Business
PARTNERS
Investing in Entrepreneurs

Sometimes fertilizer just isn't enough

Providing SMEs with the finance *and* the know-how to flourish

Annual Report 2012

Contents

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Investing in Entrepreneurs

Purpose, vision, mission, goal and values

Business Partners Limited was established in 1981.

The company's founding documents outlined its "Main Object" and "Main Business" as follows:

- The "Main Object" of the company is "to develop the small and medium business sector in Southern Africa, and to be interested, either through direct investment or through the management of funds, in small enterprises in Southern Africa and other regions of the world."
- The "Main Business" was stated as follows:
  - "the financing of small and medium business undertakings in Southern Africa by the provision of share and loan capital on a short-, medium- and long-term basis"
  - "the provision of business infrastructure, advice, after-care service, as well as underwriting and loan guarantees" and
  - "the promotion of private enterprise in Southern Africa".

The organisation refines its strategies on a regular basis over time to ensure that it could both maximise its impact on the health of the SME sector, and ensure its own sustainability through this period of considerable and increasing levels of change.

The board has recently reviewed the strategy of the business which is articulated in the managing director's report. The execution of this strategy will be guided by the following vision, mission, goal and values.

Vision

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

Mission

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

Goal

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

Values

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

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

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

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


Business
PARTNERS
Investing in Entrepreneurs

Tribute to Johann Rupert

It is with sincere appreciation that we take this opportunity to thank our former Chairman Mr Johann Rupert who, after serving our organisation with honour and distinction for 17 years, announced his retirement from the position of chairman on 2 August 2011. We are privileged to have Mr Rupert stay on as Honorary Patron.

In paying tribute to the valuable contribution he has made, our difficulty is not what to say but where to start. Mr Rupert is the eldest son of the late Dr Anton Rupert, the businessman, conservationist and visionary who brought new hope to thousands of South Africans by founding the Small Business Development Corporation Limited (SBDC Limited) in 1981.

Mr Rupert has followed his father's footsteps with an equally distinguished career. He was educated at Paul Roos Gymnasium and the University of Stellenbosch. A business apprenticeship in New York completed his education. He spent two years at Chase Manhattan Bank and three years at Lazard Freres. On his return to South Africa he founded the Rand Merchant Bank (RMB) of which he was CEO.

With the merging of RMB and Rand Consolidated in 1984, Mr Rupert joined the Rembrandt Group. In 1988 he played a leading role in the founding of Compagnie Financière Richemont and was appointed Non-Executive Director of Rothmans International plc. He was also named Businessman of the Year by the Sunday Times. Two more such accolades soon followed.

He became Vice Chairman of the Rembrandt Group in 1989 and was appointed Chairman two years later. In 1992 he was chosen as one of 200 Global Leaders of Tomorrow by the World Economic Forum in Davos, Switzerland – a signal honour for a young businessman.

In 1993 he joined the board of Business Partners Limited, then known as SBDC Limited. He was appointed Chairman in 1995 and he has, until his retirement, served us as Business Partners Limited with wisdom and vigour; a true leader in every sense of the word.

Mr Rupert has been recognised with numerous awards and accolades. These include the 1999 Free Market Award (The Free Market Foundation of South Africa), the M.S. Louw Award from the AHI (Afrikaanse Handelsinstituut), Most Influential Business Leader in South Africa and South Africa's Business Leader of the Year (chosen by the CEOs of the Top 100 Listed Companies), and the Wits Business School Management Excellence Award. He was also appointed Officier de l'Ordre national de la Légion d'honneur by the President of France.

His achievements have also been recognised by academia. He was awarded an Honorary Doctorate in Economics by the University of Stellenbosch and was elected Chancellor of the university in 2009. He also holds an Honorary Doctorate in Commerce from the Nelson Mandela University and an Honorary Degree of Doctor of Laws from the University of St Andrews in Scotland. He has added value to every endeavour he has undertaken and is currently Executive Chairman and Chief Executive Officer: Compagnie Financière Richemont SA as well as Chairman of Reinet Investments Manager SA and Remgro Limited.

Mr Rupert is a proud member of a family that has made a unique contribution to the development of small business in South Africa. The SBDC Limited was started at a time when entrepreneurs were hampered by strict licensing control measures and poor access to finance. Recognising the importance of small businesses to the country's economy and to job creation, Dr Anton Rupert spearheaded the leading initiative in a field that is now recognised as the most important driver of job creation – the development of the small business entrepreneur.

The figures speak for themselves. Since its inception, Business Partners Limited has assisted over 69 000 businesses with direct financial assistance of over R12,5 billion. These small businesses have created or maintained more than 545 000 jobs. Of course Business Partners Limited has always endeavoured to ensure that their clients receive more than just financial assistance. The technical assistance, mentoring and consulting that Mr Rupert insisted be part of the package, is what ensured the success of these ventures, and through that the sustainability of Business Partners Limited itself.

Business Partners Limited has over the period become the leading enabler of small businesses in South Africa, and has since 2007 spread its wings to set up operations in Kenya, Madagascar and Rwanda. Funds have also been secured to begin operations in Mozambique, Namibia, Malawi, Zambia and in time Zimbabwe.

We are proud of our association with Mr Johann Rupert and the Rupert family, and thank him for his leadership and for the inspiration that will carry us forward.

Strategic principles that ensure both our sustainability and our competitive advantage

Business Partners Limited is widely recognised for its ability to provide risk finance to SMEs on scale and on a sustainable basis. Our track record of assisting and enabling the growth of SMEs, and consequently our ability to facilitate wealth and job creation in developing communities, is admired by many SME experts throughout the world.

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

At the same time, we aim to generate sufficient profits to ensure the long-term sustainability of Business Partners Limited.

This capability, to successfully blend the concepts of developmental impact and economic sustainability, is built upon the following strategic principles that guide our operations both in South Africa, and increasingly in sub-Saharan Africa.

