

redefining **partnerships**



*Business*  
**PARTNERS**  
Investing in Entrepreneurs



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# Corporate Overview

## Key performance areas

### OPERATIONAL

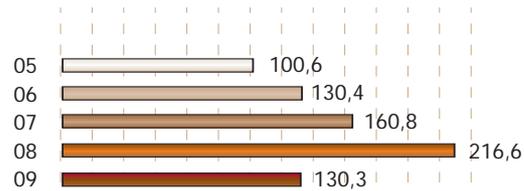
- The portfolio of investments under management increased by R280,8 million to R1 952,9 million (2008: R1 672,1 million) – an increase of 16,8 percent
- The investment property portfolio increased by R91 million to R448,5 million (2008: R357,5 million) – an increase of 25,5 percent
- During the year 520 investments (including investment properties) were advanced to the value of R873,4 million (2008: 496 investments to the value of R725,2 million) – an increase of 20,4 percent. Of these
  - 246 investments to the value of R364,7 million were

advanced for black entrepreneurs – (2008: 221 investments to the value of R274,5 million)

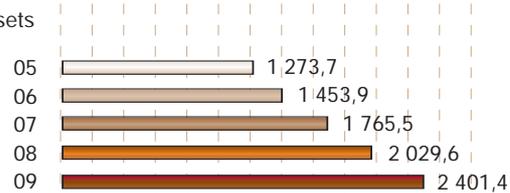
- 180 investments amounting to R220,4 million were advanced for female entrepreneurs – (2008: 183 investments amounting to R215,6 million)
- 47 investments amounting to R26,9 million were advanced on behalf of the Business Partners–Khula Start-up Fund, launched in 2006 as a R150 million fund for investment in start-up businesses by previously disadvantaged individuals

- Properties under management total more than 634 000 m<sup>2</sup> of lettable space and are occupied by 3 370 tenants
- More than 7 094 employment opportunities were facilitated through our investment activities
- 387 mentors are available to provide mentorship and consulting services to clients

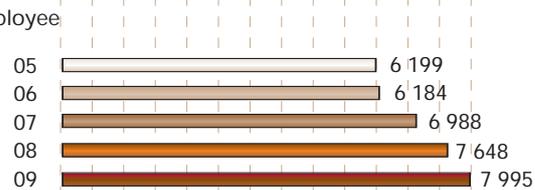
Net profit (R000)



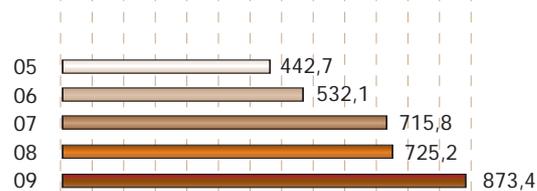
Operational assets (R000)



Assets per employee (R000)



Advances (R000)



## FINANCIAL AND CORPORATE

- Operational assets increase by 18,3 percent to R2 401,4 million
- Assets per employee improved by 4,5 percent to R8 million
- Net profit for the year was R130,3 million, a decline of 39,8 percent
- Dividend per share was 15 cents

# Corporate Overview

## Vision, Mission and Goal

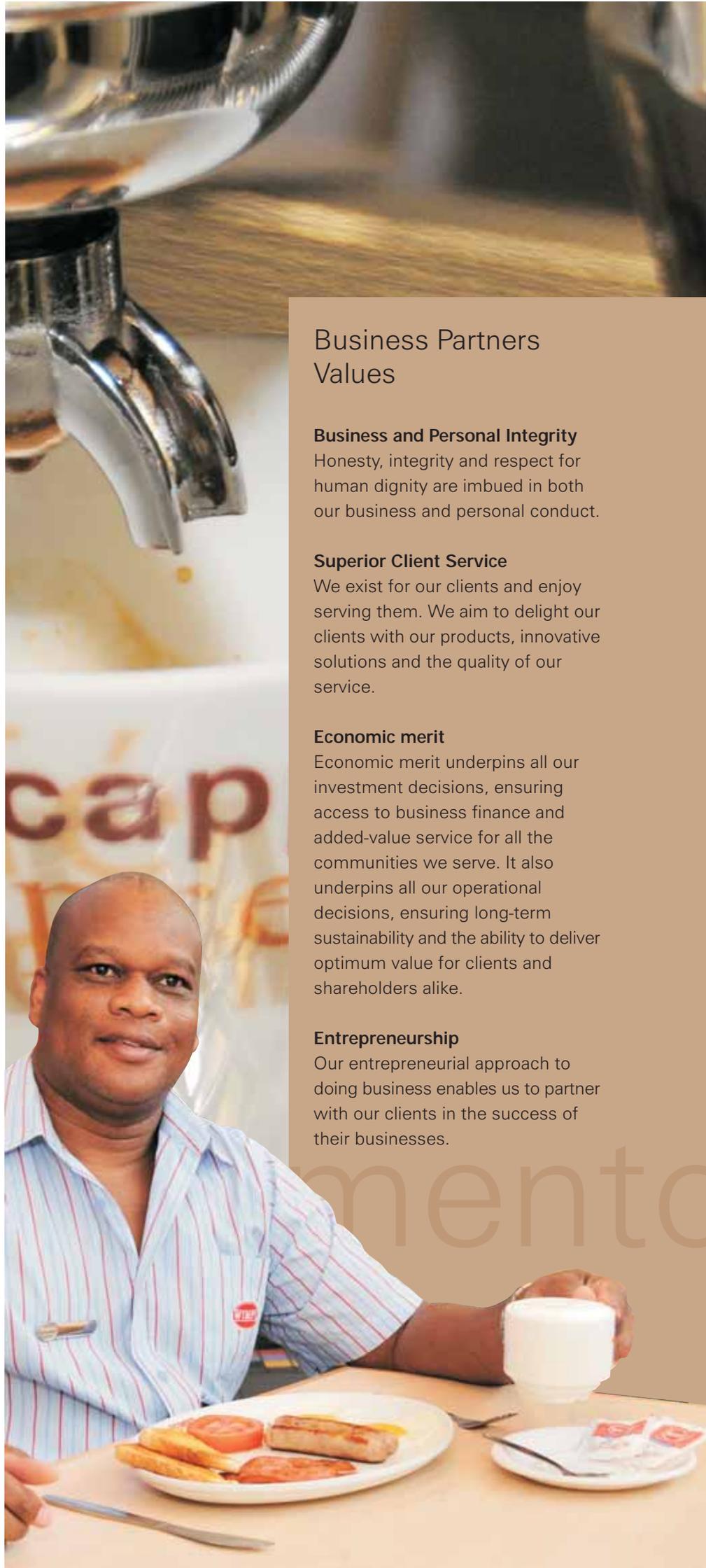
*Our vision is to live our name by being the premier business partner for SMEs (small and medium enterprises), and by facilitating wealth creation, job creation and shared economic development*

