



# INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 SEPTEMBER 2022



**BusinessPartners**

**Business Partners Limited**  
company registration  
number: 1981/000918/06



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For more than **41 years** Business Partners Limited has empowered entrepreneurs, providing specialist financing coupled with mentorship, technical assistance and affordable business premises that unlock the potential of small and medium enterprises (SMEs).

## Our purpose

We empower entrepreneurs to build sustainable businesses contributing to an inclusive and equitable society.

### Unpacking our purpose

#### Empower

We understand that SMEs require 'more than just money'.

#### Entrepreneurs

We partner with individuals who are creative, resilient, determined and intrinsically motivated.

#### Sustainable businesses

- We help develop assets that can benefit future generations and create intergenerational wealth
- We invest in businesses that show economic merit, operate under free-market principles, engage in healthy competition, add value and create employment and wealth.

#### Inclusive and equitable society

We act on an obligation to help eradicate poverty, decrease unemployment and address the structural inequalities in our society.



## Our mission

Our mission is to invest capital, skill and knowledge into viable entrepreneurial enterprises in South Africa, and markets in Africa where we have a presence.

## Our vision

Our vision is to be the premier business partner for SMEs, supporting growth and development, facilitating entrepreneurial wealth formation and stimulating job creation.

## Our goal

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

## COMMENTARY BY THE DIRECTORS

### Business Activities

Business Partners Limited is a specialist financial services company providing risk finance, technical assistance and mentorship to small and medium enterprises (“SMEs”) in South Africa. Revenue is derived from interest and other investment returns arising from the finance provided.

The Group also generates revenue through the provision of investment, management and support services to Business Partners International Africa LLC, an investment company held by international investors alongside Business Partners Limited, which provides access to finance for SMEs in Kenya, Rwanda, Uganda, Malawi and Namibia.

The Group’s investment property portfolio consists primarily of industrial properties generating rental and capital appreciation revenue.

### Market conditions

Recent global and local events have combined to create a difficult, almost hostile, trading environment for SMEs.

The Russian-Ukrainian war continues to destabilise the global economy, precipitating an energy crisis in Europe, pushing up food prices on world markets and, simultaneously, disrupting global supply chains due to heightened geopolitical tensions. China’s zero tolerance COVID policy is contributing to a slowdown in Chinese economic growth, further disrupting global supply chains. These persistent pressures, together with a global sustained period of low interest rates, have resulted in inflation in developed countries reaching the highest levels since 1982. In trying to rein in rapidly growing and high levels of inflation, there has been a swift, almost synchronised, tightening of monetary policy by central banks, with higher interest rates dampening global economic growth rates.

South Africa’s economic prospects are strongly linked to developments in the global economy. The strong US dollar has significantly increased the cost of imports especially fuel, contributing to inflation exceeding the South African Reserve Bank target range and resulting in interest rates increasing by 200bps over the period.

While SMEs demonstrated surprising resilience through the COVID pandemic and lockdowns, indicators of distress continue to be observed.

### Financial Overview

The satisfactory growth in the Group’s income generating assets of 6,2 percent during the period from September 2021 to September 2022, combined with the decrease in the Group’s net borrowings of 9,2 percent over the same period, is laudable when considered within the context of the prevailing adverse economic conditions and the challenging investment environment.

The average balance of the investment portfolio remained consistent with the corresponding period last year (“prior period”). The significant increase in net interest income is attributable to the increase in the average prime interest rate from 7,0 percent in the prior period to 8,4 percent in the current period.

Rental escalations have rebounded, accounting for the 7,0 percent increase in property revenue although property vacancies, primarily in the larger multi-tenanted industrial buildings, have yet to recover to pre-pandemic levels. Property expenses increased by 11,8 percent largely as a consequence of incurring maintenance expenses that were previously deferred.

Net profit increased by 39,0 percent from R88,1 million in the prior period to R122,4 million. This increase is attributed to the improvement in net interest income, the release of credit impairments and the containment of staff and other operating costs.

### Operational Results

The COVID pandemic has had a prolonged effect on the Tourism industry, a significant contributor to economic activity and employment. The Company, on behalf of the South African SME Relief Trust, launched a relief programme for tourism businesses and financial assistance in the amount of R100,5 million was provided to 115 businesses in the period under review.

The Group approved 227 investments amounting to R544,9 million in the period which includes the Tourism Relief Programme investments. The prevailing market conditions, especially low levels of business confidence, have noticeably stifled the demand for funding from SMEs, materially affecting the Group’s investment activity over the period.