- We have a single-minded and unwavering focus on SMEs. Although the role of the SME in building healthy national economies and job creation is well recognised, it is clear that governmental initiatives often support the developmental benefits of SME finance to the detriment of the economic sustainability of their funds. Likewise, conventional private sector initiatives are limited by the rigid rules they set up to ensure economic sustainability without full regard to the qualitative assistance that is necessary to ensure developmental and social goals can be attained. The Business Partners Limited methodology has been developed with the requirement both of economic sustainability and a high level of social impact in mind. Given the paucity of risk finance competitors to this sector, and the fact that our experience does not necessarily convert to other sectors, it is prudent for Business Partners Limited to invest its available funds entirely in the SME sector.

- Our service offerings have been developed to meet the needs of the entrepreneurial SME, and also to meet the risk and return hurdles that ensure our own sustainability.

  They include:
  – Risk finance solutions
  – Mentorship, consulting and technical assistance services
  – Property finance and management

Experience has taught us that simply providing risk finance without risk mitigating and value-adding services increases the risk of failure for both the financier and the SME. Scheduled interactions with the SME at all stages of our engagement, from assessment to exit, by our pre- and post-investment specialists, and our

Case Study

Industry	Post and Courier activities
Business	Courier Services
Investment	R2,2m
Assistance	Empowerment Equity
Results	40% growth in 4 years
Jobs created or maintained	7

team of over 375 mentors and consultants, are designed to increase the success rate of our SMEs and consequently our own sustainability and social impact.

- Our products and services must be priced to factor in risk, taking cognisance of the competition and affordability for SMEs as well as the developmental impact of the project (wealth facilitation, job creation, black economic empowerment and women empowerment).

- Business Partners Limited's reputation for successful and sustainable assistance to SMEs has been built on a philosophy of continuous improvement. We have learned that to improve continuously one needs to translate successful process into habit and organisational memory.

  Our processes and systems are world class. They have been developed to efficiently and effectively deliver the full service offering to SMEs whilst minimising risk to the company. These processes and systems have been developed in accordance with internationally recognised ISO quality standards, and are continuously evaluated and redesigned to ensure a customer-centric approach with timeous service delivery.

- Our people care about entrepreneurs, entrepreneurship and entrepreneurial development, and this culture differentiates us. We hire excellent people, who are supported by excellent people, in their endeavour to find and support solid SME businesses. We invest in our people, train them and provide them with opportunity to progress and incentivise them with the aim of retaining them.

  Our reward structures are designed to balance the need for sustainability and social impact, and are aligned to the needs of both our shareholders and our clients.

- We conduct our business within a decentralised structure. Our local presence on the ground ensures we have networks in place for deal flow, to assist us with due diligence, post-investment value-added services and to limit costs which could otherwise erode the profitability associated with concluding relatively small transactions. This principle, which was learned in the South African context, is equally important to our African business where differing regulatory, political and legislative environments create further complexity.

  Having due regard for the political, cultural and regulatory differences between regions and countries, the historical lessons, principles and processes that underpin Business Partners Limited's methodology have been proven to hold in all of the African environments that we have encountered thus far.

  Whilst we acknowledge that the environment in which we operate changes continuously, we seek to minimise risk and maximise return by adhering to these principles, while simultaneously reaffirming their validity on a regular basis.

Our reward structures are designed to balance the need for sustainability and social impact

Understanding the economic and competitive contexts

The economic circumstances in which SMEs in the Southern and Central African arenas found themselves are coloured both by the global and the African contexts.

Globally, the world was still significantly affected by the effects of the 2008 global financial crisis and the 2009 recession. Little to no growth materialised from North America and Europe and although growth continued in emerging markets, there were signs that it was slowing. On the downside, there was a persistent risk that the Sovereign Debt Crisis could precipitate another recession in Europe or even globally. Voting populations in Europe seemed reluctant to swallow the austerity medicine that its leaders were proposing, and there was a vigorous global debate over economic policies that may deliver, but run the risk of being politically unpalatable.

The developing world, which by and large did not seem to have the same balance sheet problems of traditional Western economies, escaped the ravages of the past few years. Africa in particular was being hailed as a new frontier. Its growth rates were impressive, driven by high commodity prices and exports, and rising population levels, per capita incomes and consumption. South Africa was the African exception.

The developing world escaped the ravages of the past few years. Africa in particular has been hailed as a new frontier

It struggled to free itself from the dampening effects of the slowdown in the West, which still accounts for more than 50 percent of its exports, and was unable to fully capitalise on the commodities boom due to aging and inefficient logistics infrastructure. Its fragile recovery was largely driven by buoyant commodity markets, government infrastructure spend, and the beginnings of a recovery in consumer spending.

These signs, along with what seems like an interest rate environment that is likely to stay low for some time created an improving business environment for SMEs that traditionally do business with government, big business and consumers.

From a new business and risk point of view, this proved to be good for Business Partners Limited South African business, as SMEs who had been struggling to meet their obligations experienced improved cash flows, and increased their appetite for risk capital. And indeed we saw with our current client base an improvement in their ability to service their contractual obligations towards us. However, a large proportion of Business Partners Limited's income remained linked to the prevailing interest rate. This low interest rate environment costs us approximately R20m in operating profit per 100 basis points that it declines.

Factors that negatively impacted the low-level recovery in South Africa included the high level of indebtedness of households, inflationary pressures from administered prices, low levels of fixed investment in the private sector, low skill levels, over regulation and increasing levels of social unrest due to high unemployment. It is likely that Business Partners Limited will face increased competition from the traditional banking sector. It is even more likely that competition will increase from government funded agencies that have been re-organised under the auspices of the Industrial Development Corporation (IDC), now called the Small Enterprise Finance Agency (SEFA). However, the focus of government as financier of the SME sector is primarily on the social impact it can have, specifically on the job creation potential that SME growth holds.

The potential that exists for collaboration between the public sector (who have access to the funds) and Business Partners Limited, as one of the most successful institutions on the sub-continent, to drive the expansion of the SME sector and through this, job creation, is clear for all to see. Business Partners Limited would be willing to partner with government in this regard in precisely the same way as we manage investors' funds successfully in the rest of Africa.