*Our mission is to invest capital, skill and knowledge into viable entrepreneurial enterprises in South Africa, Africa and all of the markets in which we have a presence*

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

“WHEN MY COMPANY  
STARTED OUT, I  
NEEDED MORE THAN  
AN INVESTOR.  
I NEEDED A GUIDING  
HAND TO PUT ME ON  
THE PATH TO  
SUCCESS.”

Charles Ngobeni –  
Wimpy, Maponya Mall



## Business Partners 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 our clients with our products, innovative solutions and the quality of our service.

### **Economic merit**

Economic merit underpins all our investment decisions, ensuring access to business finance and added-value service for 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.

## Strategic Pillars

Business Partners has, over more than 28 years, built up an enviable track record of successfully providing, on scale, its full service offering for small and medium enterprises (SMEs). This includes risk finance solutions; property broking, management and consulting; and mentorship, consulting and technical assistance services. Over the past four years, Business Partners' reach has also successfully been extended into Africa, with the establishment of country-specific pilot SME investment funds in Madagascar and Kenya. These provide scalable risk finance solutions to SMEs in those countries, and test the rigour, relevance and portability of the Business Partners SME funding model beyond the borders of South Africa. Similar funds are planned on this basis for other African countries.

Business Partners' successful record has often elicited questions such as why it has been able to succeed, on scale, in a market niche where many other risk financiers have failed miserably. What are the factors that have led to its success? It is in answering questions like these that one is able to distil the strategic principles that guide all Business Partners' activities, and which are the very foundation of its success.

These are:

### **A single-minded, relentless focus on SMEs**

In economic debates, small and medium enterprises have enjoyed much prominence, often being held up as the solution to economic growth, wealth generation and job creation. While many people – ranging from politicians to political and economic commentators, economists and financial analysts – wax lyrical about the role and importance of SMEs in economic development, few are prepared to finance or support them.

At Business Partners, we live for SMEs because we understand the important role they play in economic development. We do not deviate from this focus, as tempting as it may sometimes be to extend our full-service offering to big businesses or even micro enterprises.

We have deliberately chosen to focus on and specialise in SMEs. This has enabled us to achieve an in-depth understanding of all factors critical to SMEs' success across all industries and/or economic sectors. It has also enabled us to consciously identify, build relationships with, and tap into deal sources; streamline and reduce the cost of due diligence; and add value to our clients' businesses.

### **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 do good – by facilitating access to risk finance for entrepreneurs, who use it to pursue wealth for themselves and, in the process, create many jobs for others. Simultaneously, we aim to do well – by generating profits from our activities in order 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.



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## Corporate Overview

### More than just money

The risks associated with starting, expanding or taking over SMEs are innumerable. Experience has taught us that if a financier provides only risk financing, without offering any value-adding services, then both the SME and the financier stand a strong chance of failure.

For reasons ranging from altruism to self preservation, Business Partners provides value-added services – “more than just money” – for its clients and prospective clients. These value-adding interventions are offered at every stage of the investment process and include, among others, business advice following the assessment of the initial application; assistance with the negotiation of purchase prices during the due diligence phase; and guidance with turning around and/or growing a business during the post-investment phase. All of these are specifically designed to protect both the entrepreneur and Business Partners, and to ensure the long-term success of SMEs.

*“More than just money”* value-added services are provided by Business Partners’ staff, as well as by the mentors and consultants contracted to Business Partners Mentorship and Consulting Services, a division of Business Partners Limited.



### 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 design Business Partners’ processes, systems and databases in order to reduce the time, extent and cost of due diligence, as well as to administer our client base.

Effectively, the best practices associated with private equity and venture capital (financial solutions designed for a few businesses with high growth potential) have been borrowed and adapted, enabling Business Partners to produce private equity or venture capital-like solutions for many SMEs, regardless of whether they have high growth potential or not.

### People

Our business is all about people, and our people are our greatest asset. For us to be successful, we continuously endeavour to find good people, train them, invest in them and retain them so that they, in turn, can continuously find good

entrepreneurs whose businesses we can invest in and add value to. Our human resources policies and practices, together with our business culture, are shaped by our values, and are designed to enable each Business Partners staff member to live, work, operate and contribute to the full extent of their potential.

