments by sector
Investment portfolio composition
as at 31 March 2011

31,3%	Professional & Personal Services
18,5%	Manufacturing
8,0%	Motor Trade
7,9%	Retailing
6,0%	Leisure
12,0%	Travel & Tourism
2,4%	Coastal Fishing
5,5%	Building, Plumbing & Shopfitting
8,4%	Other

Distribution of investments by sector
Investments advanced
for the year ended 31 March 2011

- 25,8% Professional & Personal Services
- 26,4% Manufacturing
- 5,1% Motor Trade
- 8,0% Retailing
- 4,9% Leisure
- 8,8% Travel & Tourism
- 1,0% Coastal Fishing
- 8,6% Building, Plumbing & Shopfitting
- 11,4% Other

tance and the value creation that we render to our client partners, and by so doing improve the sustainability of our own business.

The depth and severity of the recession has highlighted the need for:

- Diagnostic tools to allow us to identify, analyse and institute remedial action in client partners that are performing poorly
- A suite of ready-to-deploy solutions that can be applied across the board to add value to our client partners (this suite brings down the cost to the entrepreneur, and simultaneously increases the efficiency of our consulting staff)
- More frequent and scheduled visits to client partners to improve our level of proactivity
- Continuous learning sessions to be held regionally and involving deal generators, consultants, implementers and our legal teams to improve the accuracy and efficiency of our process
- The importance of a sound and timeous risk identification and mitigation process

We have instituted plans to ensure that all of the above needs are met.

Although the business has experienced a higher than normal level of arrears as a direct result of the tight economic conditions that have prevailed over the past years, the book has begun to improve as interest rates have declined, and as the economy has begun to recover.

We ascribe our relatively low level of SME client partner failure during these extreme times to our determination to behave as equity partners, and not as pure funders, to our longer term view on the viability of our investment partners, and to our ability to identify problems early so that they can more easily be resolved.

This unit offers professional business support to SME client partners of Business Partners but also to entrepreneurs throughout South Africa and through other role players in the financial services sector. This is in line with the company policy of investing both the cash and the knowledge and experience necessary to enable the successful funding of our client partners.

It is widely acknowledged that our application of mentorship and technical assistance makes a significant difference to the financial success

"Business Partners' support came at a time when we were expanding and strengthening our business. We are now more competitive in the market thanks to Business Partners."

George Kaburu
Equator Apparels Limited

or otherwise of investments in the SME sector.

Our pool of mentors can be classified into two broad categories: retired business executives who are deployed into general business and industry assignments, and consultants who are deployed wherever their specialist skills are required.

Business Investments International

Business Partners International (Pty) Ltd was established in 2004 with the support of the International Finance Corporation. Its objective was to take the internationally recognised SME financing model of Business Partners Limited in South Africa, and to migrate it to other African countries. Business Partners International manages funds that are established with specific mandates to develop SME business in other African countries.

The initial funds were established in Kenya and Madagascar, and these were followed by the establishment of funds in Mozambique and Rwanda, which are about to commence business. We are presently raising a Southern African SME Risk Finance Fund which is to focus on Namibia, Malawi, Zimbabwe and Zambia.

Business Partners International utilises the proven process and experience of its parent company to encourage SME development elsewhere on the African continent with the active support of social investors whose mandate is to develop entrepreneurial activity in a sustainable manner.

Our international activities will extend to 8 other African countries by the end of 2011/12

Madagascar

The original size of our Malagasy fund was € 8,5m which was supported by a $2m technical assistance fund. The uncertain economic environment brought on by the political crisis on the island and the recent change in regime has impacted on the business of the fund, and has made it difficult for our local management team to optimally grow SMEs in the country.

The fund's investment period ended in June 2010, and we will spend the next 3 years monitoring, managing and providing technical assistance to ensure that our SME partners are enabled, and that our fund investors are repaid. As a result of our activity 27 businesses received assistance from the fund, and 359 new jobs were created.

Kenya

The original size of our Kenyan fund was $14,1m, supported by a $2,5m technical assistance fund. Whilst this fund was slow to start in 2007, it has gained momentum over recent years, and is currently performing in line with our high expectations. The total number of transactions completed since inception is 63, of which 59 have been to indigenous Kenyans, and 22 to female entrepreneurs. We estimate that our activities have created 1 150 new jobs in Kenya.

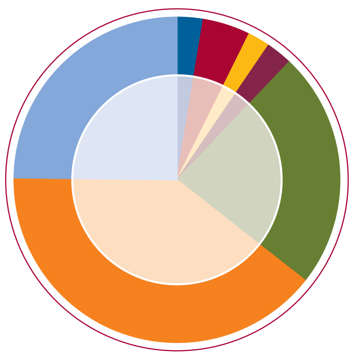
"We are moving to our own premises in July, thanks to Business Partners. They have been the answer to our prayers."

Ishmael & Agnes Gichonge

Starbright Properties Ltd

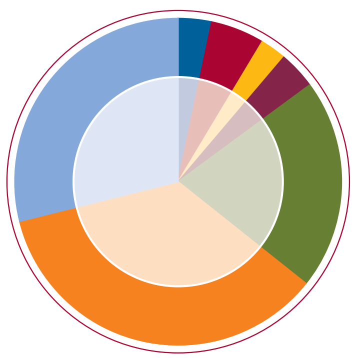
Distribution of investments by product

Investment portfolio composition as at 31 March 2011

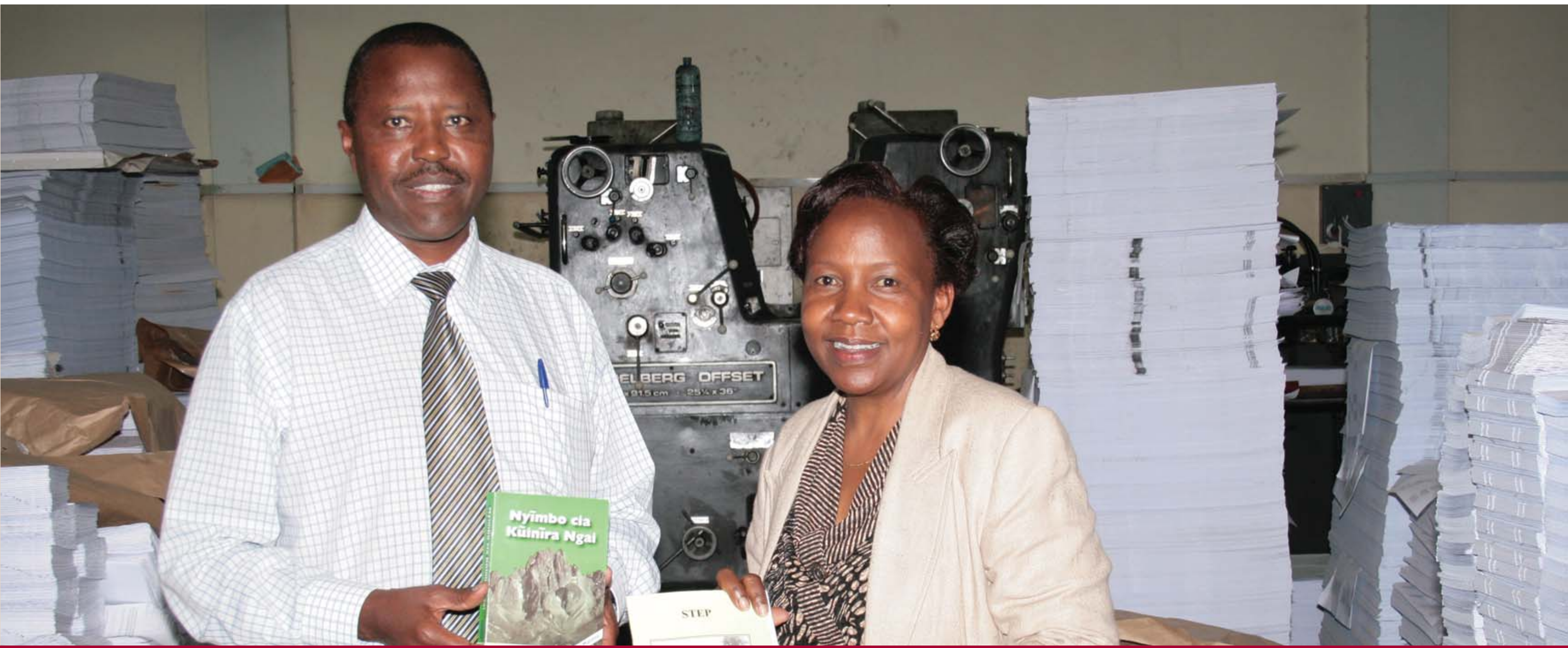


Distribution of investments by product

Investment portfolio composition as at 31 March 2010

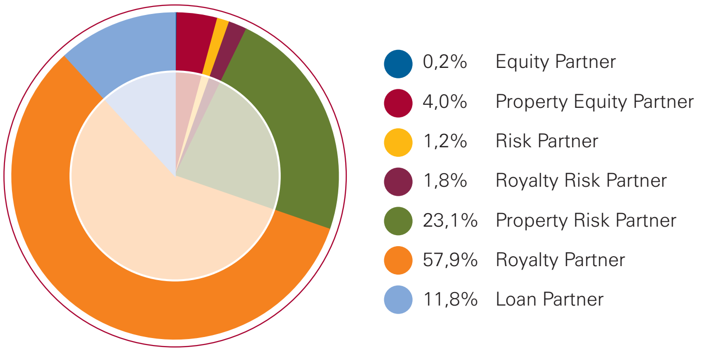


2011	Product	2010
2,6%	Equity Partner	3,3%
4,7%	Property Equity Partner	5,3%
2,2%	Risk Partner	2,6%
2,6%	Royalty Risk Partner	3,7%
23,5%	Property Risk Partner	20,8%
39,6%	Royalty Partner	35,4%
24,8%	Loan Partner	28,9%



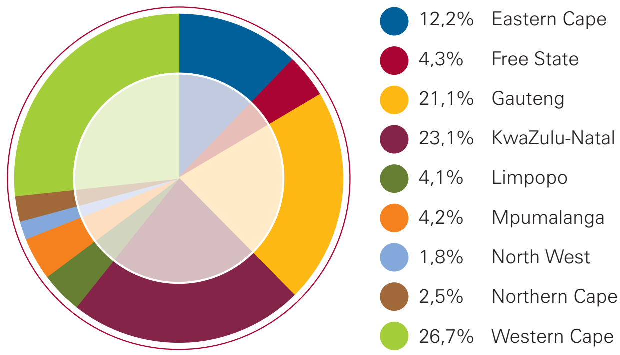
Distribution of investments by product

Investments advanced
for the year ended 31 March 2011



Distribution of investments by province

Investment portfolio composition
as at 31 March 2011



Mozambique
We have successfully raised a $10m fund for Mozambique which will be supported by a $1,5m technical assistance fund. We currently await Mozambican central bank approval for our activities, whereupon we will commence business.

Rwanda
Our fund raising and administrative approvals for the establishment of our Rwanda fund are complete. The fund size is $8m, which is supported by a $0,3m technical assistance programme. We expect to commence our operations in Rwanda in June 2011.

Namibia, Malawi, Zimbabwe and Zambia
Business Partners International is in the process of raising a US$40m SME Risk Finance fund to establish operations in these countries. We have been pleased with the response we have received from potential investors thus far and are targeting a 1st close by the end of July 2011, which will enable us to begin planning the commencement of business in these countries.

Property Management Services

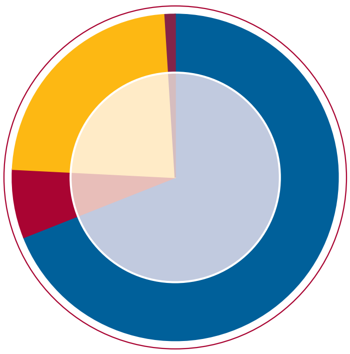
Business Partners Property Management Services provides property broking and management services tailored to meet the needs of the SME sector. The division sources and secures appropriate premises for SMEs at market-related rentals or prices, and provides integrated property management services to entrepreneurs. It also manages the properties owned by the company itself.

Operational review

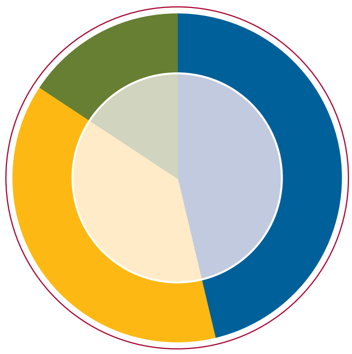
Trading conditions for this division were the worst we have seen since 2004. Many of our SME tenants have utilised their reserves to weather the recessionary storm and find it difficult to meet their rental obligations. Our approach is to take a pragmatic but helpful approach and shepherd our tenants through this difficult time, but we have a number of clients who have asked to be relieved of their obligations or who are behind in their rental payments. Notwithstanding this we have 458 631m² under lease which is a small decline of 1,5 percent over the last year's number. There are 2 108 businesses accommodated in premises owned or managed by this division.

An overt strategy for the division this year has been the sale of 40 buildings that house single tenants, and the reallocation of these funds

Sectoral breakdown of portfolio
For the year ended 31 March 2011

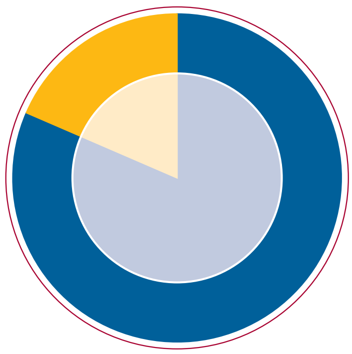


Sectoral classification of tenant businesses
For the year ended 31 March 2011



Sectoral breakdown of portfolio		Sectoral classification of tenant businesses
69,0%	Industrial	46,3%
6,8%	Office	
23,2%	Retail	38,0%
1,0%	Other	
	Service	15,7%

Management fees received
For the year ended 31 March 2011



81,5%	Business Partners	R14,61m
18,5%	Other	R3,31m

"Business Partners provided a financing solution to fit our needs."

Bruce Johnson
Elite Sanitation Solutions

towards higher profile, newer and multi-tenanted properties. In this way we are able to assist more SMEs, and simultaneously reduce the cost of administration and management.

During the year we also built a new office for our Port Elizabeth branch and expanded the secure parking facilities in our Cape Town office.

Looking forward, we believe that business conditions will continue to be difficult for our tenant base during 2011/12. Our low gearing level gives us the flexibility to assist worthy clients through the tough times, without compromising the returns on the properties, and to continue to restructure our business toward lower cost multi-tenanted properties.

The non-interest rate linked character of our rental income will continue to be a positive factor in the make-up of the overall revenue mix of Business Partners over the next year.

Operational support services

The main purposes of this service are to ensure that all deals are implemented in accordance with the terms and conditions approved by credit committees, and to oversee the collections, exit and risk management processes.

Our support services teams are located in the regional service centres and work closely with the deal making and client support teams in each of the operational regions. Our deal implementation teams concentrate on ensuring that all conditions precedent, securities and agreements are drawn up before investments are paid out, and a separate team works with the post-investment value-adding teams to minimise risk, oversee collections and manage the position with clients who are struggling to meet their obligations.

The structure aligns our capability with the decentralised operational needs of the organisation, but is controlled centrally.

The economic conditions of the past three years have increased the workload on these service units, but our view is that conditions are easing slightly, and that deal approval rates are again increasing. The low interest rate environment and improving economic outlook generally will see our implementation teams busier in the next year and hopefully result in an easier year for our collections teams.

Human Resources

In Business Partners the key to our success is how well we choose, partner, mentor, manage and exit the many small businesses that we interact with every day. These are all human interactions, and the small businesses we deal with are owned and run by a special breed of people we call entrepreneurs. It is not surprising then that the quality of our people ultimately determines the success, not only of our business, but of the thousands of small businesses we assist.

The importance of ensuring that we are staffed with top-class motivated and responsible people who respect our process is enormous. It's why we have determined that the responsibility for effective Human Resource management must be a line function – as close to the interaction between our partners and ourselves as possible. It's why our central Human Resources team is a specialist group whose role is one of a high-level policy, advisory and support unit that focuses on serving in partnership with line management the following critical processes with respect to our most important asset:

- Source;
- Reward;
- Retain; and
- Grow our people

The past year saw us address one of the critical challenges of building effectiveness in the South African Business Investment business. Historically we have looked for two major qualities in our frontline people. They had to at once exhibit the characteristics of the hunter (extrovert, business deal finders), and the farmer (who knows that patience, hard work and attention to detail over the course of the crop is what yields results). Over the years we have had many excellent people but usually their inclination is to lean toward one personality type or the other.

The next years will see us move from a period in which our real challenge was to shepherd our partners through what has been the most catastrophic economic recession of our age to one in which entrepreneurs are once again opening their stalls and growing their business. The challenge for our business is to change with the times.

Our solution domestically has been to restructure our partner-facing people into more specialised units. We are going to stop asking our staff to be hunters *and* farmers, and we are going to ask them to be specialists at one or the other.

Given that we can really only expose front-line people to partners who have the training and the experience to interact at high levels, this specialisation will help us. The key of course will be our ability to choose the right people for the roles, and to manage, reward and retain them in ways that are appropriate to their new functions.

Our challenges going forward are centred around diversity, sourcing and retaining our high fliers as we have not meaningfully transformed.

As a team we have built what may be argued to be one of the best businesses of its kind in the world. But, increasingly, our customer base is reflective of the population, and to relate to them we need to transform our employee profile.

We have elsewhere in this report reiterated the importance of experience in the successful execution of risk-based lending to SMEs. Whilst we will not upset the excellent set of skills that form our current teams, we are making overt moves to attract, train, promote and retain people who come from a range of perspectives and backgrounds. We expect that in time, and as these new people gain experience, our decision making ability will be improved as a result of our diversity. We have also taken steps to identify and centrally control the career paths of high fliers. It is critical to the success of our organisation, given the twin demands of growth and diversity, that great potential is spotted early, trained and nurtured, and given every chance to progress.

We will have to ensure that we retain people in such an environment with delivery of a fulfilling and rewarding career for them at Business Partners.

Workforce Profile

As at March 2011

Occupational Group	Post level	MALE				FEMALE				FOREIGNERS		TOTAL
		Africans	Coloureds	Indians	Whites	Africans	Coloureds	Indians	Whites	Male	Female	
Top Management	1	0	1	0	3	0	0	0	0	0	0	4
Senior Management	1 & 2c	1	1	0	12	1	0	0	0	0	0	15
Professionally qualified & experienced, specialist & mid-management	2 & 3	6	7	13	47	0	5	5	25	0	0	108
Skilled technical & academically qualified workers, Junior management, Supervisors, Foremen & Superintendents	4	9	6	10	9	8	22	20	36	0	1	121
Semi-Skilled & discretionary decision making	5	5	1	0	0	3	4	1	3	0	0	17
Unskilled & defined decision making	6	1	0	0	0	3	1	0	0	0	0	5
TOTAL PERMANENT		*22*	*16*	*23*	*71*	*15*	*32*	*26*	*64*	*0*	*1*	*270*

	2011	2010

Age Distribution of Employees at Year-End

	2011	2010
20 - 30	58	74
31 - 40	76	63
41 - 50	49	65
51 - 60	75	67
Over 60	12	10
TOTAL	270	279

Employee Statistics

	2011	2010
Business Investment	*190*	*195*
Operational Employees	88	89
Operational Support Employees	102	106
Property management services	*26*	*27*
Operational Employees	12	14
Operational Support Employees	14	13
Group/Divisional	*54*	*57*

Two Year Overview of Employee Statistics

	2011	2010
Total Numbers of Employees	*270*	*279*
Staff Turnover		
Total Employees @ Beginning of Year	279	295
Add: Recruitments	28	30
Sub Total	307	325
Less: Resignations	(37)	(46)
Total at Year-End	*270*	*279*
Gender Profile		
Female	139	139
Male	131	140
Total	*270*	*279*
Community Profile		
Black	135	126
White	135	153
Total	*270*	*279*

Marketing

The primary role of the marketing department is to ensure that the identified target markets (existing and potential client partners, intermediaries, shareholders, suppliers, staff and funders), are aware and positively pre-disposed toward the Business Partners proposition as it pertains to them.