### Prospects

Expectations for global economic growth over the medium term remain muted as major economies grapple with combating inflation and the supply chain disruptions caused by heightened geopolitical tensions.

Locally, drivers for economic growth remain elusive whilst the inflation trajectory indicates possible further increases in interest rates. Any potential growth is hindered by the weakened capacity of critical support infrastructure such as transport and the provision of basic and administrative services.

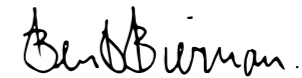
Prospects for SMEs remain negative over the short to medium term with credit risk in the investment portfolio expected to remain at current levels. The demand for SME risk-based financing may increase in the context of the adverse market conditions.

Investment activity during the latter half of the year is anticipated to exceed the levels achieved to date. The outlook for Business Partners’ profitability remains positive and results are expected to match those achieved in the previous year, provided no major systemic shocks are encountered.

### On behalf of the Board of Directors



**N Martin**  
Chairperson



**BD Bierman**  
Managing Director

16 November 2022

*The Condensed Consolidated Interim Financial Statements have been prepared under the supervision of the Chief Financial Officer, R Dolphin.*

*Directors: N Martin (Chairman), BD Bierman\* (Managing Director), CW Ceasar, R Dolphin\*, O Kotze, J Lang\*, M Lubbe, MD Matshamba, F Meisenholl, D Moshapalo, SST Ngcobo, S Siwisa, HE Tshivhase, NJ Williams. \*Executive.  
Honorary Patron: JP Rupert. Company Secretary: CM Gerbrands  
Registration number: 1981/000918/06 ISO 9001 certified*

## Interim consolidated statement of financial position

	Notes	Unaudited results for the period ended 30 September		Audited 31 March
		2022 R000	2021 R000	2022 R000
<b>Assets</b>				
Cash and cash equivalents		224 631	298 085	332 455
Accounts receivable		34 446	29 882	44 293
Current income tax asset		-	-	3 725
Loans and receivables	5	2 908 828	2 813 842	3 003 729
Other investments	7	80 194	64 622	61 468
Assets held for resale		29 103	46 470	31 732
Investments in associates		99 731	93 014	92 831
Investment properties	8	1 758 532	1 667 109	1 737 538
Property and equipment and right-of-use asset		113 503	116 676	114 223
Deferred tax asset		171 377	198 023	178 302
Defined benefit pension fund surplus	4	133 048	233 490	236 369
<b>Total assets</b>		<b>5 553 393</b>	<b>5 561 213</b>	<b>5 836 665</b>
<b>Equity and liabilities</b>				
<b>Capital and reserves</b>				
Share capital	9	173 001	173 001	173 001
Fair value and other reserves		87 205	85 177	84 187
Retained earnings		3 679 125	3 438 794	3 608 566
<b>Non-controlling shareholders' interest</b>		<b>14 553</b>	<b>12 288</b>	<b>14 553</b>
<b>Total equity</b>		<b>3 953 884</b>	<b>3 709 260</b>	<b>3 880 307</b>
<b>Liabilities</b>				
Accounts payable		91 294	59 963	95 321
Current income tax liability		1 982	6 973	-
Provisions		32 560	29 811	54 157
Shareholders for dividends		1 963	1 173	1 173
Lease liabilities		4 945	13 089	8 993
Borrowings	10	1 200 713	1 370 890	1 436 703
Deferred tax liability		266 052	277 641	266 335
Post-employment medical benefits	4	-	92 413	93 676
<b>Total liabilities</b>		<b>1 599 509</b>	<b>1 851 953</b>	<b>1 956 358</b>
<b>Total equity and liabilities</b>		<b>5 553 393</b>	<b>5 561 213</b>	<b>5 836 665</b>

