



**INTERIM
UNAUDITED
CONDENSED
FINANCIAL
STATEMENTS**
**FOR THE PERIOD ENDED
30 SEPTEMBER 2018**





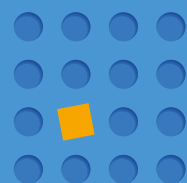
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**INTERIM
UNAUDITED
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FINANCIAL
STATEMENTS**

**FOR THE PERIOD ENDED
30 SEPTEMBER 2018**



BUSINESS/PARTNERS
investing in entrepreneurs

KRAAIFONTEIN BUILDING
Unathi Nkomo

Interim consolidated statement of financial position

		Unaudited results for the period ended 30 September		Audited 31 March	
	Notes	2018 R'000	% Change	2017 R'000	2018 R'000
ASSETS					
Non-current assets		4 501 405	5,8%	4 253 136	4 546 806
Deferred tax asset		119 647	5,6%	113 310	108 691
Property and equipment		96 361	-0,1%	96 462	97 311
Investment properties		1 495 818	7,9%	1 386 942	1 478 948
Loans and receivables	4	2 405 574	4,5%	2 301 032	2 477 568
Investments in associates		123 450	13,7%	108 551	123 267
Other Investments		56 971	33,7%	42 615	56 968
Assets held for resale		29 680	1,5%	29 237	29 708
Defined benefit pension fund surplus		173 904	-0,6%	174 987	174 345
Current assets		596 794	4,9%	568 966	569 931
Loans and receivables	4	494 866	5,1%	470 670	478 457
Accounts receivable		43 974	14,0%	38 565	43 349
Current income tax asset		10 909	-	-	-
Cash and cash equivalents	14.2	47 045	-21,2%	59 731	48 125
Total assets		5 098 199	5,7%	4 822 102	5 116 737
EQUITY AND LIABILITIES					
Capital and reserves		3 394 392	4,6%	3 244 406	3 360 822
Share capital	6	173 001	-	173 001	173 001
Fair value and other reserves		63 156	-6,4%	67 490	66 420
Retained earnings		3 158 235	5,1%	3 003 915	3 121 401
Non-controlling shareholders' interest		(141)	-	(141)	(141)
Total equity		3 394 251	4,6%	3 244 265	3 360 681
Non-current liabilities		1 490 282	6,2%	1 402 801	1 466 125
Deferred tax liability		250 875	12,2%	223 586	233 953
Borrowings	7	1 142 328	5,3%	1 084 326	1 137 493
Post-employment medical aid obligation		97 079	2,3%	94 889	94 679
Current liabilities		213 666	22,1%	175 036	289 931
Shareholders for dividend		2 233	18,5%	1 885	1 449
Borrowings	7	77 715	27,0%	61 201	101 965
Accounts payable		91 719	18,7%	77 276	72 081
Provisions		31 469	12,1%	28 066	47 316
Current income tax liability		-	-100,0%	6 608	6 353
Bank overdraft	14.2	10 530	-	-	60 767
Total liabilities		1 703 948	8,0%	1 577 837	1 756 056
Total equity and liabilities		5 098 199	5,7%	4 822 102	5 116 737