To this end we have a structured marketing plan to achieve our objectives for each of these stakeholders.

The major thrust of our marketing efforts to existing client partners is through our deal structuring and post-investment value-adding teams. We utilise a CRM system and a centralised information management tool to ensure that ancillary service providers within the Business Partners ambit are utilised timeously and optimally to enable successful engagements with each of our clients.

The main thrust of marketing activity beyond existing client partners is to intermediaries or potential channel partners and directly to entrepreneurs who are seeking to fund the growth or establishment of their businesses. The channel partner program is aimed at identifying via enabling channel partners (primarily auditors, legal advisors or bankers of SMEs), a high quality flow of potential SME client partners. The program is aimed at driving up awareness, positive predisposition and engagement of the channel partner sector.

Major marketing activities that are utilised for this process are awareness generating PR, advertising, electronic newsletters and relationship and network building events. Marketing activity to potential client partners is focused on PR and advertising campaigns, and promotional activities that acknowledge the best entrepreneurs in the land (via our Entrepreneur of the Year® program), and attempt to raise the awareness of and sense of accessibility to the Business Partners offering. These activities are augmented by a comprehensive website.

The marketing effort to shareholders and funders is essentially a one-on-one process supported by annual report production and distribution, and the production of high level strategically focused prospectuses. These activities are augmented by annual AGM reviews.

The marketing team was restructured during the year to capitalise on the productivity potential of centralised marketing specialists, whilst at the same time recognising the critical importance of localised event support. This combined effort is managed centrally which gives the added advantage of a single focused approach to the marketing of our brand.

Entrepreneur of the Year®
This is the premier promotion of Business Partners, and from 2010, we have sponsored and hosted this event in partnership with Sanlam. The competition has evolved from one that was open only to Business Partners' clients to one that is open to all entrepreneurs in various categories. It is an opportunity to attract governmental and institutional attention to the importance of the sector to national GDP generation, growth and job creation. It also serves to highlight the role that our brand plays for intermediaries and potential new client partners.

Stakeholder engagement
Given the extent of Business Partners' activities, and its ambition to grow its influence, it is critical that we are represented and play influential roles in many business associations. Our senior managers are active participants in regional business associations, and we are members of various Chambers of Commerce, the Franchise Association of South Africa, the Businesswoman's Association, the Black Management Forum, and the South African Private Equity and Venture Capital Association.

Environmental Management, Social Engagement and Enterprise Development

The environment
Business Partners complies with all South African environmental legislation and with a self-imposed code of environmental policies. This code commits the company to practices that preserve the environmental and the social health of the communities within which we operate. A commitment that is regularly monitored and evaluated.

As part of the due diligence process, all potential clients are evaluated in terms of their compliance with internationally accepted environmental management standards. Business Partners will not invest in companies that do not respect the local and global environment, no matter how lucrative the potential investment might be. The company also reserves the right to call in investment facilities should a client company be in breach of environmentally sound business practices.

As far as possible, clients are encouraged to comply with the environmental practices and procedures outlined in the ISO 14001 certification process.

In addition, Business Partners will not let out premises to any tenant whose business practices are harmful to the environment. Existing tenants, whose practices are found to be harmful, receive a written warning to improve. If they do not respond adequately they are evicted.

Enterprise development
Business Partners is in the business of enabling the development of

SMEs. It is not surprising that our Socio-economic development (SED) focus is aligned to this objective. We know from first-hand experience the effect that a healthy SME sector can have on the health of communities and on job creation. Our Socio-economic development spend is therefore focused on the further enablement of this sector.

We have several projects that we support and fund in pursuit of this end:

- *The South African SME Toolkit*
  Business Partners manages the South African SME Toolkit under licence from the International Finance Corporation and IBM. It is a free online toolkit that offers online information, resources and training to the growing independent business sector. Specifically, the toolkit contains 'how-to' advice on a variety of subjects, business forms, financial tools, online training as well as free software that has been tailor-made for SMEs.

  The toolkit covers all aspects of business from business planning

> "I want to thank Business Partners for their support and constant interest in my business and all its new developments. They helped me to build a successful enterprise."
>
> Annemie Kruger
> Syon Optometrists

and accounting to marketing, sales, legal and IT. This enables the entrepreneur to take control of problem solving in the business with assessments and diagnostic tools, as well as operational and practical solutions – all freely accessible. It's our way of raising the standards and chances of SME success outside our direct investment base.

- *Information Dissemination and Advisory projects*
  Business information and access to advice are critical inputs for emerging entrepreneurs. Business Partners runs two interventions aimed at helping entrepreneurs at different levels.

  Business Clinics are interventions run in association with various Chambers of Commerce. They are facilitated by Business Partners' mentors, designed to give participants a better understanding of the functional aspects of running a business. The objective is to offer information, guidance and advice to aspirant entrepreneurs in order to better motivate and equip them for a competitive business world.

  Open days are aimed at existing and aspirant entrepreneurs with established skills bases. Our objective with these interventions is to supplement their experience and help them gain the specialist knowledge required to not only survive but thrive. Mentors assist with information on how to improve the growth and profitability of businesses, giving practical assistance with business plans and the process of attracting growth or start-up capital.

- *Educational support*
  Business Partners believes that the education of young aspiring entrepreneurs is of crucial importance. To this end it offers bursaries for undergraduate studies in the fields of commerce or law to deserving students who need financial support.

- *Entrepreneurship training*
  Business Partners have partnered with the Graduate School of Business at UKZN to create and run a 13 week program designed to teach aspiring entrepreneurs the intricacies of starting or growing a business. The program runs twice a year and is a blend of theory (delivered by the university staff) and practice (delivered by our mentors).

- *Entrepreneurship promotions*
  Business Partners is involved in several promotions run in conjunction with third parties. The most notable among these is our focus on youth leading up to and during the Global Entrepreneur Week in November, plus our partnership to identify and assist entrepreneurs with Kaya FM in Johannesburg.

Financial analysis

Financial Review

Business Partners Limited's profit after tax increased by 13,3 percent in the year under review to R107,1 million. The performance was pleasing given the difficult economic conditions that our client base has experienced over the past two years. We are hopeful that we are witnessing the beginning of a recovery from the ravages of the recessionary period we have encountered since 2009, although we are mindful of the fact that the road ahead is unlikely to be straightforward.

Our performance was strongly influenced by the following four factors:

- We were able to hold our absolute level of overheads below the level we achieved in the prior year for the second year running. To some degree this can be ascribed to financial austerity, but was also enabled by higher levels of productivity resulting from the reorganisation of the business.

- We are required by the accounting standards to revalue property that we own to 'fair value'. We have a considerable portfolio and property prices have begun to recover.

- We were negatively affected in terms of our interest rate linked deals by the downward trend in the prime rate. The lower earnings are to some extent offset by the beneficial effect lower interest rates have on our clients' ability to repay capital and interest.

- Our asset base grew by 4 percent over the year. This growth positively affects our ability to generate income, and thereby our profit levels.

The effort to reduce the sensitivity of our earnings to the interest rate continues, and interest as a percentage of revenue declined to 42,9 percent of the total revenue from 48,6 percent. The reduction in interest revenue has been compensated for by an increase in rental income, and property management activities, increasing from 22,8 percent of revenue last year to 26,7 percent in the year under review.

It is anticipated that our sensitivity to the interest rate level will be decreased further in the years to come as we utilise an increased level of gearing. Increased demand from SMEs beyond the capital available from additional gearing will be addressed by the raising of third party funds for investment.

Risk Review

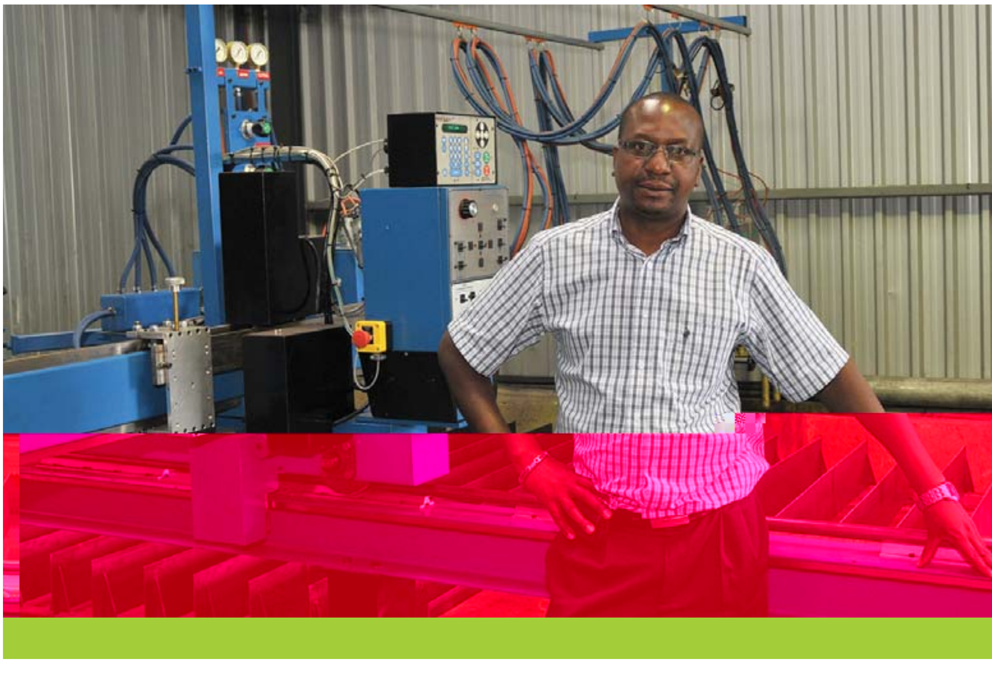
SMEs are generally more vulnerable to deteriorating economic circumstances than larger businesses. Risks associated with declining business volumes, or increased working capital needs can often be terminal for these businesses. The Business Partners model of assessing business viability as a key determinant of our credit assessment process is essential to our own sustainability and to our ability to meet the needs and sensitivities of SMEs, especially in adverse economic conditions. The continuous evaluation of each business's health and the timeous decision to apply mentoring or technical assistance are therefore critical to our ability to manage the risk. The decision to separate our client facing teams into specialist units will help us to be more efficient in this process, mitigating the risk on a continuous basis. These specialist units are also better positioned to grow the size and improve the quality of the investment portfolio.

Our exposure to non-performing and doubtful investments remains high at 25,6 percent of our portfolio. It is expected to peak at these levels and to decline over the next year. Bad

"Further funding from Business Partners will meet our need to expand."

Robin Mugawazi

Rodecon Engineering



debts of R80,1 million were written off during the year, up from R70,0 million last year. The increase of 14,4 percent is ahead of revenue growth, and is again indicative of the stage of the cycle that we find ourselves in. Provision for impairments continue to reflect the adverse economic conditions and rose from 8,3 percent last year to 8,6 percent this year at R173,5 million of the investment portfolio.

Prospects

Barring another cycle of economic shocks to the global economy, we are confident that Business Partners is positioned for a successful 2011/12. We expect that there will be a gradual increase in interest rates starting late in 2011. This will improve our revenue prospects to the extent that we are still exposed to interest rates as a revenue generator. The increase in interest rates will have a slightly negative effect on our client base, but we expect our clients to benefit from improving economic growth.

We are confident that the recent reorganisation of our business will have the effect of both improving deal flow and quality, while also improving the timing and quality of the technical assistance and mentoring that we provide our client partners. These factors, combined with a generally improving outlook for the economy, bode well for our clients' businesses, and for our own profitability.

The international business has come of age this year and should contribute increasingly to our ability to service the SME sector in the region. This business is funded by third party country or regionally defined funds, and will not inhibit our ability to grow our South African business.

The company approved deals to the value of over R1 billion in the past year. This number was positively affected by an increase in both demand and quality, especially over the second six months of the year. Our disbursements pipeline that is carried into the new year is healthy, with R319,3 million in investments approved not yet disbursed. We expect that deal volumes will continue to be strong during the year ahead, and that the business will grow strongly in the next fiscal year.

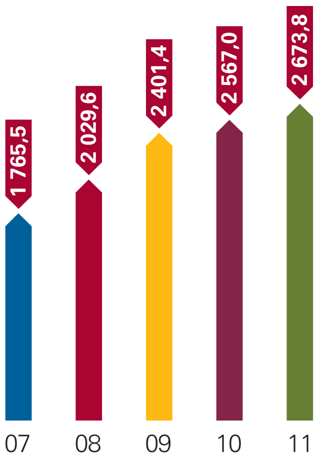
Five-year Summary

	2011/2010 Increase/(decrease)	**2011**	2010	2009	2008	2007
Consolidated Statement of Financial Position (R000)						
Investment properties	10,1%	**569 232**	517 120	448 544	357 469	269 760
Business investments	3,0%	**1 886 947**	1 832 728	1 740 618	1 506 277	1 365 097
Deposits and bank balances	7,8%	**25 411**	23 575	24 832	236 751	280 615
Total assets	4,7%	**2 780 190**	2 655 516	2 359 401	2 294 483	2 096 253
Capital and reserves	3,1%	**2 367 550**	2 297 341	2 169 364	2 132 264	1 942 977
Consolidated Statement of Comprehensive Income (R000)						
Net profit		**107 147**	94 583	130 310	216 599	160 821
Adjustments		**(45 763)**	(34 762)	(36 631)	(109 333)	(50 990)
Headline earnings		**61 384**	59 821	93 679	107 266	109 831
Change in net profit		**13,3%**	27,4%	39,8%	34,7%	23,3%
Change in headline earnings		**2,6%**	-36,1%	-12,7%	-2,3%	5,7%
Share statistics						
Earnings per share (cents)	13,1%	**62,0**	54,8	75,9	128,7	99,5
Headline earnings per share (cents)	2,6%	**35,5**	34,6	54,6	63,7	68,0
Dividends per ordinary share (cents)	9,1%	**12**	11	15	22	20
Dividend cover (times)	4,0%	**5,2**	5,0	5,1	5,9	5,0
Net asset value per share (cents)	2,9%	**1 368,5**	1 330,0	1 255,9	1 245,4	1 158,3
Ratios						
Effective tax rate	-6,9%	**22,8%**	24,5%	24,8%	22,0%	25,1%
Return on opening shareholders' interest	6,8%	**4,7%**	4,4%	6,1%	11,1%	9,4%
Return on average assets	2,6%	**3,9%**	3,8%	5,6%	9,9%	8,2%
Operating expenditure/total income	-2,5%	**69,8%**	71,6%	68,9%	48,6%	48,8%
Net profit per employee (R000)	19,0%	**385,4**	323,9	441,7	722,0	536,1
Net profit/employee cost	28,6%	**0,9**	0,7	0,9	1,7	1,5

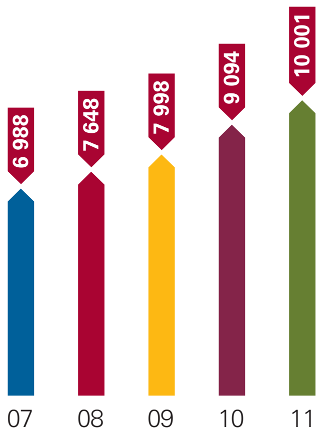
Operational Highlights

- The portfolio of investments under management increased by R54,7 million to R2 104,6 million (2010: R2 049,9 million) – an increase of 2,7 percent
- The investment property portfolio increased by R52,1 million to R569,2 million (2010: R517,1 million) – an increase of 10,1 percent
- During the year 438 investments (including investment properties) were approved to the value of R1 009,3 million (2010: 431 investments to the value of R765,0 million) – an increase of 31,9 percent.

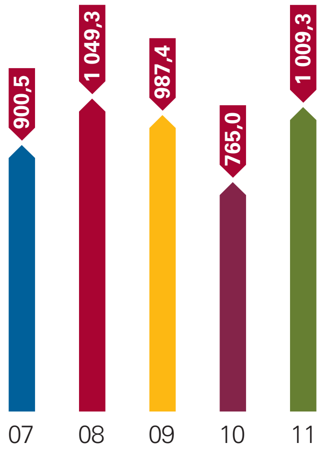
  Of these:
  - 145 investments to the value of R360,7 million (2010: 157 investments to the value of R286,7 million) were approved for black entrepreneurs
  - 172 investments amounting to R389,5 million (2010: 149 investments amounting to R260,4 million) were approved for female entrepreneurs
- 27 investments amounting to R22,6 million were advanced on behalf of the Business Partners – Khula Start-up Fund, launched in 2006 as a R150 million fund for investment in start-up businesses by historically disadvantaged individuals
- Properties under management total more than 458 000 m^2 of lettable space and are occupied by 2 108 tenants
- More than 9 490 employment opportunities were facilitated through our investment activities
- 370 mentors are available to provide mentorship and consulting services to clients



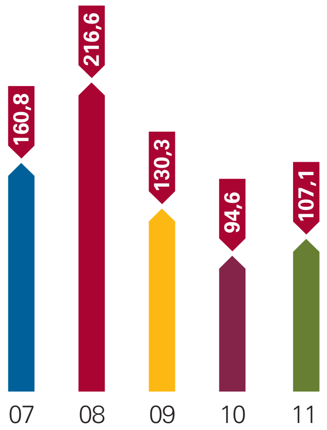
Operational assets (R000)



Assets per employee (R000)



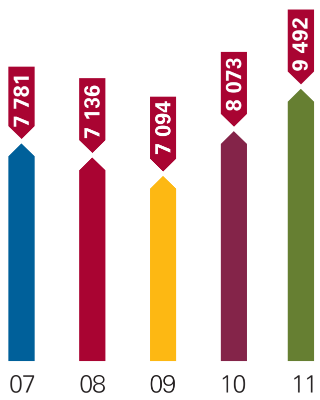
Investments approved (R000)



Net profit (R000)

"We are proud to be associated with Business Partners with whom we have worked very well. Their support during the difficult times has been so valuable for our growing company."