## Interim consolidated statement of comprehensive income

	Notes	Unaudited results for the period ended 30 September		Audited 31 March
		2022 R000	2021 R000	2022 R000
Net interest income	11	143 380	124 938	281 151
Interest income		186 822	164 457	357 670
Interest expense		(43 442)	(39 519)	(76 519)
Fee revenue		991	961	2 093
Income from associated companies		7 112	5 318	15 504
Investment income and gains	12	28 670	32 472	128 376
Net property revenue		76 186	74 201	152 254
Property revenue		162 346	151 278	323 435
Property expenses		(86 160)	(77 077)	(171 181)
Management and service fee income		8 618	8 964	18 386
Other income		1 044	1 111	3 727
<b>Total income</b>		<b>266 001</b>	<b>247 965</b>	<b>601 491</b>
Net credit gain	13	36 048	10 822	23 073
Staff costs	14	(100 964)	(101 030)	(204 217)
Other operating expenses		(34 507)	(35 397)	(68 351)
<b>Profit before taxation</b>		<b>166 578</b>	<b>122 360</b>	<b>351 996</b>
Income tax expense		(44 119)	(34 270)	(92 006)
<b>Profit for the period</b>		<b>122 459</b>	<b>88 090</b>	<b>259 990</b>
<b>Other comprehensive income after tax:</b>				
Remeasurement of defined benefit pension fund		-	(1 357)	577
Gross amount		-	(1 885)	(819)
Tax effect		-	528	1 396
Remeasurement of post-employment medical benefits		-	-	153
Gross amount		-	-	2
Tax effect		-	-	151
Fair value adjustment on financial assets held at fair value through other comprehensive income		(68)	21	1 177
Gross amount		(87)	27	1 480
Tax effect		19	(6)	(303)
Foreign currency translation reserve movement		(133)	221	(3 607)
Gross amount		(133)	221	(4 440)
Tax effect		-	-	833
Share of associates' other comprehensive income		3 219	(574)	(979)
<b>Other comprehensive income for the period</b>		<b>3 018</b>	<b>(1 689)</b>	<b>(2 679)</b>
<b>Total comprehensive income</b>		<b>125 477</b>	<b>86 401</b>	<b>257 311</b>
<b>Profit attributable to:</b>				
Equity holders of Business Partners Limited		122 459	88 090	257 861
Non-controlling interests		-	-	2 129
		<b>122 459</b>	<b>88 090</b>	<b>259 990</b>
<b>Total comprehensive income attributable to:</b>				
Equity holders of Business Partners Limited		125 477	86 401	255 182
Non-controlling interests		-	-	2 129
		<b>125 477</b>	<b>86 401</b>	<b>257 311</b>

## Interim consolidated statement of changes in equity

(Amounts in R000)

Group	Notes	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT			Non-controlling interest	Total
		Share capital	Fair value and other reserves	Retained earnings		
<b>Balance at 1 April 2021</b>		173 001	86 866	3 349 736	13 259	3 622 862
Total comprehensive income for the period			(1 689)	89 058	(971)	86 398
Profit for the period				88 090	-	88 090
Adjustments from associates				968	(971)	(3)
Other comprehensive income for the period			(1 689)			(1 689)
Dividend	16			-		-
<b>Balance at 30 September 2021</b>		<b>173 001</b>	<b>85 177</b>	<b>3 438 794</b>	<b>12 288</b>	<b>3 709 260</b>
<b>Balance at 1 April 2022</b>		173 001	84 187	3 608 566	14 553	3 880 307
Total comprehensive income for the period			3 018	122 459	-	125 477
Profit for the period			-	122 459	-	122 459
Other comprehensive income for the period			3 018		-	3 018
Dividend	16			(51 900)		(51 900)
<b>Balance at 30 September 2022</b>		<b>173 001</b>	<b>87 205</b>	<b>3 679 125</b>	<b>14 553</b>	<b>3 953 884</b>

## Interim consolidated statement of cash flows

Notes	Unaudited results for the period ended 30 September		Audited 31 March
	2022 R000	2021 R000	2022 R000
<b>Cash flow from operating activities</b>			
Profit before taxation	166 578	122 360	351 996
Non-cash adjustments	17.1 (52 369)	(3 279)	(155 120)
Dividends received	(16)	(14)	(15)
Payment of principal portion of lease liabilities	3 403	3 015	6 304
Net interest income	17.2 (143 380)	(124 938)	(281 151)
Net interest received in cash	17.3 116 625	95 046	168 369
Other movements in assets and liabilities	17.4 (13 148)	(20 467)	35 337
	77 693	71 723	125 720
Net inflow from borrowed funds	(243 402)	(173 358)	(106 589)
• Utilisation of long-term borrowings	-	-	204 153
• Repayment of short-term portion of long-term borrowings	(243 402)	(173 358)	(310 742)
Net inflow / (outflow) on loans and receivables	128 039	28 784	(42 882)
• Loans and receivables advanced	(210 733)	(340 736)	(767 924)
• Loans and receivables repaid	329 895	360 628	708 539
• Cash recoveries on loans and receivables written off	8 877	8 892	16 503
<b>Cash utilised in operating activities before tax</b>	(37 670)	(72 851)	(23 751)
Taxation paid	17.5 (32 183)	(35 305)	(90 602)
<b>Net cash flow utilised in operating activities</b>	(69 853)	(108 156)	(114 353)
<b>Cash flow from investing activities</b>			
Capital investment in			
• investment properties	(1 332)	1 639	(42 685)
• property and equipment	(1 105)	(1 130)	(2 357)
Proceeds from sale of			
• investment properties	-	-	3 782
• property and equipment	13	18	50 112
Interest received from other investments	4 405	4 730	9 182
Proceeds from sale of investments in associates	12 096	34 186	65 264
Dividends received from investments in associates	2 465	14	15
<b>Net cash generated from investing activities</b>	16 542	39 457	83 313
<b>Cash flow from financing activities</b>			
Dividends paid	17.6 (51 110)	(1 147)	(1 147)
Payment of principal portion of lease liabilities	(3 403)	(3 015)	(6 304)
<b>Net cash flow utilised in financing activities</b>	(54 513)	(4 162)	(7 451)
Movement in cash and cash equivalents	(107 824)	(72 861)	(38 491)
Cash and cash equivalents at beginning of year	332 455	370 946	370 946
<b>Cash and cash equivalents at end of year</b>	224 631	298 085	332 455