The potential for Business Partners Limited in sub-Saharan Africa remains good. Our initial investment into Kenya has proved that our methodologies are portable in an African context, and our early experience in Rwanda was positive. A number of factors bode well for our growth in this region. Consumptive growth levels are high; government and aid expenditure on infrastructure are boosting employment, enabling business and driving high levels of GDP growth. The relative level of regulation is sometimes, but not always, an advantage and an enabler of our operations.

The international investors, who demand both development dividends and a return on their capital, remained convinced that the need for SME finance and support is matched by our ability to reduce their risk and to deliver results in this geography. This is evidenced by their commitment so far of over $75,8m into funds that we administer north of our borders in support of African SMEs.

Our strategic direction

Having due regard for the context within which we do business, our board reviewed the Business Partners

Limited strategy. The result of this review forms the basis for the business plan going forward.

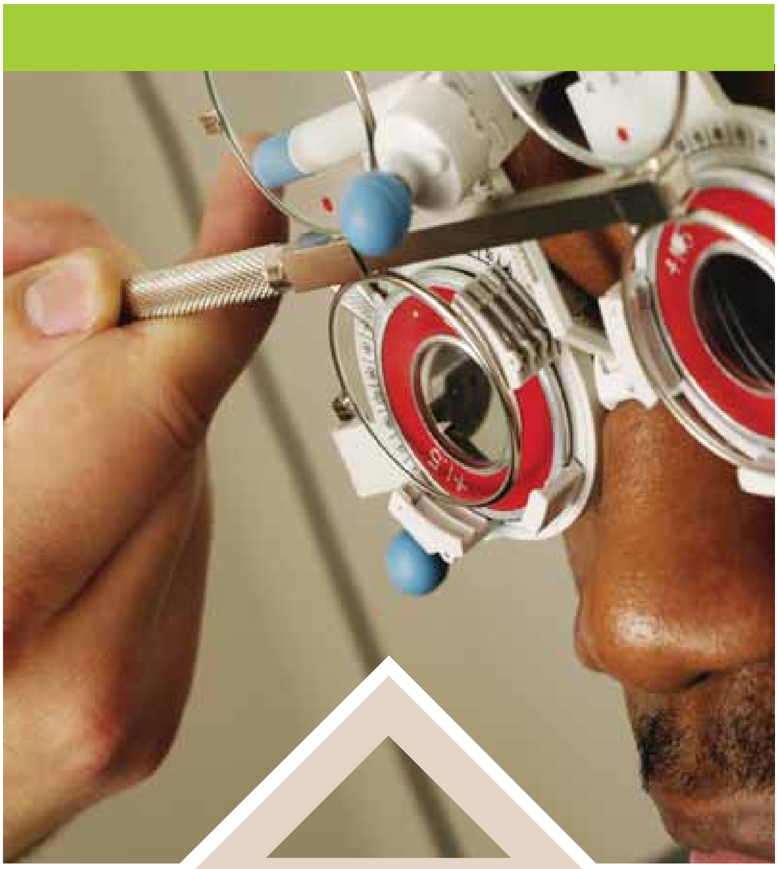
The business plan is built upon the following recommendations from this strategic review:

- To pursue a moderate growth strategy in South Africa over the next two years and to review this policy with the goal of ramping up activity as economic conditions become more favourable, and
- To accelerate growth into Africa.

The board reviews the strategy annually to ensure its relevance, taking account of possible changes within the economic and competitive environments.

The strategy will rest on crucial pillars:

- Long-term sustainability – a development impact with sufficient profits, in the medium- to long-term, to ensure a return on equity which exceeds inflation.
- A gearing ratio of 25 percent.
- Harnessing efficiencies in the business investment and property management processes – for example, shortening the application to disbursement period of the business investment process, thereby delighting customers, enhancing our competitive edge, reducing staff frustration arising from duplication and earning returns earlier which results in greater profitability.
- Relentless cost management – endeavouring to become the lowest cost provider of SME risk finance solutions without compromising client service or incurring undue risk.
- Continuously finding, training, investing in, incentivising and retaining great people – with special efforts to ensure race and gender diversity, so that we are better positioned to tap into markets where we may not have had optimal access.
- Active pursuit of managed funds (earmarked by corporates, development agencies or government for enterprise development in South Africa – our core business).
- Establishing a credible Technical Assistance Fund – from donor, philanthropic, international Development Finance Institutions and government funds – to pay for much needed mentorship, consulting and technical assistance services in reducing the overall weighted cost of capital to SMEs.
- Accelerating the growth of Business Partners International (Pty) Ltd (BPI) into Africa – reaping the



Industry	Medical activities
Business	Optometry
Investment	R540 000
Assistance	Start-up finance
Results	Business achieving targets
Jobs created or maintained	3

Case Study

- goodwill of international Development Finance Institutions and the receptiveness of many African governments to the Business Partners Limited SME risk finance model and impact.
- Change in the Business Partners Limited South African investment strategy to ensure long-term sustainability, an enhanced development impact and profit levels that at least maintains the company's capital in real terms.

Performance over the last 12 months

Despite the tough and challenging global and local economic environment, Business Partners Limited posted credible and satisfactory operational and financial results for the fiscal year ended March 2012.

Revenue remained stable for the year at R357m. Pleasing increases in our rental income and financing fees were offset by decreases in fund management fees and in returns from business investments such as interest and royalty fees.

The business' profit potential remains constrained by the dependence on interest income in an environment where interest rates remained at their lowest level for the past 35 years. More than half (52,6 percent) of the total income is in the form of interest.

A pleasing increase in other operating income of 28,9 percent was due mainly to an increase in the surpluses on the realisation of unlisted investments, which increased by 115,6 percent to R28,2m. After deducting operating expenses, which increased by 6,4 percent to R331,8m, a profit from operations of R140,6m was realised, an increase of 4,2 percent.

Increased gearing led to a planned increase in finance costs, and this together with a small decrease in equity accounted earnings and an increased tax burden, resulted in a decrease in net profit of 6,8 percent to R100m.

Net bad debts for the year decreased from R78,2m in the previous year to R69,7m this year, which reflects a slight easing of the conditions under which our SME client base is operating and the generally lower cost of borrowing.