We at Business Partners understand that there are much easier things to do in life – and much easier ways to earn a living – than to finance SMEs. In our recruitment process, we therefore actively search for people who are already passionate about entrepreneurs, entrepreneurship and development for profit, or have the potential to be.

Once hired, all staff are systematically trained and retrained as risk financiers, using largely customised, in-house courses that include classroom work, on-the-job training and productivity benchmarks. Training is goal-oriented, with staff having to pass rigorous evaluations before being allowed to progress from one level to the next.

Reward systems are designed and implemented to ensure that the interests of Business Partners' shareholders and its staff are aligned. A balanced scorecard is used to measure the business's ability to generate profits and remain sustainable, as well as to determine

the development impact of our activities. The former criteria account for 60 percent of our defined performance measures, while the latter account for 40 percent.

### Managing Director's Message and Strategic Focus

#### 2009/2010 Strategic Focus

The world's economy, and especially its financial institutions, changed significantly during 2008. The "sub-prime crisis" in the USA sparked crises in financial markets across the world, with some global financial institutions and manufacturers going bankrupt or having to be "bailed out" by their governments. The financial crisis was accompanied by high oil and food prices and, together, these factors triggered a number of national recessions, as well as widespread retrenchments in the world's most developed countries.

Initially, the South African economy seemed resilient, possibly even immune, to the gloomy global economic conditions. However, by the end of 2008, the global crisis had started to impact adversely on SA businesses, including on SMEs.

Don Singh – **Donish Luggage**

"BUSINESS PARTNERS  
CREATED THE  
OPPORTUNITY I  
NEEDED TO NOT ONLY  
START, BUT EXPAND  
MY BUSINESS IDEA  
INTO A SUCCESSFUL  
COMPANY."





## Corporate Overview

At the end of 2008, the company said farewell to Jo' Schwenke, former Managing Director of Business Partners. Over a period of 13 years, Jo' admirably and successfully drove the transformation of Business Partners from a "high risk lender for low returns" to a "risk financier for fair returns" in the SME space. Jo' was relentless in his objective of proving that one can profitably – and therefore on an economically sustainable basis – invest in SMEs, something which has never been done on the same scale anywhere else in the world.

The global economic changes and the leadership change at Business Partners encouraged a strategic review, both of our priorities and the manner in which we organise ourselves. The business's key strategic objectives have now been re-defined as:

### **"Touching" more SMEs**

Given the present global and local economic environment, a rational, cautious yet optimistic approach to expanding the Business Partners footprint is being pursued.

Business Partners has historically concluded its best business during economic downturns, especially when traditional financiers, like banks, have all but abandoned lending to SMEs. The risks in these circumstances are invariably higher, but the need and opportunity for risk financiers to structure proper deals with SMEs rather than simply offering loans are endless – and the rewards,

which usually follow three to five years later, can be substantial.

But, to successfully and profitably invest in SMEs during a recession requires a more nuanced approach, focused on proactively seeking the right entrepreneurs to finance; conducting due diligence on entrepreneurs, industries and economic sectors much more intensely; assuming realistic business growth rates; negotiating fair deals despite the impact of the liquidity crunch on deal pricing; and so on. Rational, cautious optimism is a fundamental requirement for success in these trying economic conditions.

## INVESTING IN

# SMEs

ON AN ECONOMICALLY  
SUSTAINABLE BASIS

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## Increasing the funds under management

Increasingly, Business Partners' knowledge, skills and extensive infrastructure, including our financing model, delivery platform and successful track record, are receiving widespread recognition in South Africa, Africa and further abroad. Commercial and development finance institutions wishing to enter or expand into the SME risk finance arena could either replicate our infrastructure, which would be a costly and time-consuming exercise, or choose the option of contracting Business Partners to manage the funds they have earmarked for financing SMEs.

We continuously explore discussions and opportunities with both South African and international institutions seeking to enter into or expand their presence in the SME risk finance arena.

## Industry alliances

Strategic alliances with all SME risk finance industry stakeholders are being forged, with the objective of shaping the legislative, regulatory and fiscal environments in order to foster the development of SMEs and champion their cause. One of these initiatives is to increase the opportunities available to investment professionals in the SME risk finance

"IT'S NOT THE GOOD NAME OF OUR COUNTRY'S SEA FOOD NOR THE FACT THAT OUR TEAM IS VERY DYNAMIC THAT HAVE CONVINCED BUSINESS PARTNERS INTERNATIONAL TO INVEST INTO OUR BUSINESS, BUT MAINLY THE INTERESTS OF THOUSANDS OF FISH AND SEA FOOD WHOLESALERS AND FISHERMEN FAMILIES WHO REPRESENT KEY PLAYERS IN OUR ACTIVITIES. THIS INVESTMENT PROJECT REPRESENTS A CHALLENGE AND WE ARE GRATEFUL TO BPI FOR ITS REALIZATION".

area, and to provide for their increased development and participation in the sector, especially for black people and women. Another important goal is to enhance the general awareness of risk finance as a desirable tool for providing financing to SMEs.

## Broadening and deepening the Business Partners delivery platform

Nuanced changes to the Business Partners organisational structure are being implemented in such a way as to seamlessly, efficiently and cost-effectively deliver a full service offering on an even greater scale than in the past. As part of this process, we are reviewing our human resource development policies and



Razakanavalona Bakoly – **Manda Sa**, Madagascar

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# Corporate Overview

practices which, together with our business culture and values, need to enable each of us to live, work, operate and contribute to the full extent of our potential, and be incentivised and rewarded commensurately.

To broaden and deepen the Business Partners delivery platform, we are continuing our efforts to attract, select, train and retain people who are passionate about SME entrepreneurs, SME entrepreneurial development, wealth facilitation and job creation.