# NOTES

TO THE INTERIM FINANCIAL STATEMENTS

## Notes to the interim financial statements

### 1. Basis of preparation

The condensed consolidated interim financial statements for the six months ended 30 September 2022 were prepared in accordance with IAS 34, 'Interim financial reporting', and the Companies Act 71 of South Africa. The condensed consolidated interim financial statements should be read in conjunction with the consolidated annual financial statements for the year ended 31 March 2022, which were prepared in accordance with International Financial Reporting Standards (IFRS). The accounting policies applied are consistent with those of the previous financial year.

### 2. Estimates

In preparing the condensed consolidated interim financial statements, estimates and assumptions are made that could materially affect the reported amounts of assets, liabilities, income and expenses within the next financial year. Estimates and judgments are continually evaluated and are based on factors such as historical experience and current best estimates of future events.

In preparing these condensed consolidated interim financial statements, the significant judgements made 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 2022.

### 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 consolidated annual financial statements as at 31 March 2022.

### 4. Business Partners Limited defined pension fund and post-employment medical aid obligation

The Group operated a post-employment medical aid benefit scheme for employees and pensioners who were in the service of the Group on or before 1 April 1999. The Board of Directors resolved to settle the liability by purchasing an insurance policy for the retirees and to pay a lump sum to current employees' retirement fund. The employer surplus of the Business Partners Limited Pension Fund ("the Pension Fund") was utilised to settle the liabilities in compliance with the Pension Funds Act and the rules of the Pension Fund.

The insurance policy was purchased effective 1 June 2021. Approval was obtained from the Financial Sector Conduct Authority ("FSCA") on 19 April 2022 and the ownership of the insurance policy was transferred from the Pension Fund to the respective post-employment medical benefit retirees. Approval was obtained from the FSCA on 12 May 2022 to pay the lump sum to current employees' retirement fund. The liability in respect of the Post-employment medical benefits are settled and the Group has no liability or contingent liability.

The Group operated a defined benefit pension fund for the benefit of pensioners providing a guaranteed level of pension. The Pension Fund is closed and has no active members. The Board of Directors resolved to settle the liability by purchasing an insurance policy for the pensioners. The plan assets of the Pension Fund were utilised to settle the defined benefit liability.

The insurance policy was purchased effective 1 June 2021. Approval was obtained from the Financial Sector Conduct Authority ("FSCA") on 19 April 2022 and the ownership of the insurance policy was transferred from the Pension Fund to the respective pensioners. The liability in respect of the defined benefit liability is settled and the Group has no liability or contingent liability.

The remaining surplus in the Pension Fund is for the benefit of the employer and is recognised in full as an asset on the statement of financial position. The net decrease in the value of the defined benefit pension fund surplus was recorded as part of investment income and gains. Refer to note 12.

### Unaudited results for the period ended 30 September

### Audited 31 March

2022	2021	2022
R000	R000	R000

#### 4.1 Amount recognised in the statement of financial position

#### Defined benefit pension fund surplus

133 048	233 490	236 369
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### 5. Loans and receivables

Gross loans and receivables	3 256 270	3 254 713	3 388 857
Less: Allowance for impairment	(347 442)	(440 871)	(385 128)
• Stage 1	(14 006)	(25 887)	(19 504)
• Stage 2	(28 798)	(22 367)	(29 613)
• Stage 3	(304 638)	(392 617)	(336 011)
<b>Carrying value of loans and receivables</b>	<b>2 908 828</b>	<b>2 813 842</b>	<b>3 003 729</b>
Long-term portion	2 378 059	2 308 095	2 479 535
Short-term portion	530 769	505 747	524 194
	<b>2 908 828</b>	<b>2 813 842</b>	<b>3 003 729</b>