Interim consolidated statement of comprehensive income

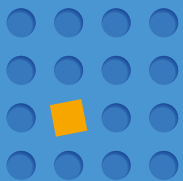
		Unaudited results for the period ended 30 September			Audited 31 March
	Notes	2018 R'000	% Change	2017 R'000	2018 R'000
Net interest revenue	8	149 593	0,4%	149 011	299 452
Interest income		203 461	1,1%	201 335	405 123
Interest expense		(53 868)	3,0%	(52 324)	(105 671)
Fee revenue		4 980	-16,8%	5 989	12 875
Investment income and gains	9	53 743	3,4%	51 985	120 221
Net property revenue		77 834	12,4%	69 274	146 611
Property revenue		140 069	9,4%	127 979	263 953
Property expenses		(62 235)	6,0%	(58 705)	(117 342)
Management and service fee income		14 164	-8,6%	15 499	30 385
Other income		3 208	2,1%	3 142	6 249
Total income		303 522	2,9%	294 900	615 793
Net credit losses	10	(39 863)	-7,1%	(42 896)	(76 346)
Staff costs	11	(88 541)	7,6%	(82 270)	(173 958)
Other operating expenses		(42 936)	27,9%	(33 571)	(71 643)
Profit before taxation		132 182	-2,9%	136 163	293 846
Income tax expense		(35 062)	-1,5%	(35 612)	(75 459)
Profit for the period		97 120	-3,4%	100 551	218 387
Other comprehensive income after tax:					
Items that will not be reclassified to profit or loss					
Remeasurement of post-employment benefits		(5 652)	> 100%	3 034	835
Items that may be subsequently reclassified to profit or loss					
Fair value adjustment of available-for-sale instruments		6	-25,0%	8	7 031
Foreign currency translation reserve movement		2 382	> 100%	(77)	(5 062)
Share of associates' other comprehensive income		-	-100,0%	(393)	(1 302)
Other comprehensive income for the period		(3 264)	> 100%	2 572	1 502
Total comprehensive income for the period					
		93 856	-9,0%	103 123	219 889
Profit attributable to:					
Equity holders of Business Partners Limited		97 120	-3,4%	100 551	218 387
Non-controlling interests		-	-	-	-
		97 120	-3,4%	100 551	218 387
Total comprehensive income attributable to:					
Equity holders of Business Partners Limited		93 856	-9,0%	103 123	219 889
Non-controlling interests		-	-	-	-
		93 856	-9,0%	103 123	219 889

Interim consolidated statement of changes in equity

	Notes	Share Capital R'000	Fair value & other reserves R'000	Retained earnings R'000	Total R'000
Balance at 1 April 2017		173 001	64 918	2 939 694	3 177 613
Total comprehensive income for the period			2 572	100 551	103 123
Profit for the period				100 551	100 551
Other comprehensive income for the period			2 572		2 572
Dividend	13			(36 330)	(36 330)
Balance at 30 September 2017		173 001	67 490	3 003 915	3 244 406
Balance at 31 March 2018		173 001	66 420	3 121 401	3 360 822
IFRS 9 transition adjustment	1			(22 226)	(22 226)
Balance at 1 April 2018		173 001	66 420	3 099 175	3 338 596
Total comprehensive income for the period			(3 264)	97 120	93 856
Profit for the period				97 120	97 120
Other comprehensive income for the period			(3 264)		(3 264)
Dividend	13			(38 060)	(38 060)
Balance at 30 September 2018		173 001	63 156	3 158 235	3 394 392

Interim consolidated statement of cash flows

		Unaudited results for the period ended 30 September		Audited 31 March	
	Notes	2018 R'000	% Change	2017 R'000	2018 R'000
Cash flow from operating activities					
Profit before taxation		132 182	-2,9%	136 163	293 846
Non-cash adjustments	14.1.1	(3 788)	-56,6%	(8 736)	(26 247)
Dividends received		(3)	> 100%	(1)	(353)
Net interest income per income statement	14.1.2	(149 593)	0,4%	(149 011)	(299 452)
Net interest received in cash	14.1.3	127 638	10,5%	115 508	256 588
Other movements in assets and liabilities	14.1.4	(4 372)	-90,3%	(45 094)	(40 108)
Cash generated from operating activities before credit extension		102 064	> 100%	48 829	184 274
Net (outflow) / inflow from borrowed funds		(19 636)	> 100%	3 730	83 518
• Utilisation of long term borrowings		50 000	21,8%	41 050	135 850
• Repayment of short term portion of long term borrowings		(69 636)	86,6%	(37 320)	(52 332)
Net inflow / (outflow) on loans and receivables		11 011	> 100%	(38 017)	(262 933)
• Loans and receivables advanced		(290 345)	-4,5%	(304 001)	(754 977)
• Loans and receivables repaid		293 419	13,5%	258 581	468 947
• Cash recoveries on loans and receivables written off		7 937	7,2%	7 403	23 097
Cash generated from operating activities after credit extension		93 439	> 100%	14 542	4 859
Taxation paid		(41 166)	3,4%	(39 817)	(58 302)
Net cash flow (utilised in) / generated from operating activities		52 273	> 100%	(25 275)	(53 443)
Cash flow from investing activities					
Capital investment in					
• Investment properties		(3 704)	> 100%	(16)	(83 520)
• Property and equipment		(539)	-43,5%	(954)	(3 439)
Proceeds from sale of					
• Investment properties		8 238	40,3%	5 871	33 876
• Property and equipment		5	-88,6%	44	57
Interest received from other investments		1 829	-59,2%	4 484	7 927
Proceeds from sale of investments in associates		27 468	> 100%	11 786	21 588
Dividends received from investments in associates		863	-91,7%	10 400	11 707
Net cash generated from / (utilised in) investing activities		34 160	8,0%	31 615	(11 804)
Cash flow from financing activities					
Dividends paid		(37 276)	5,3%	(35 384)	(36 170)
Net cash flow utilised in financing activities		(37 276)	5,3%	(35 384)	(36 170)
Net movement in cash and cash equivalents		49 157	> 100%	(29 044)	(101 417)
Cash and cash equivalents at beginning of period		(12 642)	> 100%	88 775	88 775
Cash and cash equivalents at end of period		36 515	-38,9%	59 731	(12 642)