Our finance and services offering is also being constantly and innovatively revised to ensure that we remain one of the leaders in providing risk finance solutions to SMEs, and we are leveraging off existing and new systems, procedures and Information Technology to further enhance operational efficiencies.

### Post-investment value-added services (PIVAS)

To ensure that our PIVAS are at least as proficient as our investment decision-making, we have established a project team to identify international best practices in this area and to ensure that these are imbued in every aspect of our full-service offering to our clients.

In Madagascar and Kenya, for instance, we have technical assistance funds running in tandem with the respective country SME Investment Funds. These “subsidised” funds are used to pay for mentorship and consulting services, which are essential to reducing the failure rate amongst SMEs. We are actively trying to

persuade government, parastatals, development finance institutions and philanthropists to establish a similar technical assistance fund for SA entrepreneurs.

### Expansion into Africa

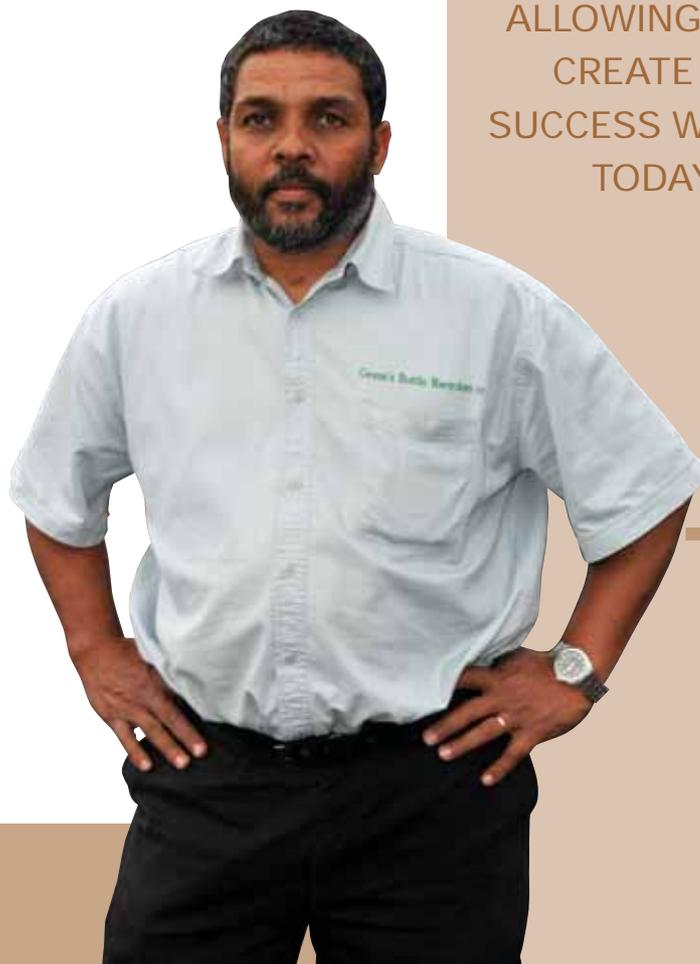
Africa represents a huge growth opportunity for Business Partners. We currently manage SME investment funds in Kenya and Madagascar. We have also recently been given the opportunity, after competing with more than 20 international SME fund managers, to set up and manage a similar investment fund in Mozambique, and have concluded preliminary studies into the establishment of another fund in Tanzania. Business Partners plans to further expand into two African countries every year.

### Property Management

Business Partners has, over the years, developed the considerable

skills, knowledge and systems required to manage properties occupied by SMEs. Property management remains an integral part of our full-service offering, and we are therefore aggressively pursuing property management contracts with owners of properties that cater for SME tenants in order to grow our portfolio of properties under management.

“NOT INVESTORS,  
BUT TRUE  
PARTNERS. FOR THE  
PAST 19 YEARS THEY  
HAVE STOOD BY US  
WITH TRUST,  
ENTHUSIASM AND  
TAILOR MADE  
SOLUTIONS,  
ALLOWING US TO  
CREATE THE  
SUCCESS WE HAVE  
TODAY.”



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# Financial Analysis

## Financial Review

The group has recorded a decline in profits, with profit after tax decreasing by 38,8 percent to R130,3 million from the R216,6 million recorded in 2008. The decrease in profitability is primarily the result of the following factors:

- An increase in bad debts written off and an increased impairment charge on the investment portfolio largely as a result of the deterioration in the macro-economic environment in South Africa
- A decrease in the proceeds realised from the sale of investments, with the 2008 financial year having recorded extraordinary results.

Despite the decrease in profitability, the operational performance of the group was satisfactory with 520 new investments amounting to R873,4 million being disbursed, an improvement of 20,4 percent compared to the previous year. The fall-out from the global financial markets crisis affected the South African market conditions. From September 2008, a more cautious approach was followed in approving new investments, which

resulted in lower activity levels during the second half of the year.

The Directors' valuation of the unlisted investments is performed by applying the valuation methodologies endorsed by the South African Venture Capital Association. Changes in the value of the investment portfolio are not accounted for in the financial statements, but income realised by the associated companies are recognised and the value of the investment is adjusted accordingly.

The decrease in interest rate levels has affected the interest revenues of the group, but the returns yielded by the equity and quasi-equity investments decreased our exposure to interest rate changes in the latter half of the year.

The diversification of the Business Partners revenue stream has continued to gather momentum. Revenue generated by the property investments, consisting mainly of rental income, and the fees earned from managing third party properties, contributed 19,7 percent to total revenue and increased by 13,2 percent from R85,3 million in 2008 to R96,6 million in 2009.