The Balance Sheet shows some structural changes which are likely to remain in place given our strategic intent and our funding strategy. The year has seen an increase in Property Investments of some 19,4 percent to R679,9m, and an increase in Business Investments of 7,9 percent to R2 035,4m, reflecting both an increase in demand for finance from SMEs and our decision to invest a greater proportion of our new funds into property. This increase in total investment has been funded partly by capital and reserves (R72,9m), but mainly by an increase in total borrowings (R153,6m).

It is our intention as stated elsewhere in this report to grow our business under the current economic circumstances, where the interest rate differential for us is low, through the management of externally generated funds to support our African expansion, and to support local SMEs through the provision of property investments and a moderate growth in business investment.

The restructuring of the South African operations seeks to improve the efficiencies of both our business sourcing and support functions, while the process of strengthening our presence in the Gauteng area continues.

Over the past three years, our delivery platform of inter-related business divisions/clusters – led by senior executives – has been redesigned and implemented with sufficient flexibility to ensure that we could easily ramp up our business activities as and when market opportunities arise.

These divisions/clusters comprise:
- Business and Property Investments South Africa (deal sourcing, due diligence and deal structuring)
- Customer and Operational Support Services (deal implementation collections, monitoring of our investment portfolio and value added mentorship/consulting/technical assistance services)
- Business Partners International (our vehicle for sourcing, managing and investing funds earmarked for SME risk finance in Africa)
- Property Management Services (sourcing and placing tenants, general property and maintenance management)
- Corporate Support Services (accounting, management information, information technology, human resources, company secretariat, legal counsel, internal audit and marketing)

These organisational changes are improving our ability to perform, but are clearly hampered by both the economic conditions that we face and a general shortage of skills in the country. We expect that the process will be complete by the end of the new fiscal.

Internationally we have had an exciting year. The raising of our new Southern African Risk Finance Fund to support new ventures in Namibia, Malawi, Zambia and Zimbabwe has been successful with a first close of $32m expected in June 2012. It has been a difficult time to raise risk capital globally, and credit must be given to the management team and to the reputation that Business Partners Limited has built internationally for their efforts. The Rwandan fund has been established during the year and is doing well, and we expect to begin operations in Mozambique shortly. The Kenyan fund, which has been in operation since 2007, will wind up from the end of 2012 and will form the foundation for a new fund in East Africa.

The only difficulty in the international business has been our investment into Madagascar. Unfortunately the timing of our entry preceded a period of political instability and regime change which have led to a decline in the local economy and uncertainty from a regulatory point of view. Our local team has managed the situation well and we hope to support the local SMEs who have benefited from our efforts until the end of the fund in 2013.

The efforts of the international team in establishing our footprint, and the excellent prospects for GDP growth and SME activity in sub-Saharan Africa, bode well for our strategic decision to expand in these areas.

Future prospects

The high level of uncertainty from a macro-economic perspective, remains the dominant factor affecting levels of optimism in the SME sector in South Africa. The stable and low interest rate environment will be positive both for our current clients' cash flow and liquidity, and will also improve the appetite of SMEs to gear their businesses.

Having said that, we do not expect demand for risk finance from high quality SMEs to grow at more than moderate levels in this country. Interest rates are expected to remain stable or to rise slightly which will have a neutral to positive effect on our earnings.

The decision to gradually increase our revenue from property investments to support the SME sector will balance our risk and also reduce our dependence on the interest rate level to sustain our capital in real terms from our South African portfolio.

We should begin to see the effects of increased levels of international business on our profitability as the new Southern African Fund becomes established, as the Rwandan and Mozambique Funds gain traction and as we establish a new East African Fund to replace our Kenyan Fund. Certainly our ability to create a social impact in this geography will show in advance of our ability to contribute significantly to the Business Partners Limited income statement and balance sheet.

The new alignment of government institutions charged with SME development and job creation in South Africa may distort SMEs perceptions of the true cost of risk finance. Business Partners Limited will continuously engage with these institutions in constructive discussions regarding our ability and capacity to gear the success of their programmes. We will endeavour to convince these institutions and the South African government that we should partner with and assist them in this most important endeavour of SME development and job creation.

Thanks

The 2011/12 financial year has been challenging. However, the increase in disbursements of 38,9 percent to R803,4m, the increase and restructuring of our property portfolio, the nuanced change in our strategy to enhance sustainability and the significant increase in our activity in other African countries are all important achievements. They would not have been possible without:

- The support of our shareholders, some of whom have been with us for over 30 years, for the Business Partners Limited cause. There are many thousands of businesses and many hundreds of thousands of families who have benefited from your generosity and your commitment to society.

Working for Business Partners is not a career, it is a calling

- The dedicated service of our chairman and the board who never fail to provide the advice and guidance that have caused Business Partners Limited's success and sustainability. In particular we wish to thank Mr Johann Rupert who retired from his duties as chairman and from the board in August 2011. Mr Rupert has served as chairman since 1995.
- The passion of all our staff in all the countries in which we operate. Working for Business Partners Limited is not a career, it is a calling. The work is hard, and the hours are long, but the reward of seeing an SME succeed and to see sustainable jobs created, is what makes it all worth it.
- The constructive and entrepreneurial spirit of all our clients and SMEs in general. They are the heroes of our emerging economies, stimulating growth and creating wealth, often despite seemingly impossible odds.

We thank you, one and all, for helping us to show that the Business Partners Limited model is able to truly and sustainably transform the communities in which we live.

Nazeem Martin
Managing Director

Business Investments South Africa

The environment for SME businesses in South Africa has recovered slowly from the ravages of the recession which swept through the world from 2008 onwards. The slow rates of growth or even decline still being felt by North America and Europe, which had until then been the engine room of global growth, have been replaced by the rapid development of emerging economies. This massive change has led to uncertainty and an extremely patchy performance by SMEs in South Africa.

Certainly the sector has been shaken by the experience of the last few years, and we are seeing demand for risk capital return slowly and only in sectors that have experienced growth. These sectors include manufacturing, where we are seeing a slow recovery, the automotive and vehicle component sectors, the mining sector and the power sector. We expect sectors that support the government's newly announced infrastructure spend will soon begin to recover.