BUSINESS/PARTNERS
Investing in entrepreneurs

NOTES TO THE INTERIM FINANCIAL STATEMENTS

FORM-IT SA
Yogan Munusamy

1. Basis of preparation

The condensed consolidated interim financial statements for the six months ended 30 September 2018 were prepared in accordance with IAS 34, 'Interim financial reporting', and the Companies Act 71 of 2008. The condensed consolidated interim financial statements should be read in conjunction with the consolidated annual financial statements for the year ended 31 March 2018, which were prepared in accordance with International Financial Reporting Standards (IFRS). The accounting policies applied are consistent with those of the previous financial year, except for the adoption of IFRS 9 Financial Instruments (IFRS 9), as detailed below.

Adoption of new and amended standards effective for the current financial period

IFRS 9 Financial Instruments (IFRS 9) became effective for the Group on 1 April 2018, replacing IAS 39 Financial Instruments: Recognition and Measurement (IAS 39). IFRS 9 introduced new requirements which included an expected credit loss (ECL) impairment model and new requirements for the classification and measurement of financial assets as disclosed in the annual financial statements for the year ended 31 March 2018.

The Group adopted IFRS 9 on 1 April 2018 with a retrospective adjustment to the Group's opening 1 April 2018 reserves and, as permitted by IFRS 9, did not restate its comparative financial results. Accordingly, the Group's previously reported financial results up to 31 March 2018 are presented in accordance with the requirements of IAS 39. IFRS 9's classification and measurement requirements did not have a material administrative impact on the Group.

The material IFRS 9 transition impact for the group is that of IFRS 9's new ECL requirements which results in the earlier recognition of credit impairment provisions. The increase in ECL was mainly as a result of the adoption of IFRS 9 and not as a result of significant changes in the credit quality of the group's loan exposures.

The ECL model applies to financial assets measured at either amortised cost or at fair value through other comprehensive income, loan commitments when there is a present commitment to extend credit (unless these are measured at fair value through profit or loss) and financial guarantees.

ECL is, at a minimum, required to be measured through a loss allowance at an amount equal to the lower of 12-month or full lifetime ECL of the financial asset. A loss allowance for full lifetime ECL is required for a financial asset if the credit risk of that financial instrument has increased significantly since initial recognition.

IFRS 9 requires an adjustment for forward looking economic expectations in the determination of significant increase in credit risk (SICR) and in the measurement of the ECL.

Assessment of change in credit risk

Stage 1 includes exposures for which there has been no default event and for which the credit risk has not significantly increased since origination. A 12-month ECL is recognised, being the lifetime loss associated with exposures that are expected to default in the next 12-months.

Stage 2 includes exposures for which there has been a SICR since the date of origination, unless the credit risk of the exposure is assessed as being low in which case the exposure will remain within stage 1. A lifetime ECL is recognised for stage 2 exposures, being the lifetime loss associated with defaults that are expected to arise over the lifetime of the exposure.

Stage 3 (credit impaired) exposures include debt assets that are either in default or where default is imminent. There is a view that default does not occur later than when a financial asset is 90 days past due. A lifetime ECL is recognised for such exposures.