Additional revenue streams, consisting primarily of fees earned from the management of third party investment funds as well as due diligence fees, decreased by 12,1 percent to R28,2 million (2008: R32,1 million).

The expenses incurred in managing the Business Partners operations increased by 14,9 percent from R210,6 million in 2008 to R241,9 million in 2009, primarily the result



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Malcolm Green – **Green's Bottle Recyclers**

# Financial Analysis



of an expansion in capacity and systems, as well as an increased international presence. The cost to operational income ratio has however improved from 55 percent in 2008 to 52 percent in 2009.

## Risk Review

SMEs were severely affected by the macro economic conditions during the period under review. The high interest rates as well as other pressures on consumers' disposable income severely affected businesses such as restaurants and fuel suppliers. The interest rate relief resulting from the decrease in the prime interest rate will take some time to effect meaningful improvements in macro-economic conditions, and the recessionary pressures will continue to negatively affect the risk profile of the investment portfolio.

Our exposure to non-performing and doubtful investments are reflecting the deterioration in market conditions with investments at risk amounting to 22,2 percent of the total portfolio at 31 March 2009 compared to 13,9 percent at 31 March 2008.

The concentration of risk in the investment portfolio is diversified by the exposure to all thirteen major industry sectors<sup>1</sup>, with the largest exposure (17,1 percent of the portfolio) to the manufacturing sector.

614 new investments (including investments in properties) were approved in the year under review, of which 94 investments were approved for amounts exceeding R2,5 million. These investments represent 50,6 percent of the total value of investments approved for the year.

At the end of the reporting period, 173 of the 2 038 investments in the portfolio had an outstanding exposure of more than R2,5 million, representing 41,4 percent of the value of the investment portfolio, effectively spreading the credit risk across a large number of investments.

## Outlook

The difficult market conditions are expected to continue adversely impacting on the SME sector, despite the downward trend in interest rates and the buffering effect of governmental infrastructure investments. The 2009/2010 period is expected to be challenging, and although the lower interest rate levels will bring welcome relief to over indebted consumers and small businesses, the interest revenues of the company will be negatively affected.

Our role in facilitating small business growth remain as important as ever, and a careful and patient approach will be followed in making new investments and protecting investments made in sound, well managed businesses.



<sup>1</sup> Refer to the graph on page 21.

## Five year summary

	2009/2008 Increase/(decrease)	2009	2008	2007	2006	2005
<b>Consolidated Balance Sheet (R000)</b>						
Investment properties	25,5%	<b>448 544</b>	357 469	267 760	224 474	209 544
Business investments	15,6%	<b>1 740 618</b>	1 506 277	1 365 097	1 138 347	962 235
Deposits and bank balances	-89,5%	<b>24 832</b>	236 751	280 615	386 847	469 655
Total assets	2,8%	<b>2 358 658</b>	2 294 483	2 096 253	1 830 339	1 729 567
Capital and reserves	1,7%	<b>2 169 364</b>	2 132 264	1 942 977	1 714 395	1 605 711
<b>Consolidated Income Statement (R000)</b>						
Net profit		<b>130 310</b>	216 599	160 821	130 398	100 588
Adjustments		<b>(488)</b>	(3 537)	(6 614)	(4 086)	(7 729)
Headline earnings		<b>129 822</b>	213 062	154 207	126 312	92 859
Change in net profit		<b>-39,8%</b>	34,7%	23,3%	29,6%	-15,3%
Change in headline earnings		<b>-39,1%</b>	38,2%	22,1%	36,0%	-18,7%
<b>Share statistics</b>						
Earnings per share (cents)	-41,0%	<b>75,9</b>	128,7	99,5	81,0	62,5
Headline earnings per share (cents)	-40,2%	<b>75,7</b>	126,6	95,4	78,4	57,7
Dividends per ordinary share (cents)	-31,8%	<b>15</b>	22	20	18	16
Dividend cover (times)	-13,6%	<b>5,1</b>	5,9	5,0	4,5	3,9
Net asset value per share (cents)	0,8%	<b>1 255,9</b>	1 245,4	1 158,3	1 064,6	997,1
<b>Ratios</b>						
Effective tax rate	12,7%	<b>24,8%</b>	22,0%	25,1%	24,0%	26,6%
Return on opening shareholders' interest	-45,0%	<b>6,1%</b>	11,1%	9,4%	8,1%	6,6%
Return on average assets	-43,4%	<b>5,6%</b>	9,9%	8,2%	7,3%	6,0%
Operating expenditure/total income	41,8%	<b>68,9%</b>	48,6%	48,8%	50,5%	55,6%
Net profit per employee (R000)	-38,8%	<b>441,7</b>	722,0	536,1	440,5	360,5
Net profit/employee cost	-52,2%	<b>1,1</b>	2,3	1,9	1,8	1,4



# unique

"BUSINESS PARTNERS'  
FINANCIAL PRODUCTS  
ARE TAILOR-MADE  
AND AS SUCH ARE  
UNIQUE AND  
REPRESENT AN  
IMPORTANT  
OPPORTUNITY FOR  
SMEs LIKE US "

Razafindralambo Luc – **Millenium  
Industries Madagascar Sa**

# Directors and Management

## Directors



**Mr Johann Rupert**  
**Chairman**

Appointed: 31 August 1993  
Chairman: Compagnie Financière Richemont SA, Reinet Investments Manager SA, Remgro Limited and VenFin Limited



**Mr Theo van Wyk** <sup>2,3,4,5</sup>  
**Deputy Chairman**

Chairman: Personnel Committee  
Chairman: Nominations Committee  
Appointed: 18 August 1998  
Executive Director: Remgro Limited