Having said that, traditional funders have also come under increasing pressure, and we have seen them remain risk averse during the period under review. This reluctance to fund the SME sector creates a gap for Business Partners Limited. We have committed ourselves to invest in this sector, having due regard for the macro-economic risks that abound and the narrow gap between the cost of borrowed capital and the rates at which SMEs are currently prepared to gear their businesses.

Should we be successful in persuading SME funding agencies to allocate capital for management by Business Partners Limited, or should confidence levels improve or interest rates increase, we would ramp up our level of support to this sector in South Africa.

The approach that the company has employed to help clients through these difficult times has been multi-dimensional, and has included:

- The closer monitoring of our clients to earlier identify those who need technical assistance
- A realistic assessment of our clients' ability to bear the interest and capital load and, as long as we believe in the long-term viability of the business, a willingness to consider restructuring their repayment plans to overcome short-term cash flow challenges
- To maintain our strict selection and implementation criteria
- Efforts to establish a technical assistance fund that would reduce the overall cost of capital for our SME clients.

It is pleasing, given the above scenario, that the division has managed to increase its net business investment level by 13,4 percent over the period and has, at the same time, managed to reduce the net write-off of bad debt. These are tangible signs that conditions for SMEs are improving and that our strategy to improve our ability to service the sector through our own restructuring, is paying dividends.

The year saw us approve 361 transactions worth R935,2m. We have also managed to increase advances from R578,4m last year to R803,4m during the year under review, primarily because we began the year with a large pipeline of R319,3m. We have an objective to reduce the time it takes from identification of an SME client to the implementation of the loan, in an effort to increase both our clients' satisfaction levels and our own profitability during the next year. This activity, and our strategy to grow our South African Business Investment portfolio moderately for the time being, will see us increasing our business investment level to R2,5 billion by the end of our 2012/3 financial year, while at the same time increasing the quality of our book.

Customer and Operational Support Services

This division is tasked with deal implementation, the monitoring of the portfolio, collections and value adding mentoring, consulting and technical assistance services.

Once deals are approved they become our responsibility. After a client deal is implemented and our finance disbursed, the simultaneous tasks of monitoring, value adding and collection begin. We are finding that the low interest rate environment and the generally improving business conditions, together with our ability to support our clients with a range of interventions, improved the credit quality

We expect sectors that support the government's infrastructure spend will soon begin to recover

of our investment portfolio. This improvement in the credit quality of the portfolio is evidenced by the reduction in the allowance account for impairment, which reduced by 3,3 percent to R167,8m.

The depth and severity of the recession, and particularly the long lasting effect on SMEs, has highlighted the need for:

- The continuous improvement of our diagnostic tools to allow us to identify, analyse and institute remedial action within client businesses that are performing poorly, as early as possible
- A suite of ready-to-deploy solutions that can be applied across the board as appropriate, to add value to our clients (this suite brings down the cost to the entrepreneur and simultaneously increases the efficiency of our consulting staff)
- More frequent and scheduled visits to clients to improve our level of proactivity
- Continuous learning sessions to be held regionally within Business Partners Limited. These will involve deal generators, consultants, implementors and our legal teams, in order to improve the accuracy and efficiency of our process
- Sound and timeous risk identification and mitigation processes

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

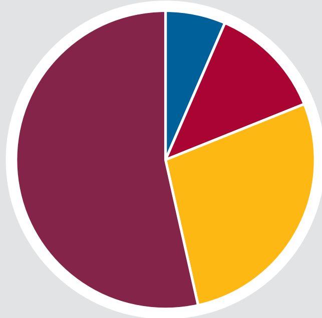
While the division's primary purpose is to offer professional business support to the SME clients of Business Partners Limited, it also provides a service to entrepreneurs throughout South Africa through other role players in the financial services sector.

It is widely acknowledged that our application of mentorship and technical assistance makes a significant difference to the financial success or otherwise of investments in the SME sector.

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

Stratification of investments

Investment portfolio composition as at 31 March 2012



6,5%	0 – 500 000
12,4%	500 000 – 1 000 000
27,6%	1 000 000 – 2 500 000
53,5%	more than 2 500 000

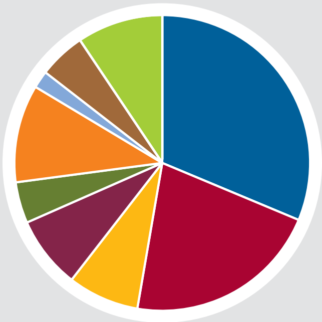
Other equally important objectives are to ensure that all deals are implemented in accordance with the terms and conditions approved by investment committees, and to oversee the collections, exit and risk management processes within the business. These tasks are undertaken by the operational support services staff.

Case Study

Industry	Automotive industry
Business	Spesialised conversions
Investment	R7,1m
Assistance	Property finance
Results	Acquiring own premises to ensure future tenure
Jobs created or maintained	45

Distribution of investments by sector

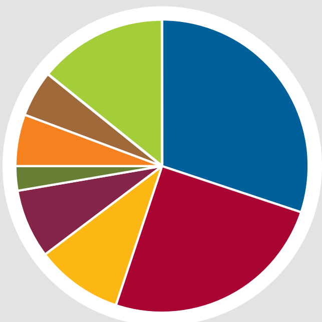
Investment portfolio composition as at 31 March 2012



- 31,3% Professional & Personal Services
- 21,4% Manufacturing
- 7,8% Motor Trade
- 7,9% Retailing
- 4,5% Leisure
- 10,7% Travel & Tourism
- 1,9% Coastal Fishing
- 5,1% Building, Plumbing & Shopfitting
- 9,4% Other

Distribution of investments by sector

Investments advanced for the year ended 31 March 2012



- 30,1% Professional & Personal Services
- 25,0% Manufacturing
- 9,6% Motor Trade
- 7,6% Retailing
- 2,7% Leisure
- 5,7% Travel & Tourism
- 5,1% Building, Plumbing & Shopfitting
- 14,2% Other

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

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

The economic conditions of the past three years have increased the work-load of these service units, but our view is that conditions are easing slightly, and that the low interest rate environment and improving economic outlook will gradually allow us to concentrate less on business rescue and risk mitigation and more on value creation.