Impact on the Group's summarised statement of financial position on 1 April 2018 is as follows:

	Notes	Group IAS 39 at 31 Mar 2018	IFRS 9 transition adjustment at 1 Apr 2018	Group IFRS 9 at 1 Apr 2018	Group IFRS 9 at 30 Sep 2018
Deferred tax asset		108 691	18 341	127 032	119 647
Loans and receivables	4	2 956 025	(30 850)	2 925 175	2 900 440
Total of impacted assets		3 064 716	(12 509)	3 052 207	3 020 087
Retained earnings		3 121 401	(22 226)	3 099 175	3 158 235
Deferred tax liability		233 953	9 717	243 670	250 875
Total of impacted liabilities and equity		3 355 354	(12 509)	3 342 845	3 409 110

Further expanded disclosure for IFRS 9 will be included in the annual financial statements for the year ending 31 March 2019.

2. Estimates

The preparation of the condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management and the key sources of estimation uncertainty were similar to those that applied in preparing the consolidated annual financial statements for the year ended 31 March 2018. The only changes resulted from the adoption of IFRS 9 as reflected under Note 1.

3. Financial risk management

The Group's activities expose it to a variety of financial risks such as credit risk, liquidity risk and market risk (which includes interest rate risk and foreign currency risk). There have been no material changes in the risk management systems nor in any risk management policies since year-end.

For a comprehensive overview of the Group's risk management practices, the interim financial statements should be read in conjunction with the Group's annual financial statements as at 31 March 2018.

4. Loans and receivables

	Unaudited results for the period ended 30 September		Audited 31 March	
	2018 IFRS 9 R'000	% Change	2017 IAS 39 R'000	2018 IAS 39 R'000
Gross loans and receivables	3 160 635	5,2%	3 003 789	3 174 780
Less: Allowance for impairment	(260 195)	12,1%	(232 087)	(218 755)
Carrying value of loans and receivables	2 900 440	4,6%	2 771 702	2 956 025
Reconciliation of gross loans and receivables:				
Balance at the beginning of the period IAS 39	3 174 780	7,1%	2 964 202	2 964 202
IFRS 9 transition adjustment at 1 April 2018	34 705			
to opening reserves	(48 850)	> 100%	39 587	210 578
Net movement in gross loans and receivables				
Balance at the end of the period	3 160 635	5,2%	3 003 789	3 174 780
Reconciliation of allowance for impairment:				
Balance at the beginning of the period IAS 39	(218 755)	1,6%	(215 327)	(215 327)
IFRS 9 transition adjustment at 1 April 2018	(65 555)			
to opening reserves	24 115	> 100%	(16 760)	(3 428)
Net movement in allowance for impairments				
Balance at the end of the period	(260 195)	12,1%	(232 087)	(218 755)
Carrying value of loans and receivables	2 900 440	4,6%	2 771 702	2 956 025
IFRS 9 ECL staging from 1 April 2018				
Stage 1	32 864			
Stage 2	39 376			
Stage 3	187 955			
IAS 39 until 31 March 2018				
Specific Impairment			177 277	175 740
Portfolio Impairment			54 810	43 015
	260 195	12,1%	232 087	218 755
Long-term portion	2 405 574	4,5%	2 301 032	2 477 568
Short-term portion	494 866	5,1%	470 670	478 457
	2 900 440	4,6%	2 771 702	2 956 025

5. Fair values of assets and liabilities

The Group uses the following fair value measurement hierarchy to measure the assets and liabilities 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 fair values of the Group's assets and liabilities that are measured at fair value:

	Level 1	Level 2	Level 3	Total
	R'000	R'000	R'000	R'000
At 30 September 2018				
Available-for-sale financial assets	320	-	56 656	56 976
Investment properties	-	-	1 495 818	1 495 818
	320	-	1 552 474	1 552 794
At 30 September 2017				
Available-for-sale financial assets	285	-	42 335	42 620
Investment properties	-	-	1 386 942	1 386 942
	285	-	1 429 277	1 429 562
At 31 March 2018				
Available-for-sale financial assets	312	-	56 655	56 967
Investment properties	-	-	1 478 948	1 478 948
	312	-	1 535 603	1 535 915

The above financial asset comprise listed and unlisted shares, both of which are measured at fair value. The fair value of listed shares is determined with reference to quoted prices on the relevant securities exchange. The fair value of unlisted shares is determined internally with reference to recognised valuation techniques performed by suitably qualified personnel. The directors approve the valuation techniques annually on the full year results. While some of the investment techniques require the use of unobservable inputs, changing these inputs would not have a significant impact on the value of the investments.