Siyabonga Meyina
Elma Engineering



Employment:
Direct jobs facilitated

Directors and management

Directors

Mr Johann Rupert
Chairman [7]
Appointed: 1993
Appointed Chairman: 1995
Executive Chairman and Chief Executive Officer: Compagnie Financière Richemont SA
Chairman: Reinet Investments Manager SA and Remgro Limited

Mr Theo van Wyk [2,3,4,5]
Deputy Chairman [7]
Chairman: Personnel Committee
Chairman: Nominations Committee
Appointed: 1991
Director of Companies

Mr Nazeem Martin [2,3,4,5]
Managing Director [8]
Appointed: 2002
Appointed Managing Director: 2009

Mr Christo Botes
Executive Director [8]
Appointed: 2002

Mr Jan Dreyer [2,3,4,5]
Non-executive Director [7]
Appointed: 2009
Executive Director: Remgro Limited

Mr Div Geeringh [1,2,3,4,5]
Non-executive Director [6]
Chairman: Audit and Risk Committee
Appointed: 1989
Director of Companies

Mr Godfrey Gomwe [*] [5]
Non-executive Director [7]
Appointed: 2009
Executive Director: Anglo American South Africa Limited
* Zimbabwean

Dr Paula Huysamer [2]
Non-executive Director [6]
Appointed: 2002
Executive Director: VUYA! Investments (Pty) Limited

Dr Eltie Links [1,5]
Non-executive Director [6]
Appointed: 2002
Professor at the University of Stellenbosch Business School
Director of Companies

Directors and management

Ms Zanele Matlala [1,5]
Non-executive Director [6]

Appointed: 2008
Chief Financial Officer: Merafe Resources Limited

Mr Friedel Meisenholl [1,4,5]
Non-executive Director [7]

Deputy Chairman: Audit and Risk Committee
Appointed: 2000
Director of Companies

Mr Setlakalane Molepo [2,3,5]
Non-executive Director [7]

Appointed: 2009
Resigned: 4 November 2010
Chief Investment Officer: National Empowerment Fund

Mr David Moshapalo [2,3,4]
Non-executive Director [6]

Served: 1996 until 2001
Re-appointed: 2002
Executive Deputy Chairman: Strategic Partners Group
Black Partner in Bombela Consortium in Gautrain Project
Director of Companies

Mr Themba Ngcobo [4]
Non-executive Director [6]

Alternate director: 2002 until 2010
Appointed: 2010
Director: Three Cities Hospitality Group and Isundu Leisure (Pty) Limited
Member: Mbali Investments CC

Dr Zavareh Rustomjee [2,3,4,5]
Non-executive Director [7]

Appointed: 1996
Independent Consultant

Mr Vusi Twala
Non-executive Director [7]

Appointed: 10 November 2010
Managing Director: Tunnel Engineering (Pty) Limited

Mr Gerrie van Biljon
Executive Director [8]

Appointed: 2002

Notes

Directors served on the following committees during the financial year

1 Member of Audit and Risk Committee
2 Member of Personnel Committee
3 Member of Nominations Committee
4 Rotating member of National Investment Committee
5 Member of Fund Raising Committee

Directors are appointed in terms of the following articles of the company's memorandum of incorporation:

6 Article 13.2
7 Article 13.4
8 Article 15

SMEs have a major role to play in the generation of economic growth, wealth generation and job creation in the modern economy, and especially in emerging economies

Directors and management

Executive management

Mr Nazeem Martin
Managing Director
BA, HDE, M Urban Planning, AMP
13 years' service

Mr Ben Bierman
Chief Financial Officer
B Com, B Com (Hons), ACMA, H Dip Tax
21 years' service

Mr Christo Botes
Executive Director
Head of Inland Division until 31 March 2011
Head of Customer and Operational Support from 1 April 2011
B Acc, B Compt Hons, CTA
25 years' service

Mr Pierre Mey
Executive General Manager: Operational Support Services
B Com
24 years' service

Ms Lorraine Nakene
Executive General Manager: Systems Quality
B Com (cum laude), CA (SA)
5 years' service
Resigned: 31 March 2011

Mr JM Smith
Executive General Manager: Human Resources
B Soc Sc (cum laude), B Com (Hons) (cum laude), M Com
19 years' service

Mr Gerrie van Biljon
Executive Director
Head of Coastal Division until 31 March 2011
Head of Investment Finance from 1 April 2011
B Com, MBA
25 years' service

Mr Willem Bosch
Chief Operating Officer: Property Management Services
M Com
19 years' service

Ms Marjan Gerbrands
Company Secretary Corporate Legal Adviser
BLC, LLB (cum laude), LLM
10 years' service

Mr Mark Paper
Chief Operating Officer: Business Partners International
B Com
19 years' service

"Business Partners helped me realise my dream of running my own business"

Jaco van Wyngaard
Nino's Northmead Square

Corporate Governance

Compliance with corporate governance standards

Business Partners is committed to being one of the most internationally respected, successful and profitable investors in small and medium enterprises. It is therefore also committed to the highest level of governance, with a culture that values business and personal integrity, superior client service, transparency and accountability in all business activities.

Business Partners believes that a corporate culture of compliance with all applicable laws is key to good corporate governance and there is a fundamental link between this culture and the creation of sustainable returns. We provide all stakeholders with the assurance that the group's businesses are being managed appropriately. The board strives continually to provide strategic leadership through the maintenance of strong governance, finding the correct balance between accountability and encouraging entrepreneurial flair.

Business Partners uses the principles of good governance and recommendations identified in the King Report on Governance for South Africa 2009 (King III) to measure its performance and actions against best-practice standards. Business Partners constantly evaluates and improves existing corporate governance structures and practices to achieve compliance with applicable principles and recommendations of King III and changes in legislation. The company's governance structure is set out on page 32 of this report.

During the 2010/2011 financial year, the company has also taken the necessary steps to ensure compliance with changes in legislation, including the new Companies Act, no. 71 of 2008 and the Consumer Protection Act, no. 68 of 2008.

The board is satisfied that, in the 2010/2011 financial year, the accuracy of the group's reporting and financial results were maintained at a high level.

Board of Directors

Board structure and composition

The non-executive directors are from various business backgrounds and bring a wealth of skills, knowledge and experience to the board. The role of all directors is to bring independent judgment and experience to the board's deliberations and decisions. The company has a unitary board structure and the roles of the chairman and the managing director are separate and distinct, and not vested in one person.

The board has an appropriate balance of executive, non-executive and independent directors (as set out in King III). The structure provides for a strong element of independence, required to maintain high levels of objectivity for the effective functioning of the board and its committees.

The board may elect a chairperson and, if necessary, a deputy chairperson to preside in the absence of the chairperson, to hold office for a maximum period of one year.

The company's memorandum of incorporation provides that shareholders or groups of shareholders are entitled to appoint one non-executive director for every ten percent of issued share capital held or collectively held in the company (article 13.4). In addition, up to six non-executive directors may be elected by the majority of shareholders (article 13.2). Any shareholder, irrespective of the size of its shareholding, may nominate a director for election. Article 13.2 further provides that if the shareholders appoint less than six directors, the board may appoint directors. Appointments of directors by the board in terms of article 13.2 are subject to ratification by shareholders at the immediately following general meeting of the company.

Corporate Governance

In terms of the company's memorandum of incorporation, at least one third of directors appointed in terms of article 13.2 must retire at every annual general meeting. The directors who retire shall be those who have been longest in office since their last election. In addition, any director appointed in terms of article 13.2 who has held office for three years since the last election, shall also retire at the annual general meeting. Directors appointed in terms of article 13.4 may also only serve for a maximum period of three years, calculated from the date of the director's last appointment by the shareholder(s). A retiring director shall be eligible for re-appointment or re-election in terms of the articles.

In addition to the managing director, the board may appoint up to three directors to hold executive offices (article 15). Should the employment contract of any executive director terminate, he or she shall be deemed to have resigned as a director.

Details of directors appear in the directors and management section of this report.

Role and responsibilities

The board of directors is the group's highest decision-making body and is ultimately responsible for governance. The board specifically reserves the appointment of executive directors, approval of business strategy and the approval of annual budget for its decision.

The board retains effective control through a well-developed governance structure that provides the framework for delegation. The board has delegated all authority to achieve corporate objectives and management of the business and affairs of the group to the managing director, subject to statutory parameters and the limits imposed by the board. The managing director remains accountable to the board for the authority delegated to him and for the performance of the company. Executive management's implementation of approved plans and strategies and the measurement of financial performance against objectives are monitored on an ongoing basis.

The chairman, deputy chairman and the managing director provide leadership and guidance to the company's board, obtain optimum input from the other directors and encourage proper deliberation of all matters requiring the board's attention.

Board meetings

The board meets five times a year. Members of executive management attend meetings by invitation and the company secretary attends board meetings as secretary. Meetings are scheduled well in advance. In addition, the board may schedule strategy sessions or additional board meetings as it deems necessary. Where directors are unable to attend a meeting personally, teleconference facilities are made available to include them in the proceedings.

Management ensures that the board (and its committees) are provided with all relevant information and facts to enable them to reach objective and well-informed decisions. Documentation for meetings is supplied in a timely manner to enable directors to discharge their responsibilities effectively.

Remuneration of non-executive board members

Non-executive directors receive fees for their service as directors on the board and as members of board committees. The nominations committee annually reviews and recommends remuneration payable to non-executive directors.

Remuneration paid to non-executive directors during the year under review, as approved by the board, is disclosed in note 29 to the financial statements.

Remuneration payable to non-executive directors for the 2011/2012 and 2012/2013 financial years will be submitted to shareholders for consideration at the forthcoming annual general meeting of the company.

Committees of the board of directors

In order to assist the board in discharging its responsibilities, it has established committees to provide in-depth focus on specific areas of board responsibility. In line with best practice, committees of the board exist within written terms of reference, respectively defining their quorum requirements, frequency of meetings, powers and duties. The committee chairpersons provide the board with verbal reports on committee matters and the minutes of committee meetings are distributed to all board members.

The nominations committee evaluates the performance of individual members and the effectiveness of

"It's not just once off. The support continues through our growth - thank you Business Partners for always understanding our growing needs and providing us with solutions."

Paul Shannon and John Hunt

Spares Boyz

Corporate Governance

committees every year and makes recommendations to the board with respect to the composition of the various committees. The board also makes use of ad hoc board committees to deal with specific matters under written terms of reference from time to time.

The members of the respective committees are identified in the directors and management section of this report.

Audit and risk committee

The audit and risk committee operates in accordance with its charter, which is approved annually by the board. The chairperson of the committee annually assesses whether it is meeting its duties and responsibilities as set out in the committee's charter. The requirements for independence of members were considered in terms of the Companies Act of 1973 for the year under review. The nominations committee will present shareholders with suitable independent non-executive directors for election or re-election as members of the audit and risk committee at the company's forthcoming annual general meeting as required by the Companies Act of 2008.

The audit and risk committee is mandated by the board to raise any issues of finance and risk-related concerns and is an integral component of the organisation's risk management process. Duties assigned to the committee by the board and statutory duties include:

- reviewing the company's interim results and annual financial statements
- considering whether the external auditors should perform assurance procedures on the interim results
- reviewing the scope, effectiveness and resources of the internal audit and finance function
- overseeing the effectiveness of internal controls and ensuring that they are suitable to identify key business risks
- ensuring that the appropriate accounting policies and practices have been adopted and are consistently being applied
- reviewing assessments and statements on the going concern status of the company
- reviewing the scope and effectiveness of the external audit function, including approving the external audit plan and reviewing findings and audit reports
- monitoring compliance with applicable legislation, regulatory requirements and good corporate governance
- reviewing legal matters that could have a significant impact on the group's financial statements
- nominating the external auditors for appointment by shareholders, and considering their independence and objectivity, and the approval of their terms of engagement and the audit fee
- determining the nature and extent of non-audit services provided by the external auditors and pre-approving the fees for those services

The external and internal auditors have unfettered access to the committee, and representatives from both attend meetings as standing invitees. The chairperson or deputy chairperson, managing director, chief financial officer, chief risk officer, head of property management services and two directors appointed by the two major shareholders also attend committee meetings by standing invitation. The chairperson of the committee meets at least quarterly with the head of internal audit. The external and internal auditors are given a private audience with the committee at every meeting, if necessary, but at least once a year.

We ensure appropriate accounting policies and practices are adopted and are consistently applied

Fund raising committee

A fund raising task group of the board was created during November 2009 to source third party funds for the company for SME investments. A formal committee of the board was subsequently formed.

Nominations committee

The committee is authorised to consider and submit proposals regarding the size, structure and composition of the board. The committee also identifies and evaluates suitable potential candidates for election to the board in terms of article 13.2. This is done with due regard to the skills and knowledge of the incumbent board and the requirements of the company. The committee reviews and makes recommendations to the board

"I believe the children are our future, let them live and lead the way, show them all the beauty they possess inside! Business Partners made this possible."

Delia Cupido

Chameleon Pre- & Primary Schools

regarding the requirements for, and the composition and functioning of, all the committees. In addition the committee reviews and recommends to shareholders non-executive directors' remuneration.

Personnel committee

The personnel committee submits recommendations to the board regarding general staff policy, remuneration of staff and executive directors, service contract of the managing director, the employee share incentive scheme and the company pension and retirement funds. The committee's terms of reference include the assessment of the company's broad-based black economic empowerment (B-BBEE) targets and scores as a whole and for each element.

The company's remuneration, in the form of monetary rewards, focus on the payment for performance on the achievement of corporate goals aligned to the business strategy. The reward opportunity is offered in terms of a reward policy. The reward policy sets guidelines for decision-making and has as its objectives to:

- attract, reward and retain employees of the highest calibre
- align the behaviour and performance of employees with the company's goals
- ensure the appropriate balance between short-, medium- and long-term rewards and incentives, which are closely linked to performance targets. The remuneration mix comprises basic fixed remuneration (salary plus pension and other benefits); annual performance related rewards; as well as a medium-term carry scheme; and a long term incentive plan
- ensure that employees are competitively rewarded

Transactions committee

The transactions committee considers company transactions in which directors or employees have any interests. Full transparency on all such transactions is mandated to ensure good corporate governance. The members who consider these transactions are always disinterested directors, and the committee therefore has no permanent members.

Corporate Governance

Governance Structure as at 31 March 2011

BOARD OF DIRECTORS

MEETING FREQUENCY: 5 times per annum

COMPOSITION
- No more than 6 directors appointed in terms of article 13.2
- No more than 10 directors appointed in terms of article 13.4
- Managing director appointed in terms of article 15
- No more than 3 executive directors in addition to the managing director appointed in terms of article 15
- The board elects a chairperson and deputy chairperson

COMMITTEE	AUDIT AND RISK	PERSONNEL	NOMINATIONS	FUND RAISING	TRANSACTIONS	NATIONAL INVESTMENT
MEETING FREQUENCY	4 times per annum	3 times per annum	Twice per annum	Twice per annum	When required	Twice per month
COMPOSITION	• At least 3 non-executive directors who act independently • Chairperson and deputy chairperson are appointed by the board	• At least 4 non-executive directors • Managing director • Chairperson is appointed by the board	• At least 4 non-executive directors • Managing director • Chairperson is appointed by the board	• At least 6 non-executive directors • Managing director • The meeting elects a chairperson	• At least 3 non-executive directors • Managing director • The meeting elects a chairperson	• At least 2 non-executive directors attending on a rotating basis • Managing director • The meeting elects a chairperson

National investment committee
The national investment committee considers investments with large exposures, the sale of assets and participation in property development projects beyond the delegated powers of executive management. It is also mandated to monitor performance on projects in which the company has invested.

Company secretary and compliance governance

The company secretary is appointed by the board. The role of the company secretary is to guide the board on discharging its duties and responsibilities. The company secretary oversees directors' training and development and assists the chairman and managing director with the orientation and induction of new directors.

The compliance function is considered to be a valuable aspect of good corporate governance. The company secretary monitors the legal and regulatory environment and keeps the board abreast of relevant changes to legislation, and also provides training and advice and ensures compliance with applicable legislation and regulations within the company.

The company secretary monitors dealings in securities and ensures adherence to 'closed periods' for share trading.

All directors have access to the company secretary as a central source of guidance and assistance, as well as to independent professional advice at the company's expense in appropriate circumstances.

Internal Audit

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, control and governance processes.

The company has a well-established internal audit division, the purpose of which is formally defined in the Internal Audit Charter. The Charter is consistent with the Institute of Internal Auditors' Standards of Professional Practice for Internal Auditing, and the operating activities of the division are governed by a risk-based audit plan. The Internal Audit Charter and Internal Audit Plan are reviewed and approved annually by the audit and risk committee.

Code of Ethics

Business Partners has adopted a Code of Ethics in order to:
- formalise a culture of utmost integrity and uncompromising honesty
- ensure that management complies with the code and demonstrably exhibits ethical behaviour in all business activities
- ensure that a robust, written code is in place to address all appropriate parties and to cover all mandated issues
- ensure effective communication of the company's ethics to all employees, allowing for continual compliance and related training
- provide mechanisms for monitoring adherence to the code

New employees receive a copy of the Code of Ethics with their conditions of employment, and the code forms an integral part of the induction programme.

"Passion, enthusiasm, ethics and the right partners... success is virtually guaranteed"

Dean Petzer and Robin Riedlinger
Creative Print

Corporate Governance

Enterprise Risk Management

Risk management and internal controls

Enterprise risk management (ERM) is a process effected by a legal entity's board of directors, management and other personnel, applied in a strategic manner across the enterprise, and designed to identify and manage potential risks and events that may affect the entity. This process is aimed at providing reasonable assurance that the entity will be able to achieve its objectives.

The board of directors, through the audit and risk committee, is tasked with ensuring that there is an effective risk management process at Business Partners. The audit and risk committee operates within written guidelines to assist the board in fulfilling its oversight responsibilities. The board oversees the company's risk strategy formulation, risk methodologies and risk assessments, and reinforces its commitment to sound risk management.

Risk management is an intrinsic aspect of Business Partners' strategic and business procedures. The management of the company, led by the managing director, is responsible and accountable for risk management, and it is the responsibility of all staff to practice risk management in their day-to-day activities.

The ERM methodology at Business Partners consists of the following interrelated components, which are derived from global ERM best practices:

- risk governance
- risk identification
- risk control and response
- risk monitoring and reporting
- performance measurement

Risks

Business Partners' business activities involve the acceptance and management of a range of risks. Risks may be defined as uncertain future events that may influence the achievement of the company's strategic, operational and financial objectives.

It is the responsibility of the board to decide on the company's appetite for risk, and its ability to bear the consequences of the risk it accepts. In the process of identifying risk, the board considers materiality, insurance and retention levels. The management of these risks requires that they be clearly identified and appropriate policies and procedures be put in place to mitigate them.

The risk identification process is undertaken periodically by each business unit to assess the risks that may impact on the company's objectives.

Internal Audit

Internal Audit adheres to a risk-based approach in its planning, continuously monitoring business performance and risk. The internal audit plan includes a thorough assessment of the strategic, financial, information technology, human resources, environmental and other general issues that could endanger the operations of the company. Regular audits are performed as per the audit plan to assure management and the board of the effectiveness of the company's control environment. An annual assessment of the effectiveness of the company's system of internal control, performance and risk management is also compiled for the board.

Quality management system

Business Partners has adopted a policy of total quality management (TQM), which conforms to the ISO 9001:2008 standard for quality management systems.

This means that Business Partners adheres to the following eight principles of ISO 9001:2008:

- customer focus
- leadership
- people involvement

- continual improvement
- a process approach to operations
- a systems approach to management
- a factual approach to decision-making
- mutually-beneficial supplier relationships

Continuous evaluation and improvement of quality management practice, and the wide-ranging communication of control procedures, is an integral part of the company's overall risk management philosophy.

Reviews

Process owners are responsible for monitoring the quality of processes against set standards, and there are many tools to assist them in this regard.

All business units have appointed internal quality assurance officers who regularly check the quality of the products (the end results of the process) against the set standards.

There are also annual reviews by an accredited external firm to verify that the company is adhering to ISO 9001:2008 standards.

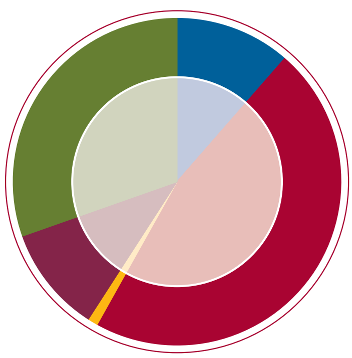
Shareholder information

Distribution of shareholding as at March 2011	**Number of holders**	**% of holders**	**Number of shares**	**% of shares**
0 – 10 000	26	24,8%	69 925	0,0%
10 001 – 100 000	20	19,0%	561 121	0,3%
100 001 – 1 000 000	37	35,2%	9 457 884	5,3%
1 000 001 – 10 000 000	19	18,1%	69 138 853	38,7%
10 000 000 and above	3	2,9%	99 606 811	55,7%
	105	100,0%	178 834 594	100,0%

Major Shareholders as at March 2011	**Number of shares**	**% of shares**
Remgro Limited (Eikenlust (Pty) Limited)	51 591 891	28,8%
Khula Enterprise Finance Limited	37 294 299	20,9%
Billiton SA Limited	10 720 621	6,0%
Absa Group Limited	8 117 003	4,5%
Nedcor Limited	6 918 205	3,9%
FirstRand Limited	6 093 656	3,4%
Business Partners Employee Share Trust	5 834 000	3,3%
Old Mutual Life Assurance Company (South Africa) Limited	5 822 304	3,3%
Standard Bank Investment Corporation Limited	5 602 422	3,1%
De Beers Group Services (Pty) Limited	5 523 801	3,1%
Anglo Corporate Enterprises (Pty) Limited	5 523 801	3,1%
Standard Bank Nominees Tvl (Pty) Limited	3 204 652	1,8%
Old Mutual Life Assurance Company (South Africa) Limited (Futuregrowth Asset Management (Pty) Ltd)	2 911 109	1,6%
	155 157 764	86,8%

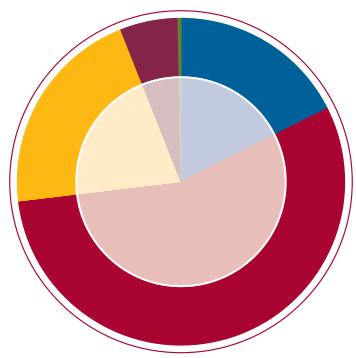
Business Partners Limited shares can be traded by contacting the Company Secretary.