Property Management Services

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

Last year, trading conditions for this division were the worst we have seen since 2004, but they have now started to improve. An improving business climate combined with a benign interest rate climate have created conditions which have allowed SMEs to reduce arrears levels, and have caused demand for rental space to pick up. Our pragmatic but helpful approach to shepherd our tenants through this difficult time, has clearly helped them to survive, and has resulted in lower levels of arrears at the end of the financial year of R6,01m (down from R7,08m last year). There are 1 779 businesses accommodated in premises managed by this division.

The increase of our investment in properties in which SMEs may be accommodated has seen us:

- continue the process of upgrading the quality of, and switching our investment to ownership of multi-tenanted buildings, as well as
- increasing the overall portfolio size.

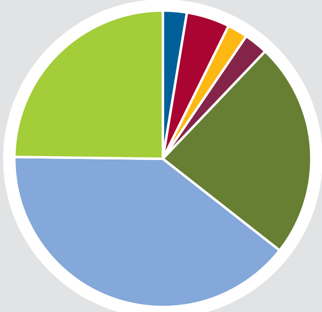
In spite of this increase in capacity we have seen a decrease in our vacancy level from ten percent to eight percent, which is an indication to us of increasing SME activity. The 2011/12 financial year has also seen us introduce the MDA property management system. The intro-duction has been an overwhelming success, which has already generated improved management information and efficiencies.

The non-interest rate linked character of our rental income will be a positive and increasingly important factor in the make-up of the overall revenue mix for Business Partners Limited over the next five years. As long as the current levels of global uncertainty persist and interest rates remain a tool for governments to stimulate demand, the annual increases in rental income will protect and contribute to the ability of Business Partners Limited to protect and grow the capital available to support SMEs.

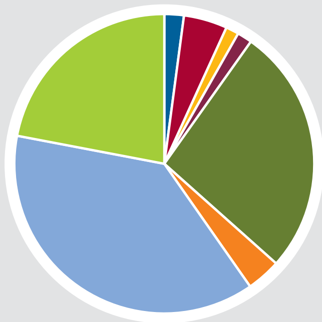
Business Partners International

Business Partners International (Pty) Ltd was established in 2004 with the support of the International Finance Corporation. Our objective was to replicate the internationally recognised SME financing model which had been established by Business Partners Limited in South Africa, and to spread it success-fully to other African countries. The fundamental difference in the inter-

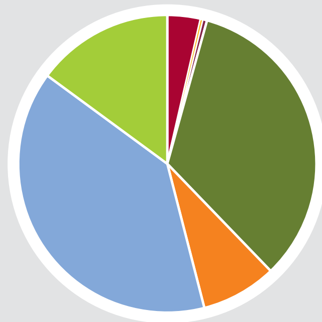
Distributions of investments by product
Investment portfolio composition as at 31 March 2011



Distributions of investments by product
Investment portfolio composition as at 31 March 2012



Distributions of investments by product
Investments advanced for the year ended 31 March 2012



national model is that the organisation manages closed funds which are established to achieve specific SME formation and growth objectives within specific geographies, whereas Business Partners Limited directly supports SMEs, primarily off its own balance sheet and strictly within the boundaries of South Africa.

The first international funds were established in Kenya and Madagascar. The next two funds raised were destined for Rwanda and Mozambique, and we are close to finalising a Southern African SME Risk Finance Fund which will see the model deployed initially in Namibia, Malawi and Zambia, and subsequently in Zimbabwe.

Typical investors in the international funds are development finance institutions who believe that they can positively affect the futures of the countries they invest in by actively supporting small and medium businesses. They do this via Business Partners Limited in a way that provides them with both the ability to achieve their social and developmental objectives, but which also aims to return their capital to them at the end of the fund's life, thus ensuring the sustainability of their ability to invest over time.

The state of the world economy is both positive and negative for the international ambitions of Business Partners Limited. On the one hand, Africa is seen as a continent which is experiencing increasing levels of democratisation, lower levels of corruption, an improving level of basic infrastructure and an increasingly consumptive population. On the other hand, the world's institutions that are inclined to support social investment, are generally more risk averse, making it more difficult to raise risk capital.

Business Partners Limited has established, as one of its core focus areas, the expansion of the group into Africa. Our long history of SME assistance in Africa, and our proven record of capital preservation and the achievement of social development objectives, stand us in good stead to achieve this objective, even under the prevailing uncertain global economic conditions.

The Malagasy Fund

The original Malagasy Fund of €8,5m was supported by a €2,0m Technical Assistance Fund. The difficult economic environment on the island, which was brought on by the political crisis and more recently the regime change, has made it difficult for our team on the ground to optimally grow SMEs.

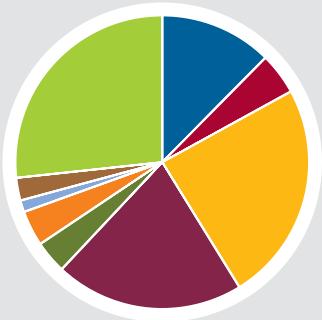
The fund's investment period ended in 2010, and we supported 27 businesses and created 359 new jobs in difficult circumstances. We are busy ensuring that our remaining SME clients are optimally supported by the Technical Assistance Fund and that the capital invested by our international investors is returned to them at the end of the natural life of the fund, which we expect to be at the end of 2013.

The Kenyan Fund

We are happy with the performance of the Kenyan Fund, which was roughly in line with our performance in South Africa. This is an important signal to both our shareholders and to the investors in all our other African funds, as it demonstrates that our

Distribution of investments by province

Investment portfolio composition as at 31 March 2012



12,4%	Eastern Cape
4,6%	Free State
24,2%	Gauteng
20,8%	KwaZulu-Natal
3,6%	Limpopo
3,9%	Mpumalanga
1,3%	North West
2,5%	Northern Cape
26,7%	Western Cape

methodology is portable in the African context, and that we are able to both achieve our social and economic objectives within these countries, and to provide a return on capital to investors at the end of the investment period.