The valuation of investment properties is performed internally by suitably qualified personnel, based on a capitalised income method. If the capital yield of 1,2 percent (September 2017: 2,2 percent) during the period changed by 0,5 percent, the Group's profit before tax would have changed by R7,4 million (September 2017: R6,8 million).

During the 6 month period to September 2018, there were no transfers between the different levels of the fair value measurement hierarchy.

Unaudited results for the period ended 30 September			Audited 31 March
2018 R'000	% Change	2017 R'000	2018 R'000

Reflected below is the reconciliation of the fair value of assets from the beginning to the end of the period:

Available-for-sale financial assets

Fair value – beginning of period	56 967	71,6%	33 206	33 206
Disposals	–	–	–	–
Acquisitions	–	-100,0%	9 403	22 079
Fair value adjustments through comprehensive income	9	-18,2%	11	1 682
Fair value – end of period	56 976	33,7%	42 620	56 967

Investment properties

Fair value – beginning of period	1 478 948	8,7%	1 360 268	1 360 268
Acquisitions	522	> 100%	60	83 520
Improvements	3 286	> 100%	136	1 609
Disposals	(4 752)	44,4%	(3 290)	(28 860)
Fair value adjustments through profit and loss	17 814	-40,2%	29 768	62 411
Fair value – end of period	1 495 818	7,9%	1 386 942	1 478 948

6. Share capital

Authorised

400 000 000 ordinary shares of R1 each	400 000	–	400 000	400 000
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Issued

173 000 594 (2017: 173 000 594) ordinary shares of R1 each	173 001	–	173 001	173 001
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7. Borrowings

Non-current

Interest-bearing long-term loans	1 104 234	6,0%	1 041 948	1 097 416
Interest-free Jobs Fund loan	38 094	-10,1%	42 378	40 077
	1 142 328	5,3%	1 084 326	1 137 493

Current

Short-term portion of long-term borrowings	77 715	27,0%	61 201	101 965
	77 715	27,0%	61 201	101 965
	1 220 043	6,5%	1 145 527	1 239 458

The nature and terms of the interest-bearing long-term loans are as follows:

- Loans secured by bonds over properties and incurring interest at rates between prime minus 0,6 percent and prime minus one percent. The loans' repayment terms are five and 10 years.
- A loan secured by a cession of the loans and receivables and incurring interest at prime minus 1,5 percent. The loan's repayment term is 10 years from April 2012.

The nature and terms of the interest-free Jobs Fund loan are as follows:

- The Group obtained a facility amounting to R48,7 million during the 2014 financial year, which is used to facilitate the establishment of new franchises. Drawdowns will take place over a three year period and the initiative will run for a period of five years. All capital recovered will be distributed in terms of the agreement.

Unaudited results for the period ended 30 September			Audited 31 March
2018 R'000	% Change	2017 R'000	2018 R'000

8. Net interest revenue

Interest income	203 461	1,1%	201 335	405 123
• Interest on loans and receivables	159 385	0,8%	158 063	314 333
• Royalty fees	42 247	8,9%	38 788	82 863
• Interest on surplus funds	1 829	-59,2%	4 484	7 927
Interest expense	(53 868)	3,0%	(52 324)	(105 671)
	149 593	0,4%	149 011	299 452

9. Investment income and gains

Investment income	19 136	55,4%	12 312	24 105
• Surplus on realisation of unlisted financial assets	15 543	62,7%	9 551	18 736
• Surplus on realisation of investment properties	3 590	30,1%	2 760	5 016
• Dividends received	3	> 100%	1	353
Investment gains	34 607	-12,8%	39 673	96 116
• Income from associated companies	15 418	57,2%	9 809	33 495
• Fair value movement on investment properties	17 814	-40,2%	29 768	62 411
• Net foreign exchange rate differences	1 375	> 100%	96	210
	53 743	3,4%	51 985	120 221