Number of Shareholders

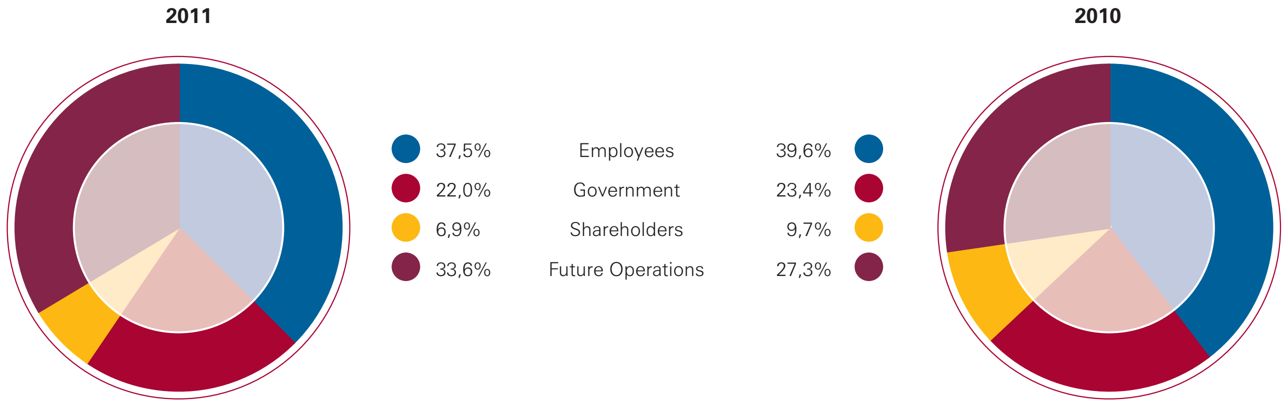


Number of Shareholders		Number of Shares
11,4%	Banks	17,6%
46,7%	Corporate bodies	55,5%
1,0%	Government	20,9%
10,5%	Insurance Companies	5,7%
30,4%	Individuals	0,3%

Number of Shares



Value added statement



	2011 R000	%	2010 R000	%
Value Added				
Interest received, rent charged and other income	**481 840**		467 128	
Less: paid to suppliers	**(206 828)**		(201 161)	
Total wealth created	**275 012**	**100,0%**	265 967	100,0%
Distributed as follows:				
Employees	**103 110**	**37,5%**	105 219	39,6%
Salaries, wages and contributions	**103 110**	**37,5%**	105 219	39,6%
Government	**60 607**	**22,0%**	62 151	23,4%
Income tax, capital gains tax and secondary tax on companies	**19 601**	**7,1%**	25 997	9,8%
Employee taxes	**27 747**	**10,1%**	27 733	10,4%
Skills development levies	**1 042**	**0,4%**	1 053	0,4%
Value added tax	**12 217**	**4,4%**	7 368	2,8%
Shareholders	**19 001**	**6,9%**	25 910	9,7%
Shareholders for dividend	**19 001**	**6,9%**	25 910	9,7%
Retentions to support future operations	**92 294**	**33,6%**	72 687	27,3%
Depreciation	**4 148**	**1,5%**	4 014	1,5%
Income retained	**88 146**	**32,1%**	68 673	25,8%
	275 012	**100,0%**	265 967	100,0%

Statement of responsibility by the Board of Directors

The Directors are responsible for the preparation, integrity and fair presentation of the financial statements of Business Partners Limited and its subsidiaries. The financial statements, presented on pages 38 to 80, have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice, and include amounts based on judgements and estimates made by management. The Directors reviewed the information included in the Annual Report and are responsible for both the accuracy and consistency of the financial statements.

The going concern basis has been adopted in preparing the financial statements. The Directors have no reason to believe that the Company or the Group will not be going concerns in the foreseeable future.

The financial statements have been audited by the independent accounting and auditing firm, PricewaterhouseCoopers Incorporated, which was given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders, the Board of Directors, committees of the Board and management. The Directors have no reason to believe that all representations made to the independent auditors during their audit were not valid and appropriate. The audit report of PricewaterhouseCoopers Incorporated is presented below.

The financial statements were approved by the Board of Directors on 24 May 2011 and are signed on its behalf.

T van Wyk
Deputy Chairman

N Martin
Managing Director

Independent auditor's report
to the members of Business Partners Limited

We have audited the group annual financial statements and annual financial statements of Business Partners Limited, which comprise the consolidated and separate statements of financial position as at 31 March 2011, and consolidated and separate statements of comprehensive income, the consolidated and separate statements of changes in equity, and consolidated and separate cash flow statements for the year then ended, and a summary of significant accounting policies and other explanatory notes, and the director's report, as set out on pages 38 to 80.

Directors' responsibility for the financial statements

The Company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with South African Statements of Generally Accepted Accounting Practice and in the manner required by the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the consolidated and separate financial position of Business Partners Limited as at 31 March 2011, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice, and in the manner required by the Companies Act of South Africa.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: JH Cloete
Registered Auditor
Johannesburg
27 May 2011

Directors' report

for the year ended 31 March 2011

1. **Nature of the business**
   The Company is principally engaged in investing capital, knowledge and skill in viable small and medium sized businesses.

2. **Business activities**
   During the period under review, finance for 436 (2010: 428) investment projects (excluding investment properties) amounting to R982,9 million (2010: R753,8 million) were approved for investment at an average investment amount of R2 254 000 (2010: R1 761 000). The Company follows a risk based investment approach by structuring the majority (88,2 percent (2010: 85,0 percent)) of its investments with equity and royalty instruments. An equity stake was obtained in 98 projects (2010: 109 projects) at an average investment amount of R4,0 million (2010: R3,1 million).

   The Company manages a portfolio of industrial and commercial properties with a lettable area totalling more than 458 000 m^2 (2010: 475 000 m^2), providing business premises to more than 2 100 (2010: 2 165) tenants.

   Additional information on the business activities of the Company is available in the Management Review section of the Annual Report.

3. **Operational and financial review**
   The Company's net profit amounted to R107,1 million, (2010: R94,6 million), an increase of R12,6 million or 13,3 percent compared to the prior year.

   Revenue decreased marginally by R5,6 million (1,5 percent) primarily due to the lower prime interest rate adversely affecting interest revenue. Other operating income increased by R11,1 million or 14,2 percent, largely due to the R40,1 million (2010: R27,0 million) fair value adjustment of investment properties, representing a 7,8 percent (2010: 4,6 percent) increase in the value of the property portfolio. Other operating expenses decreased by R4,3 million (1,3 percent), primarily as a result of a R11,0 million decrease in staff costs from R139,6 million in 2010 to R128,6 million in 2011.

   The business investment portfolio risks are monitored through the use of risk indicators and credit control measures ensuring the adequate identification of and accounting for credit losses.

   During the period under review, bad debts amounting to R80,1 million (2010: R70,0 million) were written off. The recovery of bad debts written off amounted to R13,2 million (2010: R10,0 million). Impairment charges raised against the carrying value of the investment portfolio amounted to R11,4 million, a decrease of 41,2 percent compared to the R19,4 million impairment charge raised in 2010.

   The R173,5 million total allowance for impairment represents 8,6 percent of the portfolio (2010: R163,9 million representing 8,3 percent of the portfolio).

   Finance charges increased by 22,7 percent from the prior year as the Company's borrowings increased from R217,9 million at the end of March 2010 to R258,0 million at 31 March 2011.

4. **Events subsequent to the statement of financial position date**
   No events occurred between the statement of financial position date and the date of this report that would require disclosure in, or adjustment to, the financial statements as presented.

5. Share capital and reserves
The authorised share capital remained unchanged at 400 million ordinary shares of R1 each. The issued share capital remained unchanged at 178,8 million shares of R1 each.

6. Dividend
Dividend cover for the year equals 5,2 times. The dividend policy aims to ensure at least a four times cover for the dividend, after evaluating the nature and quality of the profit for the year.

The solvency and liquidity tests as required by section 4 of the Companies Act 71 of 2008 were applied, and the Company will satisfy these tests immediately after completing the proposed distribution.

A cash dividend of 12 cents per share in respect of the 2011 financial year (2010: 11 cents) was declared on 24 May 2011, payable on or about 12 August 2011 to all shareholders registered in the share register at the close of business on 2 August 2011.

7. Earnings per share
Earnings per share increased to 62,0 cents (2010: 54,8 cents) based on 172,9 million weighted number of shares in issue. Diluted earnings per share increased to 60,5 cents (2010: 53,5 cents). Headline earnings per share increased to 35,5 cents (2010: 34,6 cents). Diluted headline earnings per share increased to 34,9 cents (2010: 34,1 cents). For more information, refer to notes 12 and 24 in the financial statements.

8. Directors' remuneration and interest
Details of the directors' remuneration are set out in note 29 to the financial statements. No material contracts in which the directors have any interest were entered into in the current year.

9. Major shareholders
Shareholders holding beneficially, directly or indirectly, in excess of 5% of the issued share capital of the Company are detailed on page 34 of the annual report.

10. Directors
10.1 The Directors of the Company on the 31st of March 2011 were:

Directors appointed in terms of Article 13.4 of the Articles of Association:

Mr JP Rupert (Chairman)
Mr F Meisenholl
Mr T van Wyk (Deputy chairman)
Dr ZZR Rustomjee
Mr JW Dreyer
Mr VO Twala
Mr GG Gomwe (Zimbabwean)

Directors appointed in terms of Article 13.2 of the Articles of Association:

Mr DR Geeringh
Mr D Moshapalo
Dr P Huysamer
Ms ZJ Matlala
Dr E Links
Mr SST Ngcobo

Directors appointed in terms of Article 15 of the Articles of Association:

Mr N Martin (Managing director)
Mr C Botes (Executive director)
Mr G van Biljon (Executive director)

10.2 During the year the following changes occurred in the composition of the Board of Directors:

Director	Event	Terms	Date
Dr E Links	Retired	Article 13.2	03 August 2010
	Re-appointed	Article 13.2	03 August 2010
Ms ZJ Matlala	Retired	Article 13.2	03 August 2010
	Re-appointed	Article 13.2	03 August 2010
Mr SA Molepo	Resigned	Article 13.4	10 November 2010
Mr VO Twala	Appointed	Article 13.4	10 November 2010

11. Company Secretary

The Company Secretary is Ms CM Gerbrands, whose business and postal addresses are those of the registered office of the Company.

12. Auditors

PricewaterhouseCoopers Incorporated continued in the office as auditors of the Company. The audit and risk committee nominated PricewaterhouseCoopers Incorporated for re-appointment as auditors for the 2012 financial year at the forthcoming annual general meeting and it will be noted that Mr S Beyers will be the designated auditor.

13. Acknowledgements

Sincere appreciation is extended to all our shareholders, members of the Board and its committees for their dedicated and positive participation throughout the year. We would like to extend a special word of gratitude to Mr SA Molepo for his committed and valuable contribution during his tenure as a director of Business Partners Limited. To the entire staff of Business Partners Limited, we express our gratitude for their loyalty, commitment and hard work in pursuance of the objectives of the Company.

T van Wyk
Deputy Chairman
24 May 2011

N Martin
Managing Director

Certificate by the Company Secretary

In terms of Section 268G(d) of the Companies Act 61 of 1973 ("the Act") I certify that the Company has, in respect of the financial year under review, lodged with the Registrar of Companies all returns prescribed by the Act, and that all such returns are true, correct and up to date.

CM Gerbrands
Company Secretary
24 May 2011

Audit and Risk Committee Report

The members of the Audit and Risk Committee fulfilled all their functions during the financial year as prescribed by the Companies Act 61 of 1973 ("the Act") and the committee reports as follows in terms of section 270A(1)(f) of the Act:

- The committee has been constituted in accordance with applicable legislation and regulations. The committee members are all non-executive directors of the Company who act independently.
- Four committee meetings were held during the financial year.
- The committee has satisfied itself that the external auditors are independent of the Group.
- The appointment of the external auditor complies with the Act and with all other legislation relating to the appointment of external auditors.
- The auditors' terms of engagement and fees have been determined.
- The nature and extent of non-audit services have been defined and pre-approved and the non-audit services provided by external auditors have been reviewed to ensure that the fees for such services do not become so significant as to call into question the independence of the external auditors.
- As at the date of this report, no complaints have been received relating to accounting practices and internal audit of the Group or to the content or auditing of the Group's financial statements, or to any related matter.
- A detailed report on the activities of the committee is contained in the Corporate Governance section of this report.

DR Geeringh
Chairman: Audit and Risk Committee
24 May 2011

Statement of financial position

as at 31 March 2011

	Notes	Group 2011 R000	Group 2010 R000	Company 2011 R000	Company 2010 R000
Assets					
Non-current assets		**2 463 305**	2 297 851	**2 329 321**	2 186 948
Investment properties	3	**569 232**	517 120	**470 985**	443 282
Business investments	4	**1 623 140**	1 518 332	**1 614 454**	1 511 048
Investments in associates	5	**85 462**	73 910	**1 874**	1 874
Property and equipment	6	**88 586**	85 272	**5 326**	3 643
Investments in subsidiaries	7			**139 797**	123 884
Defined benefit pension fund surplus	8	**96 885**	103 217	**96 885**	103 217
Current assets		**316 885**	357 665	**294 547**	340 050
Short-term portion of business investments	4	**263 807**	314 396	**261 480**	312 227
Inventories and assets held for resale	9	**1 196**	1 346	**1 196**	1 346
Accounts receivable	10	**23 172**	18 348	**19 955**	18 053
Deposits and bank balances	11	**25 411**	23 575	**9 744**	8 424
Current tax asset		**3 299**	-	**2 172**	-
Total assets		**2 780 190**	2 655 516	**2 623 868**	2 526 998
Equity and liabilities					
Capital and reserves attributable to equity holders of the parent		**2 367 550**	2 297 341	**2 224 915**	2 181 393
Share capital	12	**178 835**	178 835	**178 835**	178 835
Treasury shares	12	**(15 292)**	(15 978)		
Fair value and other reserves	13	**57 225**	75 579	**53 486**	72 763
Retained earnings		**2 146 782**	2 058 905	**1 992 594**	1 929 795
Minority interest		**1 929**	1 880		
Non-current liabilities		**308 851**	226 252	**306 065**	226 604
Borrowings	14	**224 071**	159 336	**222 874**	158 842
Post-retirement medical aid obligation	8	**67 940**	54 661	**67 940**	54 661
Deferred tax liability	15	**16 840**	12 255	**15 251**	13 101
Current liabilities		**101 860**	130 043	**92 888**	119 001
Borrowings	14	**33 923**	58 564	**33 923**	58 564
Accounts payable	16	**32 726**	33 414	**24 526**	22 823
Provisions	17	**34 839**	37 152	**34 067**	36 017
Current tax liability		**-**	873	**-**	1 557
Shareholders for dividend		**372**	40	**372**	40
Total liabilities		**410 711**	356 295	**398 953**	345 605
Total equity and liabilities		**2 780 190**	2 655 516	**2 623 868**	2 526 998

Statement of comprehensive income

for the year ended 31 March 2011

	Notes	Group 2011 R000	Group 2010 R000	Company 2011 R000	Company 2010 R000
Revenue	18	**357 863**	363 493	**344 449**	349 566
Other operating income	19	**88 966**	77 906	**76 064**	72 210
Operating expenses	20	**(311 978)**	(316 241)	**(297 161)**	(302 203)
Profit from operations	22	**134 851**	125 158	**123 352**	119 573
Finance cost		**(17 653)**	(14 392)	**(17 647)**	(14 388)
Income from associated companies		**21 781**	15 711		
Profit before taxation		**138 979**	126 477	**105 705**	105 185
Tax expense	23	**(31 683)**	(30 975)	**(23 234)**	(23 657)
Net profit		**107 296**	95 502	**82 471**	81 528
Other comprehensive income:					
Actuarial (loss)/gain on defined benefit pension fund		**(12 067)**	57 841	**(12 067)**	57 841
Actuarial loss on post-retirement medical aid obligation		**(7 218)**	(402)	**(7 218)**	(402)
Net (loss)/gain on post-retirement benefits		**(19 285)**	57 439	**(19 285)**	57 439
Fair value adjustments of available for sale instruments		**8**	59	**8**	59
Share of other comprehensive income of associates		**1 202**	729		
Foreign currency translation reserve		**(279)**	(1 077)		
Other comprehensive income net of tax		**(18 354)**	57 150	**(19 277)**	57 498
Total comprehensive income		**88 942**	152 652	**63 194**	139 026
Net profit attributable to:					
Equity holders of the parent		**107 147**	94 583	**82 471**	81 528
Minority interest		**149**	919		
		107 296	95 502	**82 471**	81 528
Total comprehensive income attributable to:					
Equity holders of the parent		**88 793**	151 733	**63 194**	139 026
Minority interest		**149**	919		
		88 942	152 652	**63 194**	139 026
Basic earnings per share	24	**62,0**	54,8		
Diluted basic earnings per share	24	**60,5**	53,5		
Headline earnings per share	24	**35,5**	34,6		
Diluted headline earnings per share	24	**34,9**	34,1		

Statement of changes in equity

for the year ended 31 March 2011

	Notes	Share capital R000	Fair value and other reserves R000	Retained earnings R000	Minority interest R000	Total R000
		Attributable to equity holders of the parent				
Group						
Balance at 1 April 2009		162 851	18 429	1 988 084	961	2 170 325
Share options taken up		6				6
Share of associates movement in retained earnings				2 148		2 148
Total comprehensive income for the period			57 150	94 583	919	152 652
Net profit				94 583	919	95 502
Other comprehensive income			57 150			57 150
Dividend	25			(25 910)		(25 910)
Balance at 31 March 2010		162 857	75 579	2 058 905	1 880	2 299 221
Balance at 1 April 2010		**162 857**	**75 579**	**2 058 905**	**1 880**	**2 299 221**
Share options taken up		**686**				**686**
Share of associates movement in retained earnings				**(269)**		**(269)**
Change in control of partially owned subsidiaries					**(100)**	**(100)**
Total comprehensive income for the period			**(18 354)**	**107 147**	**149**	**88 942**
Net profit				**107 147**	**149**	**107 296**
Other comprehensive income			**(18 354)**			**(18 354)**
Dividend	25			**(19 001)**		**(19 001)**
Balance at 31 March 2011		**163 543**	**57 225**	**2 146 782**	**1 929**	**2 369 479**
Company						
Balance at 1 April 2009		178 835	15 265	1 875 092		2 069 192
Total comprehensive income for the period			57 498	81 528		139 026
Net profit				81 528		81 528
Other comprehensive income			57 498			57 498
Dividend	25			(26 825)		(26 825)
Balance at 31 March 2010		178 835	72 763	1 929 795		2 181 393
Balance at 1 April 2010		**178 835**	**72 763**	**1 929 795**		**2 181 393**
Total comprehensive income for the period			**(19 277)**	**82 471**		**63 194**
Net profit				**82 471**		**82 471**
Other comprehensive income			**(19 277)**			**(19 277)**
Dividend	25			**(19 672)**		**(19 672)**
Balance at 31 March 2011		**178 835**	**53 486**	**1 992 594**		**2 224 915**

Cash flow statement

for the year ended 31 March 2011

	Notes	Group 2011 R000	Group 2010 R000	Company 2011 R000	Company 2010 R000
Cash flow from operating activities					
Cash received from clients		**401 371**	397 560	**379 332**	377 876
Cash paid to suppliers and employees		**(230 581)**	(224 013)	**(214 576)**	(206 490)
Cash generated from operating activities	28.1	**170 790**	173 547	**164 756**	171 386
Finance cost		**(17 653)**	(14 392)	**(17 647)**	(14 388)
Taxation paid	28.2	**(19 484)**	(20 270)	**(17 316)**	(14 964)
Dividends paid	28.3	**(18 669)**	(25 921)	**(19 340)**	(26 836)
Net cash generated from operating activities		**114 984**	112 964	**110 453**	115 198
Cash flow from investing activities					
Capital expenditure on					
– investment properties		**(12 331)**	(45 856)	**(1 169)**	(33 719)
– property and equipment		**(7 342)**	(62 336)	**(3 843)**	(2 177)
Proceeds from sale of					
– investment properties		**220**	170	**220**	170
– property and equipment		**124**	132	**33**	124
Business investments advanced		**(436 100)**	(451 004)	**(431 060)**	(442 297)
Business investments repaid		**286 045**	268 321	**280 403**	266 385
Investment in subsidiaries				**(15 913)**	(79 424)
Proceeds from sale of other investments		**16 834**	15 904	**16 757**	15 288
Dividends received from other investments		**10**	2 081	**6 047**	6 408
Net cash utilised in investing activities		**(152 540)**	(272 588)	**(148 525)**	(269 242)
Cash flow from financing activities					
Long-term borrowings		**58 304**	190 675	**58 304**	190 675
Net cash generated from financing activities		**58 304**	190 675	**58 304**	190 675
Net increase in cash and cash equivalents		**20 748**	31 051	**20 232**	36 631
Cash and cash equivalents at beginning of year		**(2 983)**	(34 034)	**(18 134)**	(54 765)
Cash and cash equivalents at end of year		**17 765**	(2 983)	**2 098**	(18 134)

1. Accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below and are consistent with those of the previous year, unless otherwise stated.