#### Loss allowance

The extent of the loss allowance recognised in the period is sensitive to a variety of factors which includes:

- Movements in the risk classification between Stage 1, 2 and 3 due to the financial instruments indicating or reporting significant changes in credit risk i.e. becoming credit-impaired or cured in the period. The consequence of which will be either a step up or step down in risk which results in 12-month or Lifetime expected credit losses ("ECL") being recognised;
- Additional allowances for new financial instruments recognised during the period;
- Impact on the measurement of ECL due to changes in probability of default ("PDs"), exposure at the time of default "EADs" and loss given default "LGDs" in the period, arising from updated inputs to the model;
- Adjustments to the ECL due to the passage of time, as ECL is measured on a present value basis; and
- Financial assets derecognised during the period due to write-offs and adjustment in the allowance related to those assets that were written off.

The following table further explains changes in the gross carrying amount:

	Stage 1 12- month ECL R000	Stage 2 Lifetime ECL R000	Stage 3 Lifetime ECL R000	Total R000
Gross carrying amount as at 1 April 2021	1 373 113	579 866	1 348 852	3 301 831
Existing loans transfers between stages	(243 689)	125 196	118 493	-
Transfer (to)/from stage 1	-	164 543	79 146	243 689
Transfer (to)/from stage 2	(164 543)	-	39 347	(125 196)
Transfer (to)/from stage 3	(79 146)	(39 347)	-	(118 493)
ECL raised on existing loans	13 780	(37 858)	(26 334)	(50 412)
New loan agreements originated	310 250	81 432	27 799	419 481
Loans written-off and settlements	(82 846)	(15 027)	(184 170)	(282 043)
Gross carrying amount as at 31 March 2022	1 370 608	733 609	1 284 640	3 388 857
Gross carrying amount as at 1 April 2022	1 370 608	733 609	1 284 640	3 388 857
Existing loans transfers between stages	(42 048)	121 425	(79 377)	-
Transfer (to)/from stage 1	-	62 713	(20 665)	42 048
Transfer (to)/from stage 2	(62 713)	-	(58 712)	(121 425)
Transfer (to)/from stage 3	20 665	58 712	-	79 377
ECL raised on existing loans	(5 719)	(4 353)	(93 541)	(103 613)
New loan agreements originated	43 571	275	8 569	52 415
Loans written-off and settlements	(52 355)	(5 010)	(24 024)	(81 389)
Gross carrying amount as at 30 September 2022	1 314 057	845 946	1 096 267	3 256 270

## 6. Assets and liabilities held at fair value

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:

	As at 30 September 2022 R000	As at 30 September 2021 R000	As at 31 March 2022 R000	Hierarchy of Valuation Technique
Investment properties	1 758 532	1 667 109	1 737 538	Level 3
Listed securities	363	365	449	Level 1
Unlisted shares	79 831	64 257	61 019	Level 3
Call account	-	-	208 542	Level 1
	1 838 726	1 731 731	2 007 548	

### Measurement of assets at Level 3

The fair value of level 3 assets is determined using valuation techniques which incorporate assumptions based on unobservable inputs and are subject to management judgement. Although the Group believes that its estimates of fair values are appropriate, changing one or more of these assumptions to reasonably possible alternative values could impact the fair value of the assets.

A reconciliation of the opening balances to closing balances for all movements on investments at fair value through other comprehensive income is set out in note 7.

The sensitivity analysis applied to the unobservable inputs in the fair value model of the Investment properties is set out in note 8.

A reconciliation of the opening balances to closing balances for all movements on Investment properties is set out in note 8. There have been no transfers between fair value hierarchy levels for investment properties.

During the period ended 30 September 2022, there were no transfers between the different levels of the fair value measurement hierarchy.



## 7. Other investments

The table below presents the reconciliation of the fair value through other comprehensive income of financial assets:

	Unaudited results for the period ended 30 September		Audited 31 March
	2022 R000	2021 R000	2022 R000
The movement in fair value through other comprehensive income financial assets is as follows:			
Fair value – beginning of period	61 468	66 960	66 960
Disposals	-	(2 365)	(2 366)
Acquisitions	18 812	-	-
Fair value adjustments through comprehensive income	(86)	27	(3 126)
Fair value – end of period	80 194	64 622	61 468
The fair value through other comprehensive income financial assets include the following:			
Listed securities	363	365	449
Unlisted securities	79 831	64 257	61 019
	80 194	64 622	61 468

The above listed securities and unlisted shares are both 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.