10. Net credit losses

Loans and receivables written off	(70 746)	> 100%	(31 569)	(91 235)
Legal expenses incurred on recovery	(1 170)	-40,6%	(1 970)	(4 778)
Impairments created	24 116	> 100%	(16 760)	(3 430)
Recovery of loans and receivables written off	7 937	7,2%	7 403	23 097
	(39 863)	-7,1%	(42 896)	(76 346)

11. Staff costs

Remuneration at cost to company	(73 144)	2,5%	(71 393)	(140 106)
Bonuses and provisions	(15 652)	23,8%	(12 646)	(33 955)
Post retirement medical aid costs	(4 946)	11,5%	(4 436)	(9 847)
Defined benefit pension fund gain	7 410	-2,3%	7 588	13 158
Indirect staff costs	(2 209)	59,7%	(1 383)	(3 208)
	(88 541)	7,6%	(82 270)	(173 958)

Unaudited results for the period ended 30 September			Audited 31 March
2018 R'000	% Change	2017 R'000	2018 R'000

12. Earnings per share

12.1 Basic earnings per share

Profit attributable to equity holders of Business Partners Limited	97 120	-3,4%	100 551	218 387
Weighted number of ordinary shares in issue ('000)	173 001	–	173 001	173 001
Basic earnings per share	56,1 cents	-3,4%	58,1 cents	126,2 cents

12.2 Headline earnings per share

Determination of headline earnings

Profit attributable to equity holders of Business Partners Limited	97 120	-3,4%	100 551	218 387
Adjustments net of tax				
• Capital profit on sale of equipment	(3)	-85,7%	(21)	(31)
• Profit on sale of unlisted financial assets	(12 061)	62,7%	(7 412)	(14 539)
• Profit on sale of property investments	(2 786)	30,1%	(2 142)	(3 892)
• Fair value movement of investment properties	(13 824)	-40,2%	(23 100)	(48 431)
Headline earnings	68 446	0,8%	67 876	151 494
Headline earnings per share	39,6 cents	0,8%	39,2 cents	87,6 cents

13. Dividend

A dividend in respect of the year ended 31 March 2018 of 22 cents per share (2017: 21 cents per share) was declared on 24 May 2018 and paid on 23 August 2018 to shareholders registered on 16 August 2018.

The dividend is subject to a dividend withholding tax at 20 percent (2017: 20 percent). Tax payable is 4,4 cents per share, which results in a net dividend of 17,6 cents per share payable to shareholders who are not exempt from dividends withholding tax, or subject to a reduced rate.

Consistent with the prior year interim period, no interim dividend has been declared.

Unaudited results for the period ended 30 September			Audited 31 March
2018 R'000	% Change	2017 R'000	2018 R'000

14. Cash flow information

14.1.1 Non-cash adjustments

Income from associated companies	(15 418)	57,2%	(9 809)	(33 495)
Surplus on sale of assets	(19 136)	55,1%	(12 338)	(23 791)
Fair value adjustment of investment properties	(17 814)	-40,2%	(29 768)	(62 411)
Fair value adjustment of financial instruments	2 698	> 100%	(4 002)	(7 217)
Depreciation	1 488	7,5%	1 384	2 925
Net credit losses (refer note 10)	47 800	-5,0%	50 299	99 443
• loans and receivables written off	70 746	> 100%	31 569	91 235
• legal and other expenses incurred on recovery	1 170	-40,6%	1 970	4 778
• impairments created	(24 116)	> 100%	16 760	3 430
Credit losses – rent debtors	1 604	53,3%	1 046	1 610
Movement on post-retirement benefits	(5 010)	-9,7%	(5 548)	(3 311)
Total	(3 788)	-56,6%	(8 736)	(26 247)

14.1.2 Adjustment for net interest income per income statement

Deduct interest income (refer note 8)	(203 461)	1,1%	(201 335)	(405 123)
Add back interest expenses (refer note 8)	53 868	3,0%	52 324	105 671
Total	(149 593)	0,4%	(149 011)	(299 452)