1.1 Basis of preparation

The consolidated financial statements are prepared in accordance with and comply with South African Statements of Generally Accepted Accounting Practice. The consolidated financial statements are prepared under the historical cost convention, as amended by the adjustment to fair value of investment properties and financial instruments.

The preparation of financial statements in conformity with South African Statements of Generally Accepted Accounting Practice requires the use of estimates and assumptions based on management's best knowledge of current events and actions. These estimates and assumptions affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results may ultimately differ from these estimates.

1.2 New and amended statements adopted

The Company has adopted the following new and amended South African Statements of Generally Accepted Accounting Practice:

AC 140: Business Combinations – Revised.

The standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with some contingent payments subsequently re-measured at fair value through income. Goodwill and non-controlling (minority) interests may be calculated on a gross or net basis. All transaction costs will be expensed. Comparative information has been amended.

AC 132: Consolidated and Separate Financial Statements – Revised.

This standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control. They will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value and a gain or loss is recognised in profit or loss.

The following amended standards are not yet effective and have not been adopted by the group:

Amendment to AC 102, 'Income taxes' on deferred tax.

The amendments provide a practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model in AC135 Investment Property. Under AC102, the measurement of deferred tax liabilities and deferred tax assets depends on whether an entity expects to recover an asset by using it or by selling it. However, it is often difficult and subjective to determine the expected manner of recovery when the investment property is measured using the fair value model in AC135. To provide a practical approach in such cases, the amendments introduce a presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is held with an objective to consume substantially, over time, all of the economic benefits embodied in the investment property.

AC 146 – Financial Instruments.
This IFRS is part of the IASB's project to replace IAS 39 (AC 133). IFRS 9 (AC 146) addresses classification and measurement of financial assets and replaces the multiple classification and measurement models in IAS 39 (AC 133) with a single model that has only two classification categories: amortised cost and fair value.

1.3 Group accounting

1.3.1 Subsidiaries

Subsidiary undertakings, which are those companies and other entities in which the Company, directly or indirectly, has an interest of more than one half of the voting rights, or otherwise has power to govern the operations, are consolidated.

Subsidiaries are consolidated from the date on which effective control is transferred to the Company and are no longer consolidated from the date that control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of assets given up, shares issued or liabilities undertaken at the date of acquisition plus costs directly attributable to the acquisition. The excess of the cost of acquisition over the fair value of the net assets of the subsidiary acquired, is recorded as goodwill. All inter-company transactions, balances and unrealised surpluses and deficits on transactions between group companies have been eliminated.

The latest available audited financial information is used to consolidate the results of subsidiary companies.

Where necessary, accounting policies in sub-sidiaries have been changed to ensure consistency with the policies adopted by the Group.

1.3.2 Investments in associates

Investments in associates are accounted for by the equity method of accounting. Under this method the Company's share of associates' post-acquisition profits or losses is recognised in the statement of comprehensive income and its share of post-acquisition reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the cost of the investment. Associates are entities over which the Company generally has between 20 percent and 50 percent of the voting rights, or over which the Company has significant influence, but which it does not control. Impairments are recorded for long-term diminutions in value. Unrealised gains on transactions between the Company and its associates are eliminated to the extent of the Group's interest in the associates; unrealised losses are also eliminated, unless the transaction provides evidence of an impairment of the asset transferred. When the Company's share of losses in an associate equals or exceeds its interest in the associate, the Company does not further recognise losses, unless the Company has incurred obligations or makes payments on behalf of the associates. The latest audited financial statements are utilised to determine the share of the associated company earnings.

1.3.3 Joint ventures

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. The Company's interest in a jointly-controlled entity is accounted for by proportionate consolidation. The Company combines its share of the joint venture's individual income and expenses, assets and liabilities and cash flows on a line-by-line basis with similar items in the Company's financial statements.

As with subsidiaries, joint ventures are excluded from consolidation if the interest is intended to be temporary or if the joint venture operates under severe long-term restrictions which would result in control no longer being exercisable. An example would be contractual agreements in which the dissolution of the arrangement is defined and no party to the contract can change the clauses.

Where required, accounting policies in joint ventures have been changed to ensure consistency with the policies adopted by the Group.

1.4 Foreign currencies

1.4.1 Functional and presentation currency

The consolidated financial statements are presented in South African Rands, which is the Company's functional currency and the Group's presentation currency.

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional" currency).

1.4.2 Foreign currency translations

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

The assets and liabilities of foreign subsidiary companies are translated at the closing exchange rates ruling at year-end. Profit and loss items in respect of foreign entities are translated at the appropriate weighted average exchange rate for the year. Gains and losses arising on translation are transferred to fair value and other reserves (foreign currency translation reserve).

On consolidation, exchange differences arising on the translation of the net investment in foreign entities and of borrowings, are taken to shareholders' equity.

1.5 Financial instruments

Financial instruments carried on the statement of financial position include loans and receivables, listed shares, bonds, cash and bank balances, borrowings and accounts payable. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

The Company classifies its financial instruments primarily into the following categories: loans and receivables and available for sale instruments. The classification of investments is done in consultation with the Audit and Risk Committee.

Investments which the Company intends to hold for an indefinite period of time, but which may be sold in response to market opportunities, are classified as available for sale. The investments are initially recognised at trade date, and subsequently measured against quoted bid prices. Unrealised gains and losses, arising from changes in fair value of investments classified as available for sale, are recognised in equity. When investments classified as available for sale are sold or impaired, the accumulated fair value adjustments are included in the profit and loss component of the statement of comprehensive income as gains or losses.

Loans and receivables include interest-bearing loans, shareholders' loans, royalty agreements and staff loans. The financial instruments are initially recorded at fair value. Thereafter, the instruments are measured at amortised cost, using the effective interest rate method.

Impairment of loans and receivables:

Specific impairments
The Company determines whether a financial asset or group of financial assets is impaired by assessing whether objective evidence is presented that one or more loss events occurred after the initial recognition of the assets which can or will impact the expected cash flows resulting from the financial asset or group of financial assets in the future.

The portfolio of investments is classified into different risk classes which are determined by the application of various risk criteria. Meeting these criteria is accepted as objective evidence that an impairment event has occurred in the specific investment. The criteria for assessing the investment's performance in meeting its repayment obligations are as follows:
A. Investments with no arrears
B. Amount in arrears for 30 days is less than the repayment required or value of installment
C. Amount in arrears for 60 days is less than the repayment required or value of installment
D. Amount in arrears for 30 days is greater than value of installment
E. Amount in arrears for 30 days with no planned installments on account
F. Dishonored payments occurring in the preceding 6 months
G. Informal sector loans
H. Investments under legal control

In addition to the assessment of repayment performance, a qualitative assessment is performed to identify other specific indicators of impairment. The following events are considered to be indicative of impairment:

– the loss of big contracts
– labour unrest, litigation or unresolved issues
– legal actions being undertaken by other parties against the client
– entrance of a new competitor
– conflict between partners in the business
– shareholders' meetings that are cancelled and which have not been held for a long time
– the sensitivity of revenue to fluctuations in the exchange rate
– input costs materially affected by high commodity prices or high resource prices

In quantifying the impairment for investments in the different risk classes, estimates are applied to key variables as follows:
- the probability of a loss giving default occurring for the risk classification applicable to each investment, which ranges from 0% to 80%
- the time period required from the date of assessment to the point in the future when cash flows are expected from a specific investment. The period is estimated to be 18 months on average. The cash flows are discounted to the current date over the expected period at a discount rate equal to the rate of return expected from the specific investment.

An impairment loss is recognised for the amount by which the carrying value of the investment exceeds the discounted future cash flows. Impairment losses are accounted for in the profit and loss component of the statement of comprehensive income.

Collective assessment of an investment class
Impairment losses are recognised for assets with similar industry and financial instrument profiles where losses have been incurred but for which the evidence of the losses has not yet been reported. The objective evidence is expected to emerge at some period in the future, normally assessed to be between six to 24

months. The impairment losses collectively assessed are accounted for in the profit and loss component of the statement of comprehensive income.

Renegotiated loans

Renegotiated loans are those loans whose terms of repayment have been renegotiated and changed, and are no longer considered to be past due as a result of the renegotiated terms.

Disclosure about financial instruments to which the Company is a party is provided in note 2 to the annual financial statements.

1.6 Investment properties

Investment properties are held for long-term rental yields and are not occupied by the Company. Investment properties are treated as long-term investments and are carried at fair value. Valuations are done internally at the end of each accounting period on the capitalised income basis, taking into account the profile and locality of the property, market conditions and core vacancy factors.

Changes in fair value are recorded in the profit and loss component of the statement of comprehensive income and reported as other operating income.

Properties to be disposed of are valued in terms of the above principles but are influenced by market offers received. Leased properties are reflected at original capital cost less depreciation.

1.7 Property and equipment

All owner-occupied property is initially recorded at cost. Depreciation is calculated on a straight-line basis to the revised residual value over the estimated useful life of the property which ranges from between 25 to 30 years. Land is not depreciated.

Equipment acquired is initially recorded at cost and depreciation is calculated on the straight-line method to write off the cost of each asset to its residual value over its estimated useful life, currently assessed as being between three and ten years.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposal of property and equipment are determined by reference to their carrying amount and are included in the profit and loss component of the statement of comprehensive income.

1.8 Inventories and assets held for resale

Inventories consist mainly of repossessed assets and are stated at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less selling expenses.

1.9 Trade receivables

Trade receivables are carried at anticipated realisable value and consist mainly of rent receivable and interest accrued. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

1.10 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

1.11 Cash and cash equivalents

Money market assets form part of deposits and bank balances and are carried at fair value.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, deposits held at call with banks and bank overdraft.

1.12 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Employee entitlements to annual leave and bonuses are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the statement of financial position date.

1.13 Employee benefits

1.13.1 Pension obligations

The Company operates a defined benefit pension plan and a defined contribution pension plan. All employees are members of one of these funds.

Defined Benefit Pension Fund

The assets of the defined benefit pension plan are held in a separate trustee-administered fund. The pension plan is funded by payments from employees and the Company, taking into account the recommendations of independent actuaries.

The pension accounting costs are assessed using the projected unit credit method. Under this method, the cost of providing pensions is charged to the profit and loss component of the statement of comprehensive income to spread the regular cost over the service lives of employees, in accordance with the advice of actuaries who carry out a full statutory valuation of the plan every three years. In addition, a non-statutory valuation is performed at each financial reporting date.

The pension obligation is measured as the present value of the estimated future cash outflow, using interest rates of government securities that have terms to maturity approximating the terms of the related liability.

The Group's net obligation to the pension fund can either be a liability or a benefit to the Group. Assets and liabilities resulting from the calculation are recognised in full on the statement of financial position. Actuarial gains or losses that arise from the determination of the liability or asset, are recognised in full in the statement of comprehensive income and reflected in equity.

Defined Contribution Pension Fund

The Company pays fixed contributions into a separate trustee-administered fund in terms of the defined contribution plan. The Company will have no legal or constructive obligationto pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

1.13.2 Post-retirement medical aid obligations

The Group provides post-retirement medical aid benefits to employees and pensioners in service of the Group on or before 30 April 1999.

The entitlement to post-retirement medical aid benefits is based on the employee remaining in service up to retirement age. The expected costs of these benefits are accrued over the period of employment, using the projected unit credit method. Valuations of these obligations are carried out by actuaries. Actuarial gains or losses are recognised in full in the year in which the gain or loss is determined by the actuary in the statement of comprehensive income, and are accounted for under fair value and other reserves.

1.14 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit and loss component of the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity.

The current tax charge is calculated on the basis of the tax law enacted or substantively enacted at the statement of financial position date in the countries where the company's subsidiaries and associates operate and generate taxable income. Management establishes provisions where appropriate on the basis of amounts expected to be paid to tax authorities.

Deferred tax is determined by using the liability method, for all temporary differences arising between the tax base of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred tax.

Under this method, the Company is required to make provision for deferred tax on the fair value adjustments arising from investment properties and, in relation to an acquisition, on the difference between the fair values of net assets acquired and their tax base.

1.15 Operating leases

Leases of assets, under which all the risks and benefits of ownership are effectively retained by the lessor, are classified as operating leases. Payments made under operating leases are charged to the profit and loss component of the statement of comprehensive income on a straight-line basis over the period of the lease.

1.16 Revenue recognition

Revenue comprises the invoiced value, net of value added tax, rebates and discounts.

Interest income is recognised on a time apportionment basis, taking account of the principal amount outstanding and the effective rate over the period to maturity to determine when such income will accrue to the Company.

Royalty income, fund management income and property management income are recognised on an accrual basis in accordance with the substance of the relevant agreements.

Rental income is recognised equally over the period of the lease taking into consideration the clauses affecting the rental charge.

Dividend income is recognised when the right to receive payment is established.

1.17 Critical accounting estimates and judgements

Critical accounting estimates are those that involve complex or subjective judgements or assessments. The areas of the Company's business that typically require such estimates are the determination of fair value for financial assets, financial liabilities and investment properties, the impairment charges on financial instruments and deferred taxes.

The fair values of financial assets and liabilities are classified and accounted for in accordance with the policies set out in section 1.4 above. Listed market prices for equities, bonds and other instruments are used as far as possible in the determination of the fair value. If prices are not available, pricing models are used that consider a range of probable factors. The estimates and variables used in determining the fair value adjustments on investment properties are disclosed in note 3.

Assets are subject to regular impairment reviews as required. Impairments are measured as the difference between the cost (or amortised cost) of a particular asset and the current fair value or recoverable amount. In determining the recoverable amount on portfolios of investments, the historical loss experience is adjusted to reflect current economic conditions, as well as changes in the emergence period for evidence of impairment to be identified and reported.

2. Financial risk management

The Company's activities expose it to a variety of financial risks. The activities involve the analysis, evaluation, acceptance and manage-ment of some degree of risk or combination of risks. The Company's aim is to achieve an ap-propriate balance between risk and return and minimise potential adverse effects on the Company's financial performance.

The Company's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to risk exposure limits by means of reliable and up-to-date in-formation systems. The Company regularly reviews its risk management policies and sys-tems to reflect changes in markets, products and emerging best practice.

Risk management is carried out by the Com-pany's management. In addition, internal audit is responsible for the independent review of risk management policies and the control environment.

The primary financial risks to which the Company is exposed are credit risk, market risk, interest rate risk and liquidity risk.

2.1 Credit risk

The Company takes on exposure to credit risk, which is the risk that a counterparty will cause a financial loss for the Company by failing to discharge an obligation. Credit risk is a material risk for the Company's business. Credit risk exposures arise principally from accepting the credit risk of investing in small and medium businesses which forms the core business activity of the Company. Credit risk exposures also arise from property rental contracts entered into with lessees.

2.1.1 Credit risk measurement

Loans and receivables

The credit risk at the investment stage of any potential investment is analysed and assessed in a due diligence process where the entrepreneur is evaluated, the viability of the enterprise is considered and various other risk indi-cators are determined, verified and benchmarked.

2.1.2 Risk management process

The Company manages, limits and controls concentrations of credit risk where they are identified.

Loans and receivables

The concentration of risk in the investment portfolio is decreased through industry diver-sification. The more than 2 005 investments in the portfolio are representative of most sectors of the economy, with no specific industry or geographical area representing undue risk. No single investment represents more than 0,8 percent of the total investment portfolio, limiting the concentration of risk in single investments. The ongoing monitoring of the risk profile of the portfolio is guided by investment policies, investment committees and credit control functions. Exception reporting at various levels within the organisation provides early identi-fication of increases in the credit risk of the business investment portfolio. A formal risk assessment process is undertaken in terms of which investments are impaired in line with movements in the credit risk.

Rental contracts

The credit risk of rent debtors is controlled and monitored on an ongoing basis by property management committees, credit control functions as well as exception reporting at various levels in the management structure.

Collateral

The Company employs various policies and practices to mitigate credit risk, principally securing collateral for investments made. The Company implements guidelines on the acceptability of specific classes of collateral. The principal collateral types for loans and receivables are:

- Mortgage bonds over residential, commercial and industrial property
- Notarial bonds over property and equipment – Personal sureties and the cession of policies and investments

	Group		Company	
	2011 R000	2010 R000	**2011 R000**	2010 R000
2.1.3 Maximum exposure to credit risk				
Credit risk exposure relating to on-statement of financial position assets are as follows:				
Loans and receivables				
– Interest bearing loans	**1 946 253**	1 893 383	**1 931 418**	1 880 456
– Shareholders' loans	**72 087**	62 107	**72 087**	61 754
– Royalty agreements	**22 457**	22 764	**21 730**	22 420
– Staff loans	**314**	924	**314**	915
	2 041 111	1 979 178	**2 025 549**	1 965 545
Credit risk exposure relating to off-statement of financial position items are as follows:				
– Financial guarantees	**694**	5	**694**	5
– Loan commitments and other credit related liabilities	**315 047**	149 128	**311 577**	149 128
	2 356 852	2 128 311	**2 337 820**	2 114 678

The above table represents the maximum scenario of credit risk exposure to the Company at 31 March 2011 and 2010, without accounting for any collateral held or other credit enhancements attached.