## 8. Investment properties

(Amounts in R000)

	Industrial Sector	Retail Sector	Office Sector	Other	Total
Fair value – as at 1 April 2021	1 221 370	424 280	19 770	50	1 665 470
Acquisitions	39 129	-	3 556	-	42 685
Improvements	2 487	55	-	-	2 542
Disposals	(7 249)	-	-	-	(7 249)
Fair value adjustment	21 209	15 626	(2 745)	-	34 090
Fair value – 31 March 2022	1 276 946	439 961	20 581	50	1 737 538
Fair value – as at 1 April 2022	1 276 946	439 961	20 581	50	1 737 538
First time consolidated investment properties	-	-	(3 555)	-	(3 555)
Improvements	1 005	405	-	-	1 410
Disposals	-	-	-	(50)	(50)
Fair value adjustment	20 995	229	1 965	-	23 189
Fair value – 30 September 2022	1 298 946	440 595	18 991	-	1 758 532

### Basis for Valuation

At the interim period an internal valuation of the portfolio was performed across geographical locations and sectors. The purpose of the valuation exercise was to assess the change in fair values of the investment property portfolio over the past 6 months, since the last valuation performed at 31 March 2022.

The valuation of the investment properties was performed internally by suitably qualified personnel using the discounted cash flow method. The fair values of buildings are estimated using a discounted cash flow approach, by determining the present value by discounting the future rental income streams, net of projected operating costs. The discount rates applied were selected with reference to current market information and after a detailed assessment of the respective properties. The estimated rental income stream takes into account current occupancy levels, estimates of future vacancy levels, the terms of in-place leases and expectations of rentals from future leases over the remaining economic life of the buildings. The rental assumption, vacancy factors, and property expenses are also informed by actual and historical trends.

The estimated impact on the fair value of investment properties resulted in an increase of R23,2 million for the interim financial period (2021: no change in value).

On an annual basis a number of properties in consultation with members of the audit committee, are selected to be valued by external valuers to assess if the external values are aligned with the valuations of the internal valuation panel. The 2022 Annual report, Note 1.7, 1.16.4 and 10, provide more details and disclosure on the above. A similar external valuation procedure will be performed at the end of the current financial year.

**Geographical Footprint**

	Unaudited results for the period ended 30 September		Audited 31 March
	2022	2021	2022
	R000	R000	R000
<b>Province</b>			
Eastern Cape	210 962	207 197	208 110
Free State	20 571	20 644	20 317
Gauteng	675 254	596 055	670 377
KwaZulu-Natal	376 250	374 449	367 103
Limpopo Province	47 231	80 810	46 502
Mpumalanga	51 686	6 620	51 278
North West	47 316	43 053	47 598
Northern Cape	6 060	5 650	5 846
Western Cape	323 202	332 631	320 407
	<b>1 758 532</b>	<b>1 667 109</b>	<b>1 737 538</b>

**High-Level Portfolio Summary**

	Industrial Sector	Retail Sector	Office Sector	Other	Total
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**As at 31 March 2022**

Number of properties	96	17	5	1	119
GLA m <sup>2</sup>	303 726	39 497	5 524	140	348 887
Vacancy m <sup>2</sup>	21 699	2 919	834	-	25 452
Vacancy %	7,1	7,4	15,1	-	7,3
Value R000/ m <sup>2</sup>	4,2	11,1	3,7	0,4	5,0

**As at 30 September 2022**

Number of properties	96	17	4	-	117
GLA m <sup>2</sup>	303 966	39 572	5 377	-	348 915
Vacancy m <sup>2</sup>	27 544	2 976	1 350	-	31 870
Vacancy %	9,1	7,5	25,1	-	9,1
Value R000/ m <sup>2</sup>	4,3	11,1	3,5	-	5,0

**9. Share capital**

	Unaudited results for the period ended 30 September		Audited 31 March
	2022	2021	2022
	R000	R000	R000
<b>Authorised</b>			
400 000 000 ordinary shares of R1 each	400 000	400 000	400 000
<b>Issued</b>			
173 000 594 (2021: 173 000 594) ordinary shares of R1 each	173 001	173 001	173 001
<b>10. Borrowings</b>			
<b>Non-current</b>			
Interest-bearing long-term loans	811 823	842 887	915 576
Interest-free Jobs Fund loan	29 699	30 858	29 498
	<b>841 522</b>	<b>873 745</b>	<b>945 074</b>
<b>Current</b>			
Short-term portion of long-term loans	359 191	497 145	491 629
	<b>1 200 713</b>	<b>1 370 890</b>	<b>1 436 703</b>

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

- Loans secured by bonds amounting R475 million over properties and incurring interest at rates between prime minus 0,6 percent and prime minus one percent. The loans' repayment terms are 5 and 10 years respectively.
- Two loans are secured by a cession over loans and receivables. The interest rates are linked to the 3-month JIBAR and the loans have a 10 year repayment term.