The Kenyan Fund which began with an investment of $14,1m and a Technical Assistance Fund of $2,5m, and which will have supported 68 businesses and created 1 150 new jobs in the country, will end its investment period on 1 January 2013.

Our plan is to use 2012 to put in place Fund 2 in East Africa, enabling us to permanently embed organisational and process structures in other East African countries. Just as the success of the Kenyan Fund will mitigate risk for our investors, it will allow Business Partners Limited to invest on a more sustainable basis to support our structures in the region. This will improve our accuracy, our efficiency and our productivity in the region.

The Rwandan Fund

Our Rwandan Fund was established at $8m and is supported by a $0,3m Technical Assistance Fund. The Rwandan economy and the establishment of our fund was enabled by a progressive and business friendly regulatory environment. Operations commenced in January 2012, and to date we have assisted five businesses in the country.

The Mozambican Fund

We successfully raised $10m to start our Mozambique fund which was to be supported by a $1,5m Technical Assistance Fund during our 2011 fiscal. The establishment of operations in this country have been delayed as we wait for regulatory approval from the Mozambican Central Bank. We are nearing the end of this process and should be able to begin assisting small businesses in the country in the second half of 2012.

The Southern African SME Risk Finance Fund

This regional fund was established to provide support for small businesses in Namibia, Malawi, Zimbabwe

Case Study

Industry	Food
Business	Meat processing
Investment	R2,2m
Assistance	Growth finance, Property investment
Results	Doubled in size in 2 years
Jobs created or maintained	31

and Zambia. The fund target is to raise $40m for investment in these countries, and it will finalise its first closing at the $32m level by the end of June 2012, enabling us to roll the activities of the fund out into Namibia, Malawi and Zambia during the 2012/13 fiscal year. Although we are bullish about our ability to assist small business and to help them create jobs in Zimbabwe, developments regarding the elections, land tenure and the Indigenisation Act create conditions that are too fluid for our international investors to proceed at this stage. We are hopeful that conditions in this country will allow us to, within a year of first closing, close the fund and commence operations in Zimbabwe.

Corporate Support Services

This collection of services are bound together by the fact that while they provide disparate functions, they are all primarily driven from the corporate office in support of the regional Business Units. They comprise the accounting function, information technology and management information, human resources, the company secretariat, legal counsel, internal audit and marketing.

It is self-evident that with the rate of change we see in the world today, it is critical for a business such as ours to have world-class, accurate and timely information, and governance, audit and legal compliance standards that are beyond reproach. We are confident that we have these.

Without dedicated, passionate and capable people throughout the organisation, we could not have a competitive advantage, and would quickly lose our reputation as a global best practise exponent of the art of SME finance and support.

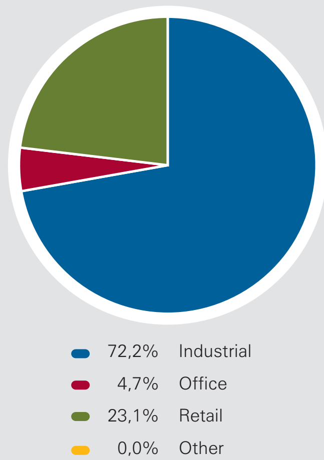
Similarly, without communicating with an understanding of our stakeholder needs, we would lose our ability to grow and to communicate how valuable our service is to shareholders, funders, SMEs, and the communities within which we deliver sustainable wealth and job creation. It is for these reasons that we choose to highlight the human resource and marketing functions in this report.

Human Resources

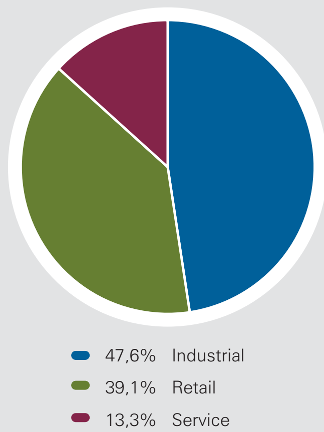
In Business Partners Limited the keys to our success are how well we select, fund, partner, mentor, add value to, manage and exit the businesses that we interact with every day. These are all human interactions, and the small businesses we deal with are owned and run by a special breed of people we call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

The importance of ensuring that we are staffed by top-class, responsible people who respect our processes and who are passionate about our clients is enormous. This is why we have determined that the responsibility for effective Human Resource management must be a line function, as close to the interaction between our partners and

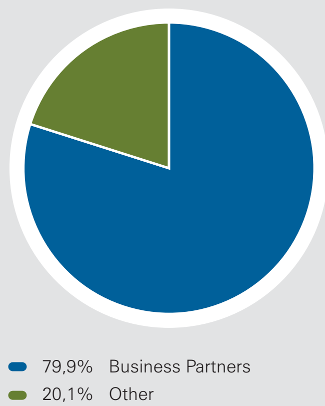
Property Management Services
Sectoral breakdown of portfolio



Property Management Services
Sectoral classification of tenant businesses



Property Management Services
Management fees received



ourselves as possible. It's why our central Human Resources team is a specialist group whose role is one of a high-level policy, advisory and support unit that focuses on serving – in partnership with line management – the following critical processes with respect to our people:

- Sourcing
- Rewarding
- Retaining
- Growing our people

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

The next few years will see us move from a period in which our real challenge was to shepherd our partners through what has been the most catastrophic economic recession of our age, to one in which entrepreneurs are once again starting and growing their business. The challenge for our businesses is to change with the times. Our solution in South Africa has been to restructure our client-facing teams into more specialised units which perform one function or the other. We have stopped asking our staff to be both hunters and farmers, and have constructed the teams in terms of how each individual fits the respective role.

We can really only expose front-line people who have the training and the experience to interact at high levels, to our client base. This process has necessitated training and on the job coaching. Also key to its success is our ability to choose the right people for the different roles, and then to manage, reward and retain them in ways that are appropriate to their new functions.