The Company's recognised credit exposure has been analysed in various categories as follows:

Industry sector

	Group 2011 R000	Group 2010 R000	Company 2011 R000	Company 2010 R000
Construction	**113 780**	101 053	**113 780**	101 053
Financial Intermediation	**565 209**	591 397	**565 195**	591 388
Fishing	**49 758**	53 101	**49 758**	53 101
Horticulture, animal farming & forestry	**26 574**	20 714	**26 574**	20 714
Leisure	**117 154**	134 231	**109 970**	126 105
Manufacturing	**377 186**	317 725	**377 186**	317 373
Motor Trade	**161 175**	179 610	**158 025**	179 610
Personal Services	**88 410**	70 464	**87 975**	68 940
Quarrying	**21 014**	21 666	**21 014**	21 666
Retail	**152 869**	155 835	**150 716**	155 266
Transport & Communication	**67 079**	63 915	**67 079**	63 915
Travel and Tourism	**239 036**	213 645	**239 036**	213 645
Wholesale	**61 867**	55 822	**59 241**	52 769
	2 041 111	1 979 178	**2 025 549**	1 965 545

	Group		Company	
	2011	2010	**2011**	2010
	R000	R000	**R000**	R000
Geographical exposure				
Eastern Cape	**252 904**	242 828	**249 407**	239 327
Free State	**90 049**	98 178	**89 118**	97 142
Gauteng	**441 826**	455 916	**437 255**	449 705
Kwazulu-Natal	**456 741**	462 149	**455 961**	461 301
Limpopo	**76 676**	75 274	**76 500**	75 274
Mpumalanga	**86 654**	70 878	**85 541**	70 878
North West	**37 559**	42 410	**37 559**	42 410
Northern Cape	**50 818**	52 607	**50 383**	52 102
Western Cape	**547 884**	478 938	**543 825**	477 406
	2 041 111	1 979 178	**2 025 549**	1 965 545
Product type				
Equity Partner	**49 939**	60 918	**49 939**	60 566
Royalty Partner	**805 826**	707 373	**790 264**	694 092
Loan Partner	**500 367**	565 940	**500 367**	565 940
Property Risk Partner	**494 402**	426 952	**494 402**	426 952
Property Equity Partner	**93 889**	100 289	**93 889**	100 289
Risk Partner	**45 793**	52 314	**45 793**	52 314
Royalty Risk Partner	**50 895**	65 392	**50 895**	65 392
	2 041 111	1 979 178	**2 025 549**	1 965 545

2.1.4 Loans and receivables

Loans and receivables are summarised as follows:

Neither past due nor individually impaired	**1 213 810**	1 379 039	**1 203 490**	1 366 111
Past due but not individually impaired	**10 772**	43 141	**10 772**	43 141
Individually impaired	**816 529**	556 998	**811 287**	556 293
Gross	**2 041 111**	1 979 178	**2 025 549**	1 965 545
Less: allowance for impairment	**(173 543)**	(163 910)	**(171 630)**	(163 067)
Net	**1 867 568**	1 815 268	**1 853 919**	1 802 478

The total allowance for impairment for loans and receivables is R173,5 million (2010: R163,9 million) of which R143,3 million (2010: R132,4 million) represents the individually impaired loans and the remaining amount of R30,2 million (2010: R31,5 million) represents the portfolio impairment. For further information regarding the impairment refer to note 4.3.

Loans and receivables neither past due nor individually impaired

The credit quality of the portfolio of loans and receivables that were neither past due nor impaired can be assessed by reference to the internal risk rating system applied by the Company as disclosed in the accounting policies.

Interest-bearing loans	**1 142 136**	1 307 637	**1 132 543**	1 295 415
Shareholders' loans	**48 903**	47 994	**48 903**	47 641
Royalty agreements	**22 457**	22 764	**21 730**	22 420
Staff loans	**314**	644	**314**	635
	1 213 810	1 379 039	**1 203 490**	1 366 111

	Group		Company	
	2011 R000	2010 R000	**2011 R000**	2010 R000

Loans and receivables past due but not individually impaired

Loans and receivables with amounts past due for 30 days that are less than or equal to the required amount due, are not considered impaired, unless other information is available to indicate specific impairment. The gross amount of loans and receivables that were past due, but not impaired, are as follows:

	Group 2011 R000	Group 2010 R000	Company 2011 R000	Company 2010 R000
Interest-bearing loans	**10 772**	43 141	**10 772**	43 141
Shareholders' loans	**-**	-	**-**	-
Royalty agreements	**-**	-	**-**	-
Staff loans	**-**	-	**-**	-
	10 772	43 141	**10 772**	43 141
Fair value of collateral – interest-bearing loans	**7 777**	37 965	**7 777**	37 965

Upon initial recognition of loans and receivables, the fair value of the collateral is determined by applying the valuation methodologies applicable to the corresponding assets.

The repayment obligations of loans and receivables that were past due but not impaired at the end of the year did not exceed 30 days.

Loans and receivables individually impaired

The individually impaired loans and receivables of the Group, before taking into consideration the fair value of collateral held amounts to R816,5 million (2010: R556,7 million).

The breakdown of the gross amount of individually impaired loans and receivables by class, along with the fair value of related collateral held by the Company as security are as follows:

	Group 2011 R000	Group 2010 R000	Company 2011 R000	Company 2010 R000
Interest-bearing loans	**793 345**	542 605	**788 103**	541 900
Shareholders' loans	**23 184**	14 113	**23 184**	14 113
Royalty agreements	**-**	-	**-**	-
Staff loans	**-**	280	**-**	280
	816 529	556 998	**811 287**	556 293
Fair value of collateral – interest-bearing loans	**501 500**	310 950	**500 395**	310 819

Upon initial recognition of loans and receivables, the fair value of collateral is determined by applying valuation techniques used for the corresponding assets.

During the year, interest in the amount of R78,8 million (2010: R63,7 million) earned on individually impaired loans was recognised in revenue.

Loans and receivables renegotiated

Loans and receivables are classified as renegotiated contracts when a new agreement has been reached with revised repayment terms and revenue streams. These loans and receivables are subject to a comprehensive assessment of the viability of the underlying business. The appropriateness of the new investment conditions are considered by and subject to the approval of a special credit committee that considers all renegotiated investments. Once approved and implemented, these investments are classified as renegotiated.

	Group		Company	
	Continue to be impaired R000	**No longer impaired R000**	**Continue to be impaired R000**	**No longer impaired R000**
Renegotiated loans and receivables at the end of the year are as follows:				
At 31 March 2011				
Interest bearing loans	**27 179**	**8 336**	**27 179**	**8 336**
Shareholders' loans	**1 502**	**-**	**1 502**	**-**
	28 681	**8 336**	**28 681**	**8 336**
At 31 March 2010				
Interest bearing loans	28 706	14 292	28 706	14 292
Shareholders' loans	1 387	-	1 387	-
	30 093	14 292	30 093	14 292

2.2 Market risk

The Company takes on exposures to market risk which is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise predominantly from risks associated with interest rates and fair value adjustments (refer note 2.4).

2.2.1 Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As the majority of the Company's interest-bearing investment products are linked to the prime overdraft rate, changes in this rate will affect the revenue of the Company. The level of interest rates also determines the return on treasury funds, when applicable.

If the prime overdraft rate was one percent higher during the year, the Group's profit before tax would have been R155,1 million (2010: R142,1 million). Alternatively, if the interest rate was one percent lower the Group's profit before tax would have been R122,5 million (2010: R109,9 million).

2.2.2 Risk management process

The sensitivity to interest rate changes is decreased by alternative revenue streams from the investment portfolio, such as investment property returns, dividends and royalty fees, as well as the effect of primed-linked borrowings.

2.3 Liquidity risk

Liquidity risk is the risk that the Company is unable to disburse investments approved as and when they are required and is unable to meet payment obligations associated with its financial liabilities and commitments when they fall due, as well as payment obligations of day to day expenses.

2.3.1 Risk management process

Liquidity risk management requires maintaining sufficient cash resources through an adequate amount of committed credit facilities.

Monitoring and reporting take the form of cash flow measurements and projections for all key periods. Such cash flow projections take into consideration the Company's debt obligations and covenant compliance as well as regulatory and legal requirements. The major cash outflows consist of investment advances, capital expenditure projects, salaries and wages payments, dividend payments and income tax payments.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. These financial liabilities have not been discounted:

	Less than 1 year R000	Between 1 and 2 years R000	Between 2 and 5 years R000	Over 5 years R000
At 31 March 2011				
Borrowings (refer note 14.1)	**33 923**	**28 547**	**174 515**	**19 639**
Accounts payable	**32 726**			
Provisions	**34 839**			
Current tax liability	**-**			
At 31 March 2010				
Borrowings (refer note 14.1)	74 863	48 304	116 877	30 213
Accounts payable	33 414			
Provisions	37 152			
Current tax liability	873			

2.4 Fair values of financial assets and financial liabilities

The company uses the following fair value measurement hierarchy to measure the financial assets and liabilities that are carried at fair value on the statement of financial position:
– Level 1: Quoted prices in active market for identical assets or liabilities
– Level 2: Inputs other than quoted prices included with level 1 that are observable
– Level 3: Inputs for the asset or liability that are not based on observable market data

The table below presents the Company's assets that are measured at fair value:

	Level 1	Level 2	Level 3	Total Balance
At 31 March 2011				
Financial instruments - fair value adjusted to equity	**323**	**-**	**-**	**323**
At 31 March 2010				
Financial instruments - fair value adjusted to equity	312	-	-	312

Notes to the financial statements

for the year ended 31 March 2011

	Group 2011 R000	Group 2010 R000	Company 2011 R000	Company 2010 R000

2.5 Capital management

The Company's objectives when managing capital are:

– To safeguard the Company's ability to continue as a going concern in order to continue providing returns for shareholders and benefits for other stakeholders; and

– To maintain a strong capital base to support the development and growth of the business.

The table below summarises the composition of capital:

	Group 2011 R000	Group 2010 R000	Company 2011 R000	Company 2010 R000
Share capital	**178 835**	178 835	**178 835**	178 835
Treasury shares	**(15 292)**	(15 978)		
Fair value and other reserves	**57 225**	75 579	**53 486**	72 763
Retained earnings	**2 146 782**	2 058 905	**1 992 594**	1 929 795
Total capital	**2 367 550**	2 297 341	**2 224 915**	2 181 393

3. Investment properties

	Group 2011 R000	Group 2010 R000	Company 2011 R000	Company 2010 R000
Fair value – beginning of year	**517 120**	448 544	**443 281**	387 411
Acquisitions	**12 331**	45 856	**1 168**	33 719
Disposals	**(220)**	(4 192)	**(220)**	(169)
Depreciation on leasehold property	**(129)**	(99)	**(129)**	(99)
Fair value adjustment	**40 130**	27 011	**26 885**	22 420
Fair value – end of year	**569 232**	517 120	**470 985**	443 282

The valuation of property investments was performed internally by suitably qualified personnel and was based on the capitalised income method. The key assumptions used in the valuation of the investment properties were:

– Capitalisation rates used varied between 9,5% and 14,5% (2010: 10% and 15%)

– Vacancy factors varied between 0% and 15% (2010: 0% and 15%)

– Property expenses in the main varied between 11% and 38% of total rent and recoveries (2010: 11% and 33%)

The following items regarding the investment properties are included in the profit and loss component of the statement of comprehensive income:

	Group 2011 R000	Group 2010 R000	Company 2011 R000	Company 2010 R000
– Rental income	**93 822**	82 497	**71 141**	62 714
– Repairs and maintenance expenses	**14 442**	11 623	**10 782**	8 556
– Other operating expenses	**40 919**	34 174	**30 389**	25 356

A register of the property portfolio is available for inspection at the registered office.

4. Business investments

	Group 2011 R000	Group 2010 R000	Company 2011 R000	Company 2010 R000
Investment in *En Commandite* partnerships (Refer note 4.1)	**19 056**	17 147	**21 691**	20 485
Financial instruments - fair value adjusted to equity (Refer note 4.2)	**323**	312	**323**	312
Loans and receivables (Refer note 4.3)	**1 867 568**	1 815 268	**1 853 919**	1 802 478
Less: Short-term portion	**(263 807)**	(314 396)	**(261 480)**	(312 227)
Carrying value of business investments	**1 623 140**	1 518 331	**1 614 453**	1 511 048

	Group 2011 R000	Group 2010 R000	Company 2011 R000	Company 2010 R000

4.1 Investment in *En Commandite* partnerships

The Company entered into an *En Commandite* partnership in March 2003 with the Umsobomvu Youth Fund to establish a R125 million investment fund aimed at expanding the ownership of franchises amongst the previously disadvantaged youth. The Company contributed 20 percent of the capital for the fund, and the Umsobomvu Youth Fund the balance of 80 percent. Currently the partnership is in the winding up phase, primarily concerned with the collection of the outstanding loans and receivables.

The Company entered into an *En Commandite* partnership in February 2006 with Khula Enterprise Finance Limited to establish a R150 million investment fund aimed at promoting start-up ventures amongst previously disadvantaged individuals. The Company contributed 20 percent of the capital for the fund, and Khula the balance of 80 percent. Currently the partnership is in the winding up phase, primarily concerned with the collection of the outstanding loans and receivables.

The investments are stated at cost and profits are equity accounted in accordance with specifications of the partnership agreements.

Future investments by the Company in the partnerships are disclosed in note 26.

4.2 Financial instruments – fair value adjusted to equity

	Group 2011 R000	Group 2010 R000	Company 2011 R000	Company 2010 R000
Fair value – beginning of year	**312**	592	**312**	592
Disposals	**-**	(361)	**-**	(361)
Fair value surplus transferred to equity	**11**	81	**11**	81
Fair value – end of year	**323**	312	**323**	312

The above available for sale investments, comprising listed shares, are measured at fair value. Fair value is determined by reference to quoted prices on the relevant securities exchange.

4.3 Loans and receivables

Interest-bearing loans

These loans are secured and are priced at market rates which are representative of the risk of the investment and the quality and quantum of the collateral available. The loans are initially recorded at fair value and thereafter measured at amortised cost, at level yields to maturity that vary between 5 percent and 26 percent.

	Group 2011 R000	Group 2010 R000	Company 2011 R000	Company 2010 R000
Gross interest-bearing loans	**1 946 253**	1 893 383	**1 931 418**	1 880 456
Less: allowance for impairment	**(161 998)**	(154 364)	**(160 085)**	(153 538)
	1 784 255	1 739 019	**1 771 333**	1 726 918

The amortised cost of the interest-bearing loans approximates fair value, as the loans are priced at variable, market related rates.

	Group 2011 R000	Group 2010 R000	Company 2011 R000	Company 2010 R000
Shareholders' loans				
These loans are unsecured, and are priced at interest rates between 0 percent and 10 percent. The loans are initially recorded at fair value and thereafter measured at amortised cost, at level yields to maturity equal to the prime rate at the date of approval of the loan. Fair value at initial recognition is determined with reference to quoted market interest rates. Should the repayment terms of the loans be indeterminable these loans are recognised at cost.				
Gross shareholders' loans	**72 087**	62 107	**72 087**	61 754
Less: allowance for impairment	**(11 545)**	(9 322)	**(11 545)**	(9 305)
	60 542	52 785	**60 542**	52 449
The amortised cost of the loans to shareholders approximates fair value.				
Royalty agreements				
The cash flows expected from royalty agreements are arrived at by adjusting the contracted royalty payments with a risk factor. The expected future royalty payments are initially measured at fair value and then measured at amortised cost by applying a discount rate equal to the expected return from the investment linked to the royalty agreement. The rates vary between 1 percent and 17 percent.	**22 457**	22 764	**21 730**	22 420
The amortised cost of royalty agreements approximates fair value.				
Staff loans				
These loans, consisting mainly of mortgage loans over residential property and bearing interest at rates linked to the prime overdraft rate, are initially recorded at fair value and thereafter measured at amortised cost using rates that vary between 6 percent and 7,5 percent.				
Gross staff loans	**314**	924	**314**	915
Less: allowance for impairment	**-**	(224)	**-**	(224)
	314	700	**314**	691
The amortised cost of the loans to staff approximates fair value.				
Total for loans and receivables	**1 867 568**	1 815 268	**1 853 919**	1 802 478

The Company accepted mortgage and notarial bonds, and other types of security, at fair value of R1 870,6 million (2010: R1 755,4 million) as collateral for interest-bearing loans, which it is permitted to sell or repledge.

At the reporting date, although the Company has not sold or repledged any of the collateral held, the Company has ceded contingent rights to its loan book as security for a bank overdraft facility of R100 million (refer note 14.1).

	Interest-bearing loans R000	Share-holders' loans R000	Staff loans R000	Total R000
Reconciliation of allowance account for impairment on loans and receivables				
Group				
At 1 April 2009	138 000	6 750	231	144 981
Impairment allowance raised on new investments	23 265	72	-	23 337
Impairment reversed on investments written off/repaid	(39 137)	(120)	-	(39 257)
Increase in impairment allowance on existing investments	62 193	3 594	-	65 787
Decrease in impairment allowance on existing investments	(29 957)	(974)	(7)	(30 938)
At 31 March 2010	154 364	9 322	224	163 910
At 1 April 2010	**154 364**	**9 322**	**224**	**163 910**
Impairment allowance raised on new investments	**28 495**	**4 696**	**-**	**33 191**
Impairment reversed on investments written off/repaid	**(53 469)**	**(4 998)**	**(224)**	**(58 691)**
Increase in impairment allowance on existing investments	**54 786**	**4 002**	**-**	**58 788**
Decrease in impairment allowance on existing investments	**(22 178)**	**(1 477)**	**-**	**(23 655)**
At 31 March 2011	**161 998**	**11 545**	**-**	**173 543**
Company				
At 1 April 2009	138 000	6 704	231	144 935
Impairment allowance raised on new investments	22 439	72	-	22 511
Impairment reversed on investments written off/repaid	(39 137)	(120)	-	(39 257)
Increase in impairment allowance on existing investments	62 193	3 594	-	65 787
Decrease in impairment allowance on existing investments	(29 957)	(945)	(7)	(30 909)
At 31 March 2010	153 538	9 305	224	163 067
At 1 April 2010	**153 538**	**9 305**	**224**	**163 067**
Impairment allowance raised on new investments	**28 101**	**4 696**	**-**	**32 797**
Impairment reversed on investments written off/repaid	**(53 409)**	**(4 980)**	**(224)**	**(58 613)**
Increase in impairment allowance on existing investments	**53 993**	**4 002**	**-**	**57 995**
Decrease in impairment allowance on existing investments	**(22 138)**	**(1 478)**	**-**	**(23 616)**
At 31 March 2011	**160 085**	**11 545**	**-**	**171 630**

5. Investments in associates

Audited financial statements are used to account for the share of associated company earnings. For those associates for which audited financial accounts are not available, an estimation is made of the associated company's earnings. For the current year the estimated earnings amounted to R1,1 million before tax. A register containing details of all listed, unlisted and other investments is available at the registered office.

	Group 2011 R000	Group 2010 R000	Company 2011 R000	Company 2010 R000
Unlisted shares at cost	**3 645**	3 675	**1 874**	1 874
Share of retained earnings	**81 817**	70 235		
Total for unlisted associates	**85 462**	73 910	**1 874**	1 874
Directors' valuation of the investment in associates	**160 906**	129 855	**160 155**	129 027

The valuation methods applied to determine the directors' valuation are consistent with the valuation guidelines recommended by the South African Private Equity and Venture Capital Association (SAVCA).

The movement in investments in associates are as follows:

	Group 2011 R000	Group 2010 R000	Company 2011 R000	Company 2010 R000
At the beginning of year	**73 910**	59 790	**1 874**	1 870
Share of results before tax	**21 781**	15 711		
Share of tax	**(4 289)**	(4 111)		
Other movements (net of acquisitions and disposals)	**(5 940)**	2 520	**-**	4
At end of year	**85 462**	73 910	**1 874**	1 874

The Company has investments in 542 associates, a list of which is available at the corporate office for inspection. The detail of the Company's investment in associates, principally their assets, liabilities, revenues, profits or losses and the percentage held is not disclosed as the majority of these investments are not individually material to the results of the Group.

	Group 2011 R000	Group 2010 R000	Company 2011 R000	Company 2010 R000
6. Property and equipment				
6.1 Equipment				
Cost – beginning of year	**21 824**	20 401	**21 677**	20 244
Acquisitions	**2 775**	2 188	**2 696**	2 177
Disposals	**(460)**	(765)	**(460)**	(743)
Cost – end of year	**24 139**	21 824	**23 913**	21 678
Accumulated depreciation – beginning of year	**(18 125)**	(16 471)	**(18 036)**	(16 404)
Depreciation charged	**(2 170)**	(2 397)	**(2 126)**	(2 363)
Depreciation on disposals	**451**	743	**452**	732
Accumulated depreciation – end of year	**(19 844)**	(18 125)	**(19 710)**	(18 035)
Closing net book amount	**4 295**	3 699	**4 203**	3 643
6.2 Land and buildings				
Cost – beginning of year	**84 734**	26 645	**-**	-
Additions	**1 147**	59 899	**1 147**	-
Improvements	**3 420**	248	**-**	-
Disposals	**-**	(2 058)	**-**	-
Cost – end of year	**89 301**	84 734	**1 147**	-
Accumulated depreciation – beginning of year	**(3 161)**	(1 962)	**-**	-
Depreciation charged	**(1 849)**	(1 518)	**(24)**	-
Depreciation on disposals	-	319	**-**	-
Accumulated depreciation – end of year	**(5 010)**	(3 161)	**(24)**	-
Closing net book amount	**84 291**	81 573	**1 123**	-
Total net book amount for property and equipment	**88 586**	85 272	**5 326**	3 643

7. Investments in subsidiaries

	Company 2011 R000	Company 2010 R000
Unlisted shares at cost	**6**	6
Interest-free loans	**102 941**	83 671
Interest-bearing loans	**41 970**	45 325
Provisions	**(5 120)**	(5 118)
	139 797	123 884

During the financial year ended 31 March 2009 a loan was made available to Business Partners Properties 002 (Pty) Ltd to enable it to purchase a property. The loan is for 5 years and interest is charged at prime minus 1,0%.