14.1.3 Net interest received in cash

Interest income received in cash	175 365	8,2%	162 132	337 760
Interest expense paid in cash	(47 727)	2,4%	(46 624)	(81 172)
Total	127 638	10,5%	115 508	256 588

14.1.4 Other movements in assets and liabilities

Provisions	(15 847)	-34,9%	(24 347)	(9 956)
Decrease / (increase) in assets held for resale	27	> 100%	(24 729)	(25 200)
(Increase) / decrease in accounts receivable	(2 229)	-20,5%	(2 804)	(6 543)
(Decrease) / increase in accounts payable	13 677	> 100%	6 786	1 591
Total	(4 372)	-90,3%	(45 094)	(40 108)

14.2 Cash and cash equivalents

Bank current and call accounts / (bank overdraft)	(10 530)	> 100%	5 429	(60 767)
Funds held in trust on behalf of third parties	47 045	-13,4%	54 302	48 125
Total	36 515	-38,9%	59 731	(12 642)

Unaudited results for the period ended 30 September			Audited 31 March
2018 R'000	% Change	2017 R'000	2018 R'000

15. Commitments

Capital commitments

Loans and receivables approved but not advanced	444 597	5,7%	420 758	288 271
Capital committed in respect of purchases of property	24 810	-75,7%	101 913	25 333
	469 407	-10,2%	522 671	313 604

Operating lease commitments

Unexpired portion of lease agreements	7 484	0,3%	7 460	6 092
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16. Related parties

16.1 Loans to / from related parties

Loans to associates	1 262 333	3,9%	1 215 440	1 295 036
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All other loans to and from related parties (subsidiaries) were eliminated on consolidation to determine the Group's interim results.

16.2 Directors' remuneration

Directors' remuneration will be disclosed in the Annual Financial Statements.

17. Reclassifications

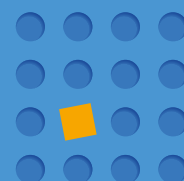
Where necessary, certain other comparatives have been reclassified to conform to current year presentations. These changes did not affect total comprehensive income for the prior year.

The following reclassifications of comparative information have been made:

- The cashflow statement and note 14.1 *cash generated from operating activities* was amended to incorporate the IAS 7 requirements for an entity classified as a financial institution. This amendment has also been applied to comparative figures.



COMMENTS
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STATEMENTS



BUSINESS/PARTNERS
Investing in entrepreneurs

CAPE TOWN TV
Karen Thorne

Business activities

Business Partners Limited is a specialist financial services group offering risk finance, mentorship and business premises to small and medium enterprises (SMEs). In addition to its South African operations, the Company manages SME investment funds on behalf of international investors in East Africa (Kenya, Rwanda and Uganda) and Southern Africa (Malawi, Namibia, and Zambia). The Company's investment property portfolio, consisting of retail and industrial properties, is managed by a dedicated property management team that also offers property management services to the market.

Market conditions

The improvement in macro-economic conditions which was anticipated to deliver improved economic growth in the period under review did not materialise. The South African economy was in technical recession at the end of June and growth expectations for the year under review had decreased substantially. Despite the progress in policy certainty and a more market friendly and investment supportive sentiment, SMEs continue facing growth challenges, resulting in muted investment appetite and consequently lower demand for growth capital.

The pressure on disposable income, largely the result of an increased tax burden, higher fuel prices and other administered prices has negatively impacted consumers, with adverse implications for SMEs, especially those in the retail and consumer goods sectors.

Operational results

The Group approved 174 investments (September 2017: 154 investments) amounting to R589,6 million (September 2017: R584,7 million). Investments advanced amounted to R310,1 million, 2,6 percent less than the R318,6 million advanced during the corresponding period last year. Commitments – investments approved not yet advanced – increased by 13,2 percent, from R461,6 million reported on 30 September 2017 to R522,7 million as at 30 September 2018.

The credit risk in the investment portfolio deteriorated marginally year on year. Investments with repayment obligations in arrear represents 23,9 percent of the investment portfolio in September 2018, compared to 23,2 percent of the investment portfolio a year ago.

Financial overview

The net profit attributable to equity holders amounted to R97,1 million, a decrease of 3,4 percent from September 2017.

Total income amounted to R303,5 million, an increase of 2,9 percent compared to the same period last year (September 2017: R294,9 million).