All covenants were adhered to during the period and at the balance sheet date.

The nature and terms of the Interest-free Jobs Fund loan is as follows:

The Group obtained a facility amounting to R48.7 million during the 2014 financial year. This interest free loan has facilitated the establishment of new franchises through the advancement of loans to SMEs. All capital in this facility has been advanced and is now being recovered and distributed in terms of the agreement.

	Unaudited results for the period ended 30 September		Audited 31 March
	2022	2021	2022
	R000	R000	R000
Interest income	186 822	164 457	357 670
• Interest on loans and receivables	130 442	110 160	255 332
• Royalty fees	51 975	49 567	93 157
• Interest on surplus funds	4 405	4 730	9 181
Interest expense	(43 442)	(39 519)	(76 519)
• Interest-bearing borrowings	(43 442)	(39 519)	(76 519)
	143 380	124 938	281 151

## 11. Net interest income

Interest income	186 822	164 457	357 670
• Interest on loans and receivables	130 442	110 160	255 332
• Royalty fees	51 975	49 567	93 157
• Interest on surplus funds	4 405	4 730	9 181
Interest expense	(43 442)	(39 519)	(76 519)
• Interest-bearing borrowings	(43 442)	(39 519)	(76 519)
	143 380	124 938	281 151

## 12. Investment income and gains

Investment income	12 911	32 037	94 657
• Surplus on realisation of unlisted financial assets	12 867	32 023	59 957
• Surplus on realisation of investment properties	28	-	34 685
• Dividends received	16	14	15
Investment gains	15 759	435	33 719
• Fair value movement on investment properties	23 189	-	34 090
• Defined benefit pension fund movement *	(9 644)	-	-
• Net foreign exchange rate differences	2 214	435	(371)
	28 670	32 472	128 376

\* The defined benefit pension fund movement is recorded as part of Investment income and gains in the current period and going forward, as there is no further obligation towards the beneficiaries of the Fund. Refer to note 4.

## 13. Net credit gain

Loans and receivables written off	(5 767)	(11 594)	(59 354)
Legal expenses incurred on recovery	(4 748)	(4 809)	(8 152)
Impairments released / (created)	37 686	18 333	74 076
• Stage 1	5 498	(4 491)	1 892
• Stage 2	815	2 432	(4 814)
• Stage 3 (includes suspended interest )	31 373	20 392	76 998
Recovery of loans and receivables written off	8 877	8 892	16 503
	36 048	10 822	23 073

	Unaudited results for the period ended 30 September		Audited 31 March
	2022	2021	2022
	R000	R000	R000
Remuneration at cost to company	(78 562)	(75 701)	(153 406)
Bonuses and provisions	(17 341)	(14 774)	(38 227)
Post retirement medical aid costs	-	(9 585)	(14 111)
Defined benefit pension fund gain *	-	1 005	2 814
Indirect staff costs	(5 061)	(1 975)	(1 287)
	(100 964)	(101 030)	(204 217)

## 14. Staff costs

Remuneration at cost to company	(78 562)	(75 701)	(153 406)
Bonuses and provisions	(17 341)	(14 774)	(38 227)
Post retirement medical aid costs	-	(9 585)	(14 111)
Defined benefit pension fund gain *	-	1 005	2 814
Indirect staff costs	(5 061)	(1 975)	(1 287)
	(100 964)	(101 030)	(204 217)

\* Refer to note 4 and 12 for more information.

## 15. Earnings per share

### 15.1 Basic earnings per share

Profit attributable to equity holders of Business Partners Limited	122 459	88 090	257 861
Weighted number of ordinary shares in issue ('000)	173 001	173 001	173 001
Basic earnings per share (cents)	70,8	50,9	149,1

### 15.2 Headline earnings per share

#### Determination of headline earnings

Profit attributable to equity holders of Business Partners Limited	122 459	88 090	257 861
Adjustments net of tax			
• Capital profit on sale of equipment	(48)	-	(65)
• Profit on sale of unlisted financial assets	(10 088)	(24 850)	(46 527)
• Profit on sale of property investments	(22)	-	(26 916)
• Fair value movement of investment properties	(18 180)	-	(26 454)
Headline earnings	94 121	63 240	157 899

Headline earnings per share (cents)

54,4                      36,6                      91,3

## 16. Dividend

A dividend in respect of the 2022 financial year of 25 cents per share and a special dividend of 5 cents per share (2021: Rnil) was declared on 01 June 2022, due to shareholders registered on 17 August 2022. This dividend was paid on 26 August 2022.