The Company's interest in the aggregate net profits and losses of subsidiaries are:

	Company 2011 R000	Company 2010 R000
Profits	**20 556**	19 340
Losses	**(2 104)**	(1 482)

The details of the subsidiaries are disclosed in note 31.

8. Employee benefits

8.1 Pension funds

The Company operates a defined benefit pension fund as well as a defined contribution pension fund. All permanently employed personnel are members of one of the two funds. Both pension funds are funded by employee and employer contributions.

Defined Contribution Pension Fund

The Company pays fixed contributions into a separate trustee-administered fund in terms of the defined contribution plan. The Company has no legal or constructive obligation to pay additional contributions to the fund apart from those contributions that are contractual between the employer and employee. Should the fund not hold sufficient assets to pay employee benefits, no liability to make any additional contribution can or will accrue to the Company.

Defined Benefit Pension Fund

A statutory valuation of the fund was conducted at 1 April 2010 in terms of section 16 of the Pension Fund Act of 1956 (as amended). Statutory valuations of this fund are performed every three years. The next statutory valuation will take place at 1 April 2013.

Projected unit credit valuation performed in terms of the requirements of IAS 19 (AC 116), Employee Benefits

An actuarial valuation of the defined benefit pension fund was performed effective for 31 March 2011 by applying the Projected Unit Credit method in line with the requirements of IAS 19 (AC 116), Employee Benefits. The current service cost reflects the increase in the past service liability resulting from employee service during the financial year. The interest cost represents the increase during the year in the past service obligation which arises because the benefits are one year closer to retirement and is determined by multiplying the discount rate by the average liability over the period. Based on the market value of the assets, the funding level, in terms of this valuation basis and assumptions, was 127,2% (2010: 131,6%).

	2011	2010	2009	2008	2007
	R000	R000	R000	R000	R000
The results of the valuation are as follows:					
Projected benefit obligation at beginning of year	**296 678**	281 875	278 774	259 209	235 769
Interest cost	**29 849**	26 613	27 191	22 864	20 047
Current service cost	**10 460**	10 540	10 813	9 696	9 619
Benefits paid	**(27 756)**	(23 564)	(35 382)	(17 435)	(13 736)
	12 553	13 589	2 622	15 125	15 930
Additional past service obligations	**-**	-	-	-	12 243
Actuarial losses / (gains)	**15 936**	1 214	479	4 440	(4 733)
Projected benefit obligation at end of year	**325 167**	296 678	281 875	278 774	259 209
The total value of the past service liabilities are made up as follows:					
Active members	**240 574**	224 724	209 109	209 369	191 779
Pensioners	**84 593**	71 954	72 766	69 405	67 430
Total past service liability at end of year	**325 167**	296 678	281 875	278 774	259 209
Market value of assets at beginning of year	**429 504**	339 498	423 661	402 474	319 471
Expected return on assets	**40 521**	30 291	40 072	33 820	25 877
Actuarial gains / (losses)	**1 220**	75 268	(96 887)	(3 228)	62 576
Employer contributions	**7 670**	7 541	7 314	7 249	7 942
Member contributions	**2 762**	2 716	2 632	2 627	2 877
Benefits paid	**(27 756)**	(23 564)	(35 382)	(17 435)	(13 736)
Expenses and tax paid	**(216)**	(2 246)	(1 912)	(1 846)	(2 533)
Market value of assets at end of year	**453 705**	429 504	339 498	423 661	402 474
The principal actuarial assumptions used were:					
Discount rate	**9,6%**	9,6%	9,2%	9,7%	8,5%
Expected rate of return on assets	**9,6%**	9,6%	9,2%	9,7%	8,5%
Expected future salary increases	**7,7%**	7,0%	6,9%	7,9%	6,7%
Expected average remaining working life	**12,6**	12,9	13,3	13,7	14,7

	2011 R000	2010 R000
The amounts recognised in the consolidated statement of comprehensive income are as follows:		
Interest cost	**29 849**	26 613
Current service cost	**10 460**	10 540
Expenses and tax paid	**216**	2 246
Expected return on plan assets	**(40 521)**	(30 291)
Total included in staff costs (refer note 21)	**4**	9 108
Actuarial losses/(gains)	**14 716**	(74 054)
Total recognised in the statement of comprehensive income	**14 720**	(64 946)
The pension fund assets, as administered by three asset managers, are in accordance with prudential guidelines, and consist of the following asset classes:		
Equity	**155 033**	318 949
Capital market	**230 421**	78 043
Money market	**68 251**	32 512
Market value of assets at end of year	**453 705**	429 504

It is anticipated, on a best estimate basis, that contributions to be paid to the pension fund will amount to R10,4 million (2010: R10,8 million) in the period 1 April 2011 to 31 March 2012. This amount includes contributions made by the employer as well as the members.

Recognition of the surplus of the Fund as an asset of the Company

In terms of the rules of the scheme as submitted and acknowledged by the FSB and as recorded by the Registrar of Pension Funds, the surpluses in the Fund are for the benefit of the employer, and are recognised as an asset on the statement of financial position. The movement in the surplus relating to the provision of pensions is recognised under staff costs in the profit and loss component of the statement of comprehensive income. Actuarial gains or losses arising from the valuation of the past service liability and plan asset is recognised under other comprehensive income.

The Trustees established a Data Reserve and a Solvency Reserve amounting to R3,3 million (2010: R4,05 million) and R28,3 million (2010: R25,6 million) respectively. These reserves are deducted in the determination of the surplus. Movements in the reserves are accounted for as actuarial gains or losses under other comprehensive income.

Financial position of the Fund		
Assets	**453 705**	429 504
Less: Contingency reserves	**(31 653)**	(29 609)
Less: Past service liabilities	**(325 167)**	(296 678)
Defined benefit pension fund surplus	**96 885**	103 217

The negative movement in the value of the surplus of R6,3 million (2010: positive movement of R81,6 million) is accounted for in the statement of comprehensive income.

8.2 Post-retirement medical aid obligation

The Company has an obligation to provide post-retirement medical aid benefits to employees and pensioners in the service of the Company on or before 30 April 1999. The entitlement to these benefits is dependent upon the employee remaining in service until retirement age. The post-retirement medical aid subsidy for all participants (pensioners and employees) increases annually by 89 percent of the Consumer Price Index (CPI). Accordingly, the main actuarial assumption used in determining the liability relates to the future movements in the CPI. The CPI assumption for the current year was 5,6% (2010: 4,9%).

An investment return of 9,0% per annum was applied and is based on the yield on the R186 government bond as at 31 March 2011. This yield is accepted as the equivalent yield on high quality corporate bonds. In the prior year, the investment return of 10,0% was arrived at after adjusting the government bond rate of 8,8% by a risk premium of 1,25%. The risk premium adjustment was removed from the calculation of the post-retirement medical aid obligation for the year ending 31 March 2011 to comply with revised industry practice in the interpretation of IAS19.

	Group		Company	
	2011 R000	2010 R000	**2011 R000**	2010 R000
The amounts recognised in the statement of comprehensive income are as follows:				
Interest cost	**5 409**	4 992	**5 409**	4 992
Current service cost	**709**	630	**709**	630
Total included in staff costs	**6 118**	5 622	**6 118**	5 622
Actuarial losses	**10 025**	558	**10 025**	558
Total recognised in the statement of comprehensive income	**16 143**	6 180	**16 143**	6 180
Movement in liability recognised in the statement of financial position				
Liability accounted for at beginning of year	**54 661**	51 191	**54 661**	51 191
Benefits paid	**(2 864)**	(2 710)	**(2 864)**	(2 710)
Recognised in comprehensive income for the year	**16 143**	6 180	**16 143**	6 180
Liability accounted for at end of year	**67 940**	54 661	**67 940**	54 661

The actuarial loss of R10,0 million (2010: R0,6 million) is reflected in the statement of comprehensive income.

Should the subsidy inflation rate change by one percent, the impact would be as follows:

For a one percent increase the amounts are:

– Interest cost	R 514 000
– Current service cost	R 32 000
– Liability	R 9 180 000

For a one percent decrease the amounts are:

– Interest cost	R 440 000
– Current service cost	R 26 000
– Liability	R 7 550 000

	Group 2011 R000	Group 2010 R000	Company 2011 R000	Company 2010 R000
9. Inventories and assets held for resale				
Repossessed properties (at lower of cost or net realisable value)	**1 181**	1 331	**1 181**	1 331
Other (at cost)	**15**	15	**15**	15
	1 196	1 346	**1 196**	1 346
10. Accounts receivable				
Rent debtors	**8 970**	5 436	**4 336**	2 520
Trade receivables	**7 459**	4 802	**4 596**	3 953
Interest earned not yet charged	**3 260**	3 466	**3 237**	3 443
Sundry deposits	**804**	734	**639**	582
Tenant deposits held in trust by subsidiary			**6 572**	6 593
Other	**2 679**	3 910	**575**	962
	23 172	18 348	**19 955**	18 053
11. Deposits and bank balances				
Bank current accounts	**25 411**	23 575	**9 744**	8 424
	25 411	23 575	**9 744**	8 424
Cash, cash equivalents and bank overdrafts include the following for the purposes of the cash flow statement:				
Deposits and bank balances	**25 411**	23 575	**9 744**	8 424
Bank overdraft (refer note 14.1)	**(7 646)**	(26 558)	**(7 646)**	(26 558)
Cash and cash equivalents	**17 765**	(2 983)	**2 098**	(18 134)
12. Share capital				
12.1 Authorised				
400 000 000 ordinary shares of R1 each	**400 000**	400 000	**400 000**	400 000
12.2 Issued				
178 834 594 ordinary shares of R1 each	**178 835**	178 835	**178 835**	178 835
5 834 000 (2010: 6 102 300) treasury shares held by the share trust	**(15 292)**	(15 978)		
173 000 594 (2010: 172 732 294) ordinary shares	**163 543**	162 857	**178 835**	178 835

12.3 Unissued shares

Ten percent of the unissued shares are under the control of the directors in terms of a general authority to allot and issue shares on such terms and conditions and at such times as they deem fit.

This general authority expires at the forthcoming annual general meeting of the Company.

The Company has a share incentive scheme in terms of which shares were issued and options were granted (refer note 30).

		Group		Company	
		2011 R000	2010 R000	**2011 R000**	2010 R000
13.	**Fair value and other reserves**				
	Balance – beginning of year	**75 579**	18 429	**72 763**	15 265
	Fair value adjustment to financial instruments (refer note 4.2).	**8**	59	**8**	59
	Actuarial (losses) / gains – post-retirement medical aid	**(7 218)**	(402)	**(7 218)**	(402)
	– defined benefit pension fund	**(12 067)**	57 841	**(12 067)**	57 841
	Foreign currency translation reserve	**(278)**	(1 077)		
	Share of other comprehensive income of associates	**1 201**	729		
	Balance – end of year	**57 225**	75 579	**53 486**	72 763
14.	**Borrowings**				
14.1	Non-current				
	Interest-free long-term loans	**1 370**	667	**173**	173
	Interest-bearing long-term borrowings	**222 701**	158 669	**222 701**	158 669
		224 071	159 336	**222 874**	158 842
	Current				
	Short-term portion of long-term borrowings	**26 277**	32 006	**26 277**	32 006
	Bank overdraft (refer note 11)	**7 646**	26 558	**7 646**	26 558
		33 923	58 564	**33 923**	58 564
		257 994	217 900	**256 797**	217 406

Interest-bearing long-term loans are secured by bonds over properties and incur interest at rates between prime minus 0,5% and prime minus 1,0%. The loans repayment terms are 5 and 10 years respectively. Refer note 2.3.1.

The Company has ceded contingent rights to its loan book as security for a bank overdraft facility of R100 million.

		Group 2011 R000	Group 2010 R000	Company 2011 R000	Company 2010 R000
14.2	Borrowing powers				
	The maximum permitted borrowings in terms of the Company's articles of association (calculated by multiplying the Company's total capital and reserves by a factor of 1,4).			**3 114 881**	3 053 950
	Total borrowings			**256 797**	217 406

	Group		Company	
	2011	2010	**2011**	2010
	R000	R000	**R000**	R000
15. Deferred tax (liability) / asset				
Deferred tax is calculated on all temporary differences under the liability method using a principal tax rate of 28% (2010: 28%)				
The movement on the deferred tax account is as follows:				
At beginning of the year	**(12 255)**	15 083	**(13 101)**	13 102
Charge to profit and loss component of the statement of comprehensive income				
– Provisions	**263**	2 772	**(505)**	2 235
– Investment properties	**(6 861)**	(4 928)	**(4 029)**	(3 532)
– Fair value adjustments: financial instruments	**(5 699)**	(3 192)	**(5 059)**	(2 437)
– Assessed losses	**269**	479	**-**	-
– Dividends received after the dividend cycle	**(54)**	(109)	**(54)**	(109)
Charge directly to other comprehensive income	**7 497**	(22 360)	**7 497**	(22 360)
At end of the year	**(16 840)**	(12 255)	**(15 251)**	(13 101)
Deferred tax liabilities consist of temporary differences relating to:				
Provisions	**47 718**	44 648	**45 398**	43 096
Investment properties	**(36 386)**	(29 526)	**(29 501)**	(25 473)
Fair value adjustments: financial instruments	**(5 533)**	(2 751)	**(4 155)**	(2 013)
Assessed losses	**4 354**	4 085	**-**	-
Dividends received after the dividend cycle	**135**	190	**135**	190
Defined benefit pension fund surplus	**(27 128)**	(28 901)	**(27 128)**	(28 901)
Net deferred tax liability	**(16 840)**	(12 255)	**(15 251)**	(13 101)
16. Accounts payable				
Tenant deposits held	**7 683**	6 931	**6 660**	6 045
Other deposits held	**3 800**	200	**3 800**	200
Trade vendors	**7 817**	4 569	**6 312**	2 524
Statutory vendors	**3 588**	4 554	**3 061**	3 871
Other	**9 838**	17 160	**4 693**	10 183
	32 726	33 414	**24 526**	22 823

	Group 2011 R000	Group 2010 R000	Company 2011 R000	Company 2010 R000

17. Provisions

	Leave pay R000	Bonus R000	Total R000
Group			
At 1 April 2009	18 030	21 611	39 641
Provided for the year	(333)	21 533	21 200
Utilised during the year	(1 730)	(21 959)	(23 689)
At 31 March 2010	**15 967**	**21 185**	**37 152**
At 1 April 2010	15 967	21 185	37 152
Provided for the year	1 589	16 028	17 617
Utilised during the year	(1 047)	(18 883)	(19 930)
At 31 March 2011	**16 509**	**18 330**	**34 839**
Company			
At 1 April 2009	17 475	20 914	38 389
Provided for the year	(213)	20 452	20 239
Utilised during the year	(1 710)	(20 901)	(22 611)
At 31 March 2010	**15 552**	**20 465**	**36 017**
At 1 April 2010	15 552	20 465	36 017
Provided for the year	1 489	15 614	17 103
Utilised during the year	(872)	(18 181)	(19 053)
At 31 March 2011	**16 169**	**17 898**	**34 067**

The provision for leave pay is determined in terms of the contractual obligations incorporated in the conditions of employment.

The provision for bonuses is payable within three months after finalisation of the audited financial statements.

18. Revenue

Revenue consists of:	Group 2011 R000	Group 2010 R000	Company 2011 R000	Company 2010 R000
Interest on business investments	**191 603**	214 340	**191 030**	214 526
Royalty fees	**46 902**	44 071	**45 748**	43 385
Fund management fees	**18 821**	16 537	**11 584**	7 500
Financing fees	**6 417**	5 356	**6 343**	5 227
Dividends received	**10**	2 081	**6 047**	6 408
Professional services rendered	**817**	1 593	**795**	1 593
Rental income	**90 123**	74 787	**75 506**	62 737
Property management fees	**3 170**	4 728	**7 396**	8 190
	357 863	363 493	**344 449**	349 566

19. Other operating income

	Group 2011 R000	Group 2010 R000	Company 2011 R000	Company 2010 R000
Surplus on realisation of unlisted investments	**13 058**	11 177	**16 750**	15 281
Surplus on realisation of investments properties	**-**	2 122	**-**	(140)
Surplus on realisation of property and equipment	**24**	111	**24**	112
Recovery of property expenses	**25 896**	21 110	**20 220**	17 343
Fair value adjustment of investment properties	**40 130**	27 011	**26 885**	22 420
Fair value adjustment of royalty agreements	**(307)**	6 285	**(690)**	5 941
Fair value adjustment of shareholders' loans	**5 270**	3 808	**5 233**	3 783
Interest on shareholders' loans	**573**	1 163	**573**	1 163
Interest on staff loans	**42**	81	**42**	81
Other	**4 280**	5 038	**7 027**	6 226
	88 966	77 906	**76 064**	72 210

		Group 2011 R000	Group 2010 R000	Company 2011 R000	Company 2010 R000
20.	**Operating expenses**				
	Staff costs (refer note 21)	**128 567**	139 612	**122 530**	132 669
	Bad debts - net of recoveries and impairment created	**78 248**	79 360	**76 046**	78 506
	Bad debts written off	**80 066**	69 959	**79 174**	69 803
	Bad debt recoveries	**(13 229)**	(10 018)	**(13 146)**	(9 858)
	Impairment created	**11 411**	19 419	**10 018**	18 561
	Repairs and maintenance	**15 167**	13 028	**11 502**	9 949
	Other administrative overheads	**89 996**	84 241	**87 083**	81 079
		311 978	316 241	**297 161**	302 203
21.	**Staff costs**				
	Salaries	**100 495**	99 007	**95 014**	93 252
	Bonus provided for	**16 028**	21 533	**15 614**	20 452
	Net of leave payments and provisions	**1 589**	(333)	**1 489**	(213)
	Pension costs (refer note 8.1)	**4**	9 108	**4**	9 108
	Post retirement medical aid costs (refer note 8.2)	**6 118**	5 622	**6 118**	5 622
	Other costs	**4 333**	4 675	**4 291**	4 448
		128 567	139 612	**122 530**	132 669
22.	**Profit from operations**				
	The following items have been included in arriving at profit from operations:				
	Depreciation on property and equipment	**4 148**	4 014	**2 279**	2 462
	Interest paid	**17 653**	14 392	**17 647**	14 388
	Directors' emoluments				
	– as directors	**1 659**	1 764	**1 659**	1 764
	– as management	**9 336**	9 701	**9 336**	9 701
	Auditor's remuneration				
	– audit	**2 580**	2 808	**2 144**	2 218
	– other services	**376**	470	**376**	337
	Impairment on investments created / (reversed)				
	– Interest bearing loans	**7 634**	16 364	**6 547**	15 538
	– Shareholders' loans	**2 223**	2 572	**2 240**	2 601
	– Staff loans	**(224)**	(7)	**(224)**	(7)
	Bad debts	**80 066**	69 959	**79 174**	69 803
	Repairs and maintenance on investment properties	**15 167**	13 028	**11 502**	9 949
	Leasing charges				
	– equipment	**27**	12	**22**	12
	– office premises	**3 140**	3 178	**15 616**	14 044
	Dividends on investments				
	– listed	**2**	1	**2**	1
	– unlisted	**8**	2 080	**2 179**	2 080
	Income from subsidiaries				
	– dividends received			**3 866**	4 327
	Surplus on realisation of property and equipment	**24**	111	**24**	112
	Surplus on realisation of investments properties	**-**	2 122	**-**	(140)
	Surplus on realisation of unlisted investments	**13 058**	11 177	**16 750**	15 281
	Fair value adjustment on investment properties	**40 130**	27 011	**26 885**	22 420