**Mr Jo' Schwenke** <sup>2,3,4,5</sup>  
**Managing Director**

Served: 1 January 1996 until 31 December 2008



**Mr Nazeem Martin** <sup>2,3,4,5</sup>  
**Managing Director**

Appointed Executive Director: 6 November 2002  
Appointed Deputy Managing Director: 14 November 2005  
Appointed Managing Director: 1 January 2009



**Mr Philip Baum**  
**Non-executive Director**

Served: 3 March 1994 until 30 August 2001  
Re-appointed: 15 January 2002  
Chief Executive Officer: Anglo Ferrous Metals and Industries



**Mr Christo Botes**  
**Executive Director**

Appointed: 6 November 2002



**Mr Div Geeringh** <sup>1,2,3,4</sup>  
**Non-executive Director**

Chairman: Audit and Risk Committee  
Appointed: 29 August 1989  
Director of Companies  
Alternate: Mr Themba Ngcobo



**Dr Paula Huysamer** <sup>2,5</sup>  
**Non-executive Director**

Appointed: 14 February 2002  
Executive Director: VUYA! Investments (Pty) Limited



**Dr Eltie Links** <sup>1,5</sup>  
**Non-executive Director**

Appointed: 14 February 2002  
Professor at the University of Stellenbosch Business School  
Director of Companies



**Ms Joyce Matlala** <sup>1</sup>  
**Non-executive Director**

Appointed: 4 March 2008  
Group Financial Director: Kagiso Trust Investments (Pty) Limited



**Mr Friedel Meisenholz** <sup>1,4</sup>  
**Non-executive Director**

Deputy Chairman: Audit and Risk Committee  
Appointed: 23 February 2000  
Director of Companies

# Directors and Management



**Mr David Moshapalo** <sup>3,4</sup>  
**Non-executive  
 Director**

Served: 23 January 1996 until 30 August 2001  
 Re-appointed: 14 February 2002  
 Executive Deputy Chairman:  
 Strategic Partners Group  
 Black Partner in the Bombela Consortium in the Gautrain Project  
 Director of Companies



**Mr Themba Ngcobo** <sup>4,5</sup>  
**Non-executive  
 Director\***

\*Alternate to Mr Div Geeringh  
 Appointed: 20 February 2002  
 Director: Three Cities Investments Limited and Vukani Property Developments (Pty) Limited



**Dr Mamphela Ramphele** <sup>2,3,5</sup>  
**Non-executive  
 Director**

Chairperson: B-BBEE Strategy Committee  
 Appointed: 26 July 2005  
 Chairperson: Circle Capital Ventures (Pty) Limited



**Dr Zavareh Rustomjee** <sup>2,3,5</sup>  
**Non-executive  
 Director**

Appointed: 23 January 1996  
 Independent Consultant



**Mr Xola Sithole** <sup>2,3</sup>  
**Non-executive  
 Director**

Appointed: 18 February 2004  
 Chief Executive Officer: Oteo Capital (Pty) Limited



**Mr Gerrie van Biljon**  
**Executive Director**  
 Appointed: 6 November 2002

## Regional Committees

### **Egoli Business Unit** (Johannesburg)

Mr David Moshapalo (Chairman) <sup>3,4</sup>,  
 Ms Buhle Mthethwa (resigned July 2008),  
 Mr Lemmy Mule, Mr Andrew Siebrits,  
 Mr Phillip Thobela, Mr Jo' Schwenke (Ex-Officio) (retired 31 December 2008) <sup>2,3,4,5</sup>, Mr Nazeem Martin (Ex-Officio) (appointed 1 January 2009) <sup>2,3,4,5</sup>,  
 Mr Christo Botes (Ex-Officio)

### **e'Thekweni Business Unit** (Durban)

Mr Themba Ngcobo (Chairman) <sup>4,5</sup>, Mr Johan de Jager  
 Prof Dilip Garach, Ms Londiwe Mthembu (resigned May 2008), Ms Dudu Myeni (appointed 4 August 2008),  
 Mr Jo' Schwenke (Ex-Officio) (retired 31 December 2008) <sup>2,3,4,5</sup>, Mr Nazeem Martin (Ex-Officio) (appointed 1 January 2009) <sup>2,3,4,5</sup>, Mr Gerrie van Biljon (Ex-Officio)

### **iKapa Business Unit** (Cape Town)

Dr Carel Stander (Chairman) <sup>4</sup>, Mr Richard Ball,  
 Ms Debbie Bruce, Dr Pat Gorvalla, Mr Peter Matshitse,  
 Mr Yusuf Pahad, Mr Themba Pasiwe, Mr Jack Patel,  
 Mr Jo' Schwenke (Ex-Officio) (retired 31 December 2008) <sup>2,3,4,5</sup>, Mr Nazeem Martin (Ex-Officio) <sup>2,3,4,5</sup>,  
 Mr Anton Roelofse (Ex-Officio, Acting Head: iKapa Business Unit) (from 1 January 2009)

- 1 Audit and Risk Committee
- 2 Personnel Committee
- 3 Nominations Committee
- 4 National Investment Committee
- 5 B-BBEE Strategy Committee

# Directors and Management

## Executive Management



**Mr Nazeem Martin**  
**Managing Director**  
 Appointed Managing Director:  
 1 January 2009  
 BA, HDE, M Urban Planning,  
 AMP  
 11 years' service



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



**Mr Christo Botes**  
**Executive Director:**  
**Egoli Business Unit**  
 B Acc, B Compt Hons, CTA  
 23 years' service