The dividend is subject to a dividend withholding tax at 20 percent. Tax payable is 6 cents per share, which results in a net dividend of 24 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
	2022	2021	2022
	R000	R000	R000

## 17. Cash flow information

### 17.1 Non-cash adjustments

Income from associated companies	(7 112)	(5 318)	(15 504)
Surplus on sale of assets	(12 895)	(32 023)	(94 726)
Fair value adjustment of investment properties	(23 189)	-	(34 090)
Fair value adjustment of financial instruments	2 874	22 290	(9 757)
Depreciation	1 983	1 890	9 259
Net credit losses (refer note 13)	(27 171)	(1 930)	(6 569)
• Loans and receivables written off	5 767	11 594	59 354
• Legal and other expenses incurred on recovery	4 748	4 809	8 152
• Impairments created/(released)	(37 686)	(18 333)	(74 075)
Credit losses - rent debtors	3 497	4 195	7 491
Movement on post-retirement benefits	-	7 617	(11 224)
Movement in defined benefit pension fund surplus (refer note 12 and 4)	9 644	-	-
<b>Total</b>	<b>(52 369)</b>	<b>(3 279)</b>	<b>(155 120)</b>

### 17.2 Adjustment for net interest income per income statement

Interest income (refer note 11)	(186 822)	(164 457)	(357 670)
Interest expense (refer note 11)	43 442	39 519	76 519
<b>Total</b>	<b>(143 380)</b>	<b>(124 938)</b>	<b>(281 151)</b>

### 17.3 Adjustment for net interest received in cash

Interest income received in cash	152 656	127 815	244 179
Interest expense paid in cash	(36 031)	(32 769)	(75 810)
<b>Total</b>	<b>116 625</b>	<b>95 046</b>	<b>168 369</b>

### 17.4 Other movements in assets and liabilities

Provisions	(21 597)	(17 519)	2 600
Decrease in assets held for resale	2 629	300	15 038
Decrease / (increase) in accounts receivable	9 847	13 065	(1 346)
(Decrease) / increase in accounts payable	(4 027)	(16 313)	19 045
<b>Total</b>	<b>(13 148)</b>	<b>(20 467)</b>	<b>35 337</b>

	Unaudited results for the period ended 30 September		Audited 31 March
	2022	2021	2022
	R000	R000	R000

### 17.5 Taxation paid

Taxation asset / (liability) - beginning of the year	3 725	(13 209)	(13 209)
Tax provision for the period	(44 119)	(34 270)	(92 006)
Deferred tax	6 557	3 929	13 812
Tax paid by associate companies	(328)	1 272	4 526
Taxation liability / (asset) - end of the period	1 982	6 973	(3 725)
<b>Total</b>	<b>(32 183)</b>	<b>(35 305)</b>	<b>(90 602)</b>

### 17.6 Dividends paid

Dividends payable - beginning of the year	(1 173)	(2 320)	(2 320)
Dividends declared	(51 900)	-	-
Dividends payable - end of the period	1 963	1 173	1 173
<b>Total</b>	<b>(51 110)</b>	<b>(1 147)</b>	<b>(1 147)</b>

## 18. Commitments

### Capital commitments

Loans and receivables approved but not advanced	500 178	564 020	370 427
Capital committed in respect of purchases of property	7 070	49 820	7 070
	<b>507 248</b>	<b>613 840</b>	<b>377 497</b>

### Operating lease commitments

Unexpired portion of lease agreements	6 355	14 604	9 471
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## 19. Related parties

### 19.1 Directors' remuneration

Directors' remuneration will be disclosed in the Annual Financial Statements ending 31 March 2023.

## 20. Going Concern

The going concern status is evaluated based on the most relevant and up to date information which includes:

- the economic outlook;
- the budgets and forecast and the funding requirements;
- the expected marginal increase in interest rates in the second half of the financial year; and
- the credit risk and challenges faced by investee clients and tenants.

It is the directors' opinion that the Group is and will continue to be a going concern for the foreseeable future and that the going concern basis is therefore appropriate for the preparation of these interim financial statements.

**Business Partners Limited**

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