	Group 2011 R000	Group 2010 R000	Company 2011 R000	Company 2010 R000
23. Tax expense				
23.1 Tax charge through profit and loss component of comprehensive income				
South African normal tax				
– Current tax	**11 488**	17 514	**9 763**	15 853
– Deferred tax	**12 082**	4 978	**9 647**	3 843
	23 570	22 492	**19 410**	19 696
Secondary tax on companies	**1 695**	2 266	**1 695**	1 958
Tax of associated companies	**4 289**	4 111		
Capital gains tax	**2 129**	2 106	**2 129**	2 003
	31 683	30 975	**23 234**	23 657

	Group 2011	Group 2010	Company 2011	Company 2010
23.2 Reconciliation of rate of taxation				
South African normal tax rate	**28,00%**	28,00%	**28,00%**	28,00%
Adjusted for:	**-5,20%**	-3,51%	**-6,02%**	-5,51%
– Income not subject to tax	**-0,01%**	-2,94%	**-1,61%**	-5,80%
– Secondary tax on companies	**1,26%**	1,88%	**1,65%**	1,96%
– Income subject to capital gains tax	**-5,10%**	-1,31%	**-5,94%**	-1,09%
– Other	**-1,35%**	-1,14%	**-0,13%**	-0,59%
Total effective rate on profit before taxation	**22,80%**	24,49%	**21,98%**	22,49%

23.3 Tax charge through other comprehensive income

The tax (charge) / credit relating to components of other comprehensive income is as follows:

	2011 Before tax R000	2011 Deferred (charge)/ credit R000	2011 After tax R000	2010 Before tax R000	2010 Deferred (charge)/ credit R000	2010 After tax R000
Group						
Actuarial (loss) / gain on defined benefit pension fund	**(16 760)**	**4 693**	**(12 067)**	80 335	(22 494)	57 841
Actuarial (loss) / gain on post-retirement medical aid obligation	**(10 025)**	**2 807**	**(7 218)**	(558)	156	(402)
Fair value adjustments of available for sale instruments	**11**	**(3)**	**8**	81	(22)	59
Share of other comprehensive income of associates	**1 202**	**-**	**1 202**	729	-	729
Foreign currency translation movements	**(279)**	**-**	**(279)**	(1 077)	-	(1 077)
Other comprehensive income	**(25 851)**	**7 497**	**(18 354)**	79 510	(22 360)	57 150
Company						
Actuarial (loss) / gain on defined benefit pension fund	**(16 760)**	**4 693**	**(12 067)**	80 335	(22 494)	57 841
Actuarial (loss) / gain on post-retirement medical aid obligation	**(10 025)**	**2 807**	**(7 218)**	(558)	156	(402)
Fair value adjustments of available for sale instruments	**11**	**(3)**	**8**	81	(22)	59
Other comprehensive income	**(26 774)**	**7 497**	**(19 277)**	79 858	(22 360)	57 498

		Group 2011 R000	Group 2010 R000
24.	**Earnings per share**		
	Basic earnings per share are calculated by dividing the net profit by the number of ordinary shares in issue during the year.		
24.1	Basic earnings per share		
	Net profit	**107 147**	94 583
	Weighted number of ordinary shares ('000)	**172 871**	172 731
	Basic earnings per share (cents)	**62,0**	54,8
24.2	Diluted earnings per share		
	In the computation of the number of shares to be used for the calculation of diluted earnings per share, the weighted average number of ordinary shares in issue is increased by the number of shares held by the share trust.		
	The net profit is adjusted by interest that would have been earned on the proceeds received from the sale of the shares held by the share trust.		
	Net profit	**107 147**	94 583
	Interest received (net of tax effect)	**990**	1 149
	Net profit used to determine diluted earnings per share	**108 137**	95 732
	Weighted number of ordinary shares ('000)	**172 871**	172 731
	Adjustment for potentially dilutive shares	**5 964**	6 104
	Number of ordinary shares used to determine diluted earnings per share	**178 835**	178 835
	Diluted earnings per share (cents)	**60,5**	53,5
24.3	Headline earnings per share		
	Net profit	**107 147**	94 583
	Adjustments net of tax		
	– Capital profit on sale of equipment	**(21)**	(96)
	– Profit on sale of property investments	**-**	(1 825)
	– Profit on sale of associates	**(11 230)**	(9 612)
	– Fair value adjustment of investment properties	**(34 512)**	(23 229)
	Headline earnings	**61 384**	59 821
	Headline earnings per share (cents)	**35,5**	34,6
24.4	Diluted headline earnings per share		
	Headline earnings	**61 384**	59 821
	Interest received (net of tax effect)	**990**	1 149
	Diluted headline earnings	**62 374**	60 970
	Diluted headline earnings per share (cents)	**34,9**	34,1

	Group 2011 R000	Group 2010 R000	Company 2011 R000	Company 2010 R000
25. Dividend per share				
Dividend in respect of 2010 of 11 cents per share paid on 13 August 2010 to shareholders registered on 3 August 2010	**19 001**		**19 672**	
Dividend in respect of 2009 of 15 cents per share paid on 14 August 2009 to shareholders registered on 28 July 2009		25 910		26 825
	19 001	25 910	**19 672**	26 825

A dividend in respect of 2011 of 12 cents per share was declared on 24 May 2011, payable to shareholders registered on 2 August 2011, payable on or about 12 August 2011

	Group 2011 R000	Group 2010 R000	Company 2011 R000	Company 2010 R000
26. Commitments and lease agreements				
Business investments approved but not yet paid out	**315 047**	149 128	**311 577**	149 128
Capital committed to *En Commandite* partnerships (refer note 4)	**3 799**	9 163	**3 799**	9 163
Unexpired portion of lease agreements				
– less than 1 year	**5 313**	4 902	**11 953**	11 050
– 1 year to 4 years	**4 912**	10 747	**28 193**	32 303
– 5 years	**-**	-	**43 605**	51 969
	329 071	173 940	**399 127**	253 613
27. Contingent liabilities				
Guarantees	**694**	5	**694**	5

The guarantees are issued to third parties on behalf of clients and will be paid should the clients default on their obligations to the third parties.

28. Cash flow information

28.1 Cash generated from operating activities

	Group 2011 R000	Group 2010 R000	Company 2011 R000	Company 2010 R000
Profit before taxation	**138 979**	126 477	**105 705**	105 185
Adjustments	**19 522**	37 488	**41 448**	49 542
Income from associated companies	**(21 781)**	(15 711)		
Dividends received	**(10)**	(2 081)	**(6 047)**	(6 408)
Profit on sale of assets	**(13 082)**	(13 410)	**(16 774)**	(15 253)
Fair value adjustment of investment properties	**(40 130)**	(27 011)	**(26 885)**	(22 420)
Fair value adjustment of inventories and assets held for resale	**53**	48	**53**	48
Fair value adjustment of financial instruments	**(4 963)**	(10 093)	**(4 543)**	(9 724)
Depreciation	**4 148**	4 014	**2 279**	2 462
Non-cash movement in borrowings	**-**	116	**-**	116
Provisions and write-offs	**95 287**	101 616	**93 365**	100 721
Changes in working capital	**(5 364)**	(4 810)	**(44)**	2 271
Decrease / (increase) in inventory and assets held for resale	**150**	(889)	**150**	(889)
(Increase) / decrease in accounts receivable	**(4 824)**	640	**(1 901)**	(1 650)
(Decrease) / increase in accounts payable	**(690)**	(4 561)	**1 707**	4 810
Finance cost	**17 653**	14 392	**17 647**	14 388
Cash generated from operating activities during the year	**170 790**	173 547	**164 756**	171 386

		Group 2011 R000	Group 2010 R000	Company 2011 R000	Company 2010 R000
28.2	Taxation paid				
	Taxation (liability) / asset at beginning of year	**(873)**	743	**(1 557)**	3 293
	Tax provision for the year	**(31 683)**	(30 975)	**(23 234)**	(23 657)
	Deferred tax	**12 082**	4 978	**9 647**	3 843
	Paid by associated companies	**4 289**	4 111		
	Taxation (asset) / liability at end of year	**(3 299)**	873	**(2 172)**	1 557
	Taxation paid during the year	**(19 484)**	(20 270)	**(17 316)**	(14 964)
28.3	Dividends paid				
	Dividends payable at beginning of year	**(40)**	(51)	**(40)**	(51)
	Dividends declared	**(19 672)**	(26 825)	**(19 672)**	(26 825)
	Share trust dividends	**671**	915		
	Dividends payable at end of year	**372**	40	**372**	40
	Dividends paid during the year	**(18 669)**	(25 921)	**(19 340)**	(26 836)

29. Related parties

		Group 2011 R000	Group 2010 R000	Company 2011 R000	Company 2010 R000
29.1	Loans to / from related parties				
	Loan from the Business Partners Employee Share Trust				
	Balance at the beginning of the year			**9 535**	8 606
	Amount received during the year			**1 319**	929
	Balance at the end of the year			**10 854**	9 535
	Loans to subsidiaries				
	Balance at the beginning of the year			**114 343**	35 848
	Amount advanced during the year			**14 594**	78 495
	Balance at the end of the year			**128 937**	114 343
	Dividends received from subsidiaries			**3 866**	4 327
29.2	Directors' remuneration				
	Executive directors				
	– as management			**9 336**	9 701
	– gains made on the exercise of share options			**150**	-
	Non-executive directors			**1 659**	1 764
29.3	Loans to associates				
	Balance at the beginning of the year	**703 342**	604 851	**703 342**	604 207
	Loans advanced during the year	**172 659**	233 920	**172 659**	233 920
	Loan repayments received	**(128 475)**	(120 557)	**(128 475)**	(119 913)
	Loans written off	**(14 052)**	(14 872)	**(14 052)**	(14 872)
	Balance at the end of the year	**733 474**	703 342	**733 474**	703 342

These loans form part of the normal business activities and are included under business investments (refer note 4).

30. Share incentive scheme

During 1998, the employee share incentive scheme was introduced and incorporated in the Business Partners Employee Share Trust. The trust granted share options to all employees from the period October 1998 to October 2003. Share options granted expired nine years after the allotment date and were, in terms of the trust deed, exercisable in three tranches, four, six and eight years after the allotment date. The Company had no legal or constructive obligation to repurchase or settle the options in cash.

During the year ended 31 March 2011, all the remaining share options were extinguished. A total of 266 300 share options were exercised, 900 were forfeited and 2 900 shares not yet exercisable at the date of the transaction were exercised in terms of a special resolution passed by the trustees. No share options remain in the share trust at 31 March 2011.

17 800 000 shares of R1 each were reserved to meet the requirements of the Employee Share Incentive Scheme in terms of the shareholder's resolution dated 18 August 1998. Refer note 12.2 for additional information regarding shares owned by the trust.

	2011 Number of shares	2010 Number of shares
Unallocated options	**5 834 000**	5 833 100
The movement in the scheme during the year is summarised as follows:		
Shares under option at beginning of the year	**269 200**	272 700
Options exercised during the year	**(268 300)**	(2 100)
Options forfeited during the year		
@ 250 cents	**(900)**	(900)
@ 262 cents	**-**	(500)
Under option at the end of the year	**-**	269 200
The shares under option are available for exercise as follows:		
After 1 October 2005 @ 250 cents	**-**	86 533
After 1 October 2006 @ 250 cents	**-**	1 900
After 1 October 2007 @ 250 cents	**-**	86 533
After 1 October 2007 @ 262 cents	**-**	1 300
After 1 October 2008 @ 250 cents	**-**	1 900
After 1 October 2009 @ 250 cents	**-**	86 534
After 1 October 2009 @ 262 cents	**-**	1 300
After 1 October 2010 @ 250 cents	**-**	1 900
After 1 October 2011 @ 262 cents	**-**	1 300
	-	269 200
The expiry dates of these share options are as follows:		
at 30 September 2010	**-**	259 600
at 30 September 2011	**-**	5 700
at 30 September 2012	**-**	3 900
	-	269 200
Total outstanding share options allocated to current executive directors are:		
@ 250 cents	**-**	50 100

31. Principal subsidiaries

	Share percentage held 2011 %	Share percentage held 2010 %	Shares at cost 2011 R	Shares at cost 2010 R	Loans 2011 R000	Loans 2010 R000
Business Partners International (Pty) Ltd	**100**	100	**100**	100	**9 641**	2 967
Business Partners Mentors (Pty) Ltd [1]	**100**	100	**100**	100	**-**	-
Business Partners Property Brokers (Pty) Ltd	**100**	100	**100**	100	**24**	-
Business Partners Venture Managers (Pty) Ltd [1]	**100**	100	**100**	100	**-**	-
Business Partners Ventures 1 (Pty) Ltd	**100**	100	**100**	100	**10 742**	11 138
Cussonia Trust (Pty) Ltd	**100**	100	**3**	3	**10 597**	7 388
Finance for the Third Millennium (Pty) Ltd [1]	**100**	100	**100**	100	**693**	693
JRC Properties (Pty) Ltd	**100**	100	**100**	100	**(836)**	211
Lindros Investments (Pty) Ltd	**100**	100	**4 000**	4 000	**81**	(3 866)
Business Partners Properties 002 (Pty) Ltd	**100**	100	**1 000**	1 000	**95 725**	98 714
Unitrade 106 (Pty) Ltd	**100**	100	**100**	100	**18 353**	15 175
Business Partners Employee Share Trust					**(10 854)**	(9 535)
Coral Lagoon Investments 175 (Pty) Ltd [2]	**70**	70	**70**	70	**2 202**	2 202
Morning Tide Investments 214 (Pty) Ltd [2]	**59**	-	**59**	-	**4 953**	-
Yellowstar Properties 1129 (Pty) Ltd [2]	**60**	60	**60**	60	**1 153**	1 472
Yeoman Properties 1016 (Pty) Ltd [2]	**80**	80	**80**	80	**2 437**	2 437
Franchize Partners (Pty) Ltd - indirectly held [3]						
Business Partners International Madagascar Société Anonyme - indirectly held [4]						
Business Partners International Kenya Limited - indirectly held [5]						
			6 072	6 013	**144 911**	128 996

All holdings are in the ordinary share capital of the entity concerned.

1 Dormant subsidiaries.

2 The financial year of the following subsidiaries ends in February: Coral Lagoon Investments 175 (Pty) Ltd, Morning Tide Investments 214 (Pty) Ltd, Yellowstar Properties 1129 (Pty) Ltd and Yeoman Properties 1016 (Pty) Ltd. Consolidation of the results are based on the latest audited financial statements received.

3 Franchize Partners (Pty) Ltd is a wholly-owned subsidiary of Business Partners Ventures 1 (Pty) Ltd.

4 Business Partners International Madagascar Société Anonyme is a wholly-owned subsidiary of Business Partners International (Pty) Ltd.

5 Business Partners International Kenya Limited is owned by Business Partners Limited (1 percent shareholding) and Business Partners International (Pty) Ltd (99 percent shareholding).

32. Interest in joint ventures

The Company has a 50 percent interest in a joint venture with ZASM.

The following amounts represent the Company's share of the assets and liabilities and revenue and results of the joint venture and are included in the consolidated statement of financial position and statement of comprehensive income:

	2011 R000	2010 R000
Business investments	**30**	30
Current assets	**97**	106
Current liabilities	**-**	(12)
Net assets	**127**	124
Revenue	**4**	6
Profit before taxation	**2**	(17)
Taxation	**-**	5
Net profit	**2**	(12)

The joint venture agreement ended during 2008. The assets of the joint venture are in the process of being realised and will be distributed.

33. Reclassifications

Where necessary, certain comparatives have been reclassified to conform to the current year presentation. These changes did not affect the comprehensive income nor net cash flow for the prior year.

The following reclassifications of comparative information took place:
The cash flow resulting from operating activities and investing and financing activities were reclassified to more accurately reflect the various cash flows. Refer to the cash flow statement and note 28.

Notice Convening the Annual General Meeting

Notice is hereby given to all shareholders registered in the share register of Business Partners Limited (the Company) by close of business on 30 June 2011 (the Record Date) that the thirtieth Annual General Meeting of shareholders of the Company will be held on Tuesday, 2 August 2011 at 15h30, in the Auditorium of The Court House, 2 Saxon Road, Sandhurst, Sandton to consider and, if deemed fit, pass with or without modifications, the following resolutions:

1. ordinary resolution no.1: adoption of the audited annual financial statements for the year ended 31 March 2011
2. ordinary resolution no.2: reappointment of PricewaterhouseCoopers Inc. as independent auditors of the Company and the appointment of Mr Stefan Beyers as the designated auditor for the 2011/2012 financial year
3. ordinary resolution no.3: re-election of directors retiring by rotation
   - 3.1 Dr P Huysamer
   - 3.2 Mr D Moshapalo
4. ordinary resolution no.4: appointment of audit and risk committee members
   - 4.1 Mr DR Geeringh
   - 4.2 Dr E Links
   - 4.3 Ms ZJ Matlala
   - 4.4 Mr F Meisenholl
5. special resolution no.1: approval of non-executive directors' fees for the 2011/2012 and 2012/2013 financial years

A member who is entitled to vote at the annual general meeting is entitled to appoint a proxy to attend and speak on her/his behalf and to vote in her/his stead. A proxy need not be a member of the Company. The original form of proxy and the authority or certified copy of the authority under which the proxy is signed must reach the registered office of the Company by no later than 15h30 on Friday, 29 July 2011. Between 10 and 30 minutes before the appointed time for the meeting to begin, any person who is attending or participating in the meeting, either as a shareholder or a proxy for a shareholder, must present reasonably satisfactory identification to the Company Secretary.

By order of the Board.

Ms C M Gerbrands
Company Secretary
24 May 2011

Full details of the proposed ordinary and special resolutions are set out in a separate notice to shareholders. The separate notice and the form of proxy are inserted as a loose-leaf in this annual report.

Corporate information

COMPANY REGISTRATION NUMBER
1981/000918/06

COMPANY SECRETARY
Ms CM Gerbrands

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AUDITORS
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BANKERS
Standard Bank of South Africa Limited

TRANSFER SECRETARIES
Computershare Investor Services (Pty) Limited
70 Marshall Street
Johannesburg
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SHARE TRADING
Business Partners Limited shares can be traded by contacting the Company Secretary.

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Bellville
Tel: 021 919 3242
Fax: 021 919 3333

Bethlehem
Tel: 058 303 7842
Fax: 058 303 6801

Bloemfontein
Tel: 051 446 0536
Fax: 051 446 4978

Cape Town
Tel: 021 464 3600
Fax: 021 461 8720

Durban (Westville)
Tel: 031 240 7700
Fax: 031 266 7286

East London
Tel: 043 721 1525/6/7
Fax: 043 721 1528

East London (Arcadia)**
Tel: 043 743 5485
Fax: 043 743 0596

East Rand (Boksburg)
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Fax: 011 395 2565

George
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Fax: 044 873 3397

Johannesburg
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Fax: 011 713 6650

Kimberley
Tel: 053 831 1778
Fax: 053 832 2389

Nelspruit
Tel: 013 752 3185
Fax: 013 752 4669

Pietermaritzburg
Tel: 033 345 5471
Fax: 033 342 1410

Polokwane
Tel: 015 297 1571
Fax: 015 297 1461

Port Elizabeth
Tel: 041 367 1082
Fax: 041 367 3962

Pretoria (Centurion)
Tel: 012 664 3397
Fax: 012 664 2641

Queenstown
Tel: 045 838 1004
Fax: 045 838 1008

Richards Bay
Tel: 035 789 7301
Fax: 035 789 6727

Springbok
Tel: 027 712 1120
Fax: 027 712 3519

Stellenbosch
Tel: 021 809 2160
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** Property Management Services only

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Business PARTNERS
Investing in Entrepreneurs