Interest income increased marginally by 1,1 percent to R203,4 million, largely the result of a lower average prime interest rate of 10,0 percent over the period under review compared to 10,4 percent during the comparative period.

Interest expense increased by 3,0 percent to R53,9 million, the result of borrowings increasing by 6,5 percent to R1 220,0 million.

Net property revenue increased by 12,4 percent, the result of improved rental collections and well managed property expenses. Property revenue increased by 9,4 percent to R140,0 million (September 2017: R127,9 million) and property expenses increased by 6,0 percent to R62,2 million (September 2017: R 58,7 million).

Investment income and gains amounted to R53,7 million, a 3,4 percent increase compared to the comparative period amount of R52,0 million. This marginal growth is primarily due to an improved surplus on the realisation of investments which amounts to R15,5 million (September 2017: R9,6 million). This increase was offset by a lower re-measurement gain on the value of the investment property portfolio, consistent with declining capital appreciation in the real estate asset classes. The re-measurement gain on investment property portfolio amounted to R17,9 million, R12,0 million lower than the prior year re-measurement gain.

As at 30 September 2018, the provision for expected credit losses raised against the investment portfolio amounted to R260,2 million (under IFRS9) representing 8,2 percent of the portfolio, as compared to impairments raised (under IAS 39) as at 31 March 2018 which amounted to R218,8 million or 6,9 percent of the portfolio.

There has been an increase in credit losses in the investment portfolio, evidenced by an increase in the loans and receivables written-off increasing from R31,5 million as reflected in the comparative period to R70,7 million during the current reporting period.

Prospects

The change in South Africa's political leadership has brought about a renewed sense of purpose and optimism, but the economy remains constrained as a result of a number of headwinds. These largely external headwinds are driven by the developments in the US such as the expectation of increased interest rates and noisy disruptions to global trade positions. Locally, the high levels of unemployment, the increased cost of living and fiscal strains continue to pose a risk to economic recovery and is expected to continue negatively affecting SMEs over the short term.

Increased levels of credit risk and credit losses are expected over the short term, before improved economic growth will enhance trading conditions for the SME sector over the medium term.

The Group remains well positioned to play a significant role in funding and assisting SMEs through bespoke financial solutions combined with appropriate and affordable technical assistance.

On behalf of the board:



T van Wyk
Chairman
15 November 2018



BD Bierman
Managing Director
15 November 2018

The Condensed Consolidated Interim Financial Statements have been reviewed by the Chief Financial Officer, S Dumeko.

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Bloemfontein	T (0)51 430 9846	F (0)51 430 9847
Cape Town	T (0)21 464 3600	F (0)21 461 8720
Durban (Westville)	T (0)31 240 7700	F (0)31 266 7286
East London	T (0)43 721 1525/6/7	F (0)43 721 1528
East London (Arcadia)	T (0)43 743 5485	F (0)43 743 0596
East Rand (Boksburg)	T (0)11 395 4150	F (0)11 395 2565
George	T (0)44 873 6112	F (0)44 873 3397
Johannesburg	T (0)11 713 6600	F (0)11 713 6650
Kimberley	T (0)76 879 9402	F (0)86 655 0617
Pietermaritzburg	T (0)33 347 0120	F (0)33 347 1001
Polokwane	T (0)15 297 1571	F (0)15 297 1461
Port Elizabeth	T (0)41 367 1082	F (0)41 367 3962 / 4277
Pretoria	T (0)12 347 3208	F (0)12 347 2198
Richards Bay	T (0)35 789 7301	F (0)35 789 6727
Stellenbosch	T (0)21 809 2160	F (0)21 887 2001
Umhlanga	T (0)31 566 5626	F (0)86 647 9212
Uppington	T (0)54 331 1172	F (0)54 332 2334

Directors

T van Wyk (Chairman), BD Bierman* (Managing Director), C Botes*, F Knoetze, O Kotze, TR Makhuvha, N Martin, F Meisenholl, K Molewa, HE Moliea, D Moshapalo, RSM Ndlovu, SST Ngcobo, NJ Williams. * Executive.

Honorary Patron: JP Rupert.

Company Secretary: CM Gerbrands