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



**Ms Lorraine Nakene**  
**Executive General**  
**Manager: Systems**  
**Quality**  
 B Com (cum laude), CA (SA)  
 3 years' service



**Mr Jo' Schwenke**  
**Managing Director**  
 Retired: 31 December 2008  
 B Com, CA (SA), B Iuris  
 19 years' service



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



**Mr Gerrie van Biljon**  
**Executive Director:**  
**e'Thekweni Business**  
**Unit**  
 B Com, MBA  
 23 years' service



**Mr Willem Bosch**  
**Chief Operating**  
**Officer: Property**  
**Management Services**  
 B Com Acct, CPA  
 17 years' service



## Directors and Management



**Ms Petro Bothma**  
Assistant General  
Manager: Marketing  
Coordination  
23 years' service



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



**Mr Paul Malherbe**  
Chief Operating  
Officer: Technical  
Assistance,  
Mentorship and  
Consulting Services  
Resigned: 31 October 2008  
B Compt, MBL  
14 years' service



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

# Participation

"IT'S GREAT TO KNOW YOU HAVE THE SUPPORT OF A PARTNER WHO IS ACTIVELY INVOLVED IN THE SUCCESS OF YOUR COMPANY. BUSINESS PARTNERS IS SO MUCH MORE THAN JUST AN INVESTOR."

Haseena Osman – Sasol Hindle Road



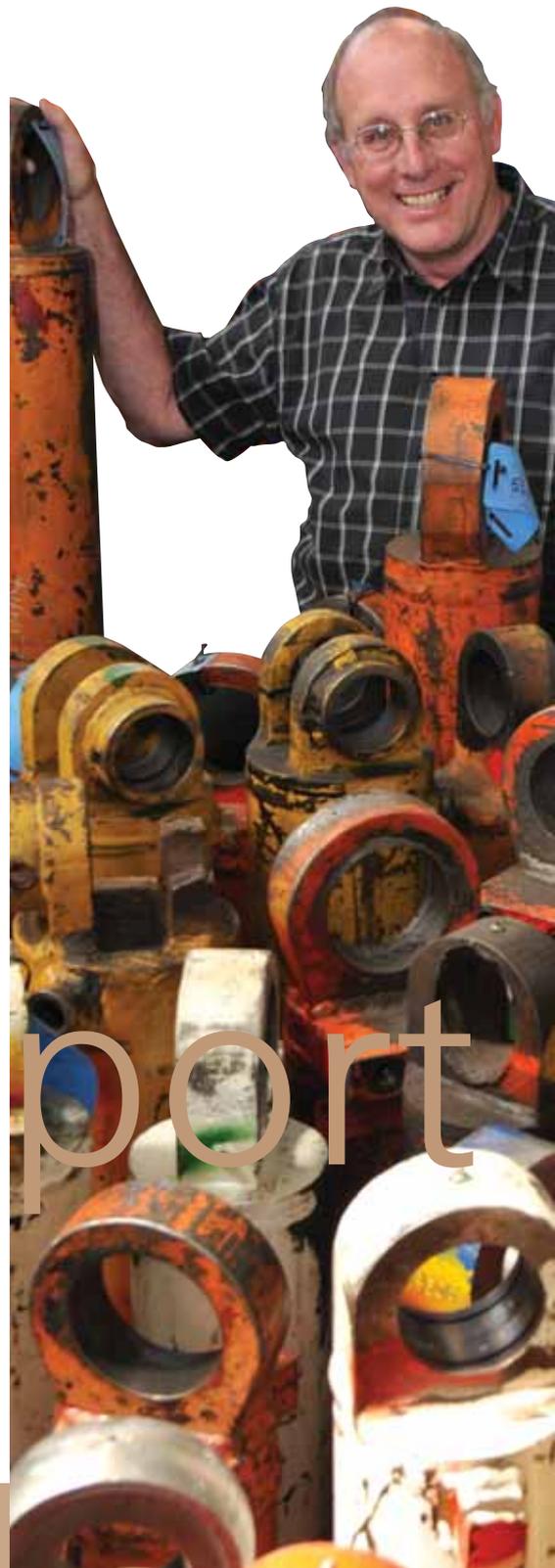


# Management Analysis and Discussion

## Business Investments (South Africa)

Business Partners serves the SME market by offering tailor-made financial solutions for entrepreneurs, making use of loan financing, equity financing and quasi-equity financing, or any combination of these instruments. This risk financing segment of the market is well serviced by Business Partners, mainly as it is able to make sound investment decisions based on business viability and abilities of the entrepreneur, rather than solely relying on the availability of collateral.

When analysing business viability, portfolio managers take into account the industry skills of the entrepreneur as well as his or her management skills, both of which are required to run a business successfully. Viability analysis also includes an evaluation of the business risks involved in the deal, such as the industry in which the business operates, the competitive environment, the potential to generate profit and growth, life-cycle stage and gearing.



# support

Mike Williams and Owen Sandison –  
G&R Hydraulics

# Management Analysis and Discussion

“A FRIEND IN NEED IS A FRIEND INDEED. BUSINESS PARTNERS BACKED US WHEN NO-ONE ELSE WAS WILLING TO. THEY MADE THE IMPOSSIBLE POSSIBLE.”



Well-trained staff in 21 strategically-located offices around the country has in-depth knowledge of both the macro-economic environment and local issues, and are well placed to service Business Partners' clients in their own areas and regions. These local offices are supported by regional offices in all the larger metropolitan areas, and by the corporate office in Johannesburg.

Business Partners offers financing for start-ups, business expansions, management buy-outs and buy-ins, working capital or finance to assist in restructuring debt; property investments and the purchase of own premises. The latter is particularly important in cases where tenure is essential to future viability. Under certain conditions, entrepreneurs may qualify for 100% financing, which is not readily available through other financial institutions and, in the case of multi-tenanted premises such as industrial parks and shopping centres, Business Partners not only offers investment services, but also a range of property management services.

In terms of the broader environment in which Business Partners operates, SMEs have, like larger companies, been experiencing the effects of the liquidity crunch. Despite this, the company has not experienced a drop in activity levels, mainly due to the fact that its investment emphasis is on viability and the ability and experience of the entrepreneur, rather than on collateral. In addition, the introduction of more stringent lending conditions by the banking sector has resulted in a higher number of applications for risk

financing. During the 2009 financial year, 520 investments were made, compared to 496 during the previous year, with no material change in sectoral distribution being experienced.

In addition to its own investment funds, Business Partners has also been managing two joint venture funds, the Business Partners-Khula Start-Up Fund and the Business Partners Umsobomvu Franchise Fund.

The first, a R150 million fund established together with Khula Enterprise Finance Limited in 2006, has since inception financed 163 enterprises to the value of R92,4 million. It focuses on start-ups and early stage expansions, and strongly emphasises added-value client support services.

The second fund, the Business Partners Umsobomvu Franchise Fund, successfully invested R125 million in a number of franchises across all sectors, and has now entered the disinvestment period. Due to the success of this fund, Business Partners continues to service young entrepreneurs who want to either purchase a franchise or expand their franchising operations. Although franchising is still a growth area, the past financial year has seen lower levels of activity as a result of the general decline in consumers' disposable income and overall cooling off of the economy, factors which have, unfortunately, had a significant impact on the profitability and viability of many franchises.

# Management Analysis and Discussion

In summary, the overall investment portfolio increased from R1,672 billion at the beginning of the financial year to R1,953 billion at year end, representing an increase of 16,8 percent.



## Business Investments (International)

Business Partners International (Pty) Limited, a small and medium enterprise investment fund management company, was established in 2004 with the support of the International Finance Corporation (IFC). Its objective is to take the internationally recognised Business Partners SME risk finance model into other African countries .

The business unit has since successfully established investment funds in both Madagascar and Kenya. The €8,5 million investment fund in Madagascar is supported by a US\$2 million technical assistance fund, while the US\$14,1 million investment fund in Kenya is supported by a US\$2,5 million technical assistance fund.



# Management Analysis and Discussion

Business Partners International is currently working on establishing similar investment funds in Mozambique and other Southern African countries.

## Business Partners International: Madagascar

Business Partners International Madagascar Limited is a wholly-owned subsidiary of Business Partners International (Pty) Limited. Based in Antananarivo, it acts on behalf of its shareholders as the in-country fund manager for the Business Partners International Madagascar SME Fund.

During the financial year ending 31 December 2008, 15 investments were approved to the value of R29,9 million. Of these:

- 14 investments to the value of R25,6 million were approved for indigenous Malagasy entrepreneurs
- 6 investments to the value of R8,5 million were approved for female entrepreneurs
- an estimated 208 new jobs were facilitated as a direct result of these investments

This sound performance has, however, been marred by the political crisis that has gripped Madagascar since late December 2008, and which has seen at least 135 people killed in acts of violence. The unrest has had a marked impact on the economy and the volatile situation means that our Malagasy team expects to provide extensive support to the current portfolio of clients to ensure that their businesses remain viable.

## Business Partners International: Kenya

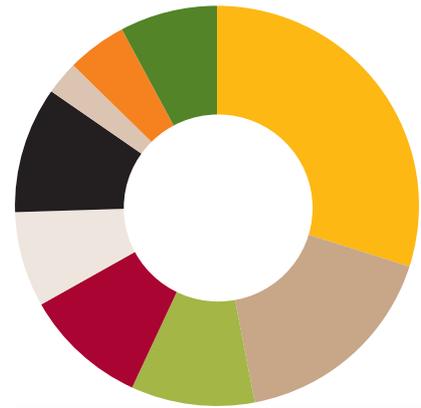
Business Partners International Kenya Limited is a wholly-owned subsidiary of Business Partners International (Pty) Limited. Based in Nairobi, like its counterpart in Madagascar, it acts on behalf of its shareholders as the in-country fund manager for the Business Partners International Kenya SME Fund.

During the 2008/2009 financial year, 20 investments to the value of R35,6 million were approved through this fund. Of these:

- all 20 investments were approved for indigenous Kenyan entrepreneurs
- 5 investments to the value of R11,5 million were approved for female entrepreneurs
- an estimated 168 new jobs were facilitated as a direct result of these investments

## BUSINESS PARTNERS LIMITED (SA) Distribution of investments by sector

*Investment portfolio composition as at 31 March 2009*



<span style="color: yellow;">■</span>	29,9%	Professional and personal services
<span style="color: brown;">■</span>	17,1%	Manufacturing
<span style="color: green;">■</span>	9,9%	Motor trade
<span style="color: red;">■</span>	9,9%	Retailing
<span style="color: grey;">■</span>	7,7%	Leisure
<span style="color: black;">■</span>	10,2%	Travel and Tourism
<span style="color: tan;">■</span>	2,7%	Coastal fishing
<span style="color: orange;">■</span>	4,8%	Building, plumbing and shopfitting
<span style="color: limegreen;">■</span>	7,8%	Other

# flexibility

Robert Njoka Muthara – Zingo Investments Limited, a leather processing and tannery business, Kenya