Our challenges going forward are diverse:

- The first will be to staff our new international businesses and to ensure that the very methodology that has built the Business Partners Limited reputation becomes ingrained in these new businesses.
- The second concerns our ability to source and retain high fliers from all communities in the South African business. As a team we have built what is arguably one of the best businesses of its kind in the world. But, increasingly, our customer base is reflective of the population, and to relate to them we need to transform our employee profile.
- The third is to grow and staff our company with appropriately skilled

Workforce Profile

as at 31 March 2012

Occupational group	Post level	MALE				FEMALE				NON-NATIONALS		TOTAL
		African	Coloured	Indian	White	African	Coloured	Indian	White	Male	Female	
Top management	1	0	1	0	3	0	0	0	0	0	0	4
Senior management	1 & 2c	2	1	0	11	0	0	0	0	0	0	14
Professionally qualified & experienced specialist & mid-management	2 & 3	3	6	12	44	1	5	6	24	1	0	102
Skilled technical & academically qualified employees	4	5	7	15	9	11	19	21	38	0	1	126
General employees	5	5	1	0	0	2	4	1	2	0	0	15
Assistants	6	0	0	0	0	3	1	0	0	0	0	4
Total permanent		*15*	*16*	*27*	*67*	*17*	*29*	*28*	*64*	*1*	*1*	*265*

professionals who have both a financial and social developmental drive

We have elsewhere in this report reiterated the importance of experience in the successful execution of risk-based lending to SMEs. Whilst we will continue with the excellent set of skills that form our current teams, we are making overt moves to attract, train, promote and retain people who come from a range of perspectives and backgrounds, and now, from a range of countries too.

We expect that in time, and as these new people gain experience, our decision making ability will be enriched as a result of our diversity. We have also taken steps to identify and centrally control the career paths of high fliers. It is critical to the success of our organisation, given the twin demands of growth and diversity, that great potential is spotted early, trained and nurtured, and given every chance to progress.

We will also have to ensure that we retain these critical people in the Business Partners Limited environment with the promise and the delivery of a fulfilling and rewarding career for them at the company.

Marketing

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

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

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

The main thrust of marketing activity beyond existing clients, is to intermediaries or potential channel partners and directly to entrepreneurs who are seeking to fund the growth of their businesses.

The channel partner programme is aimed at identifying – via enabling channel partners (primarily auditors, legal advisors or bankers of SMEs) – a high-quality flow of potential SME clients. The programme is aimed at

	2012	2011
Age distribution of employees at year-end		
20 - 30	56	58
31 - 40	73	76
41 - 50	55	49
51 - 60	66	75
Over 60	15	12
Total	265	270
Operational/Support		
Business Investment	*185*	*190*
Operational employees	103	88
Operational Support employees	82	102
Property Management Services	*25*	*26*
Operational employees	16	12
Operational Support employees	9	14
Group/Divisional	*55*	*54*
Two Year Overview of Employee Statistics		
Total number of employees	*265*	*279*
Staff turnover		
Total at beginning of year	270	279
Add: Recruitments	37	28
Sub total	307	307
Less: Resignations	(42)	(37)
Total at year-end	*265*	*270*
Gender profile		
Female	139	139
Male	126	131
Total	*265*	*270*
Community profile		
Black	134	135
White	131	135
Total	*265*	*270*

enhancing awareness, positive predisposition and engagement of the channel partner sector. Major marketing activities that are utilised for this process are awareness generating PR, advertising, electronic newsletters and relationship and network building events.

Marketing activity aimed directly at potential client SMEs is focused on PR and advertising campaigns, and promotional activities that acknowledge the best entrepreneurs in the country (via our Entrepreneur of the Year® programme). These activities attempt to raise the awareness of and sense of accessibility to the Business Partners Limited offering to SME owners or managers who are keen to grow their businesses. The activities are augmented by a comprehensive website.

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

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

Entrepreneur of the Year®

This is the premier promotional activity of Business Partners Limited, and since 2010, we have sponsored and hosted this event in partnership with Sanlam. The competition has evolved from one that was open only to Business Partners Limited clients to one that is open to all entrepreneurs in various categories.

The event is an opportunity to attract governmental and institutional attention, and to underline the importance of the sector to GDP generation, growth and job creation. It also serves to highlight the role that our brand plays for funders, intermediaries and potential new clients.

Stakeholder engagement

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

Environmental management, Social engagement and Enterprise development

Environmental management

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

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

All clients are encouraged to comply with environmental practices and procedures

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

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

Social engagement and Enterprise development
Business Partners Limited is in the business of enabling the development of SMEs. It is not surprising then that our socio-economic development (SED) focus is aligned to this objective. We know from first-hand experience the effect that a healthy SME sector can have on the health of communities and on job creation. Our SED spend is therefore focused on the further enablement of this sector.

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

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

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

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

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

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

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

- *Entrepreneurship training*
  Business Partners Limited has partnered with various associations and organisations to create programmes designed to teach aspiring entrepreneurs the intricacies of starting or growing a business.

- *Entrepreneurship promotions*
  Business Partners Limited is involved in several promotions run in conjunction with third parties. Some of the most notable of these are promotions that focus on youth leading up to and during the Global Entrepreneurship Week in November.

Case Study

Industry	Health Industry
Business	Medical supplies
Investment	R1,95m
Assistance	Start-up finance, Mentorship
Results	Growth target exceeded by 50%
Jobs created or maintained	21

Financial Review

Business Partners Limited's profit after tax decreased by 6,6 percent to R100,1m for the year ended 31 March 2012. This decrease masks what has been a satisfactory and credible profit performance for the company in challenging economic circumstances.

Two extraordinary items are accounted for in the determination of the profit for the year. The first item relates to the cost (R14,2m) of providing an enhancement to the post-retirement benefits of the active members of the defined benefit fund in changing to a defined contribution pension fund. The second relates to additional deferred taxes of R9,5m raised due to the increased inclusion rate for Capital Gains.

But for these charges – neither of which have a cash effect on the business – the business would have increased profits after tax by 11,8 percent to R119,8m, which would have exceeded our budgetary expectations.

The improved performance of our operations was driven in the main by:

- A decrease in net credit losses from R78,2m to R69,7m. This reduction reflects the improvement in the economic conditions that SMEs are experiencing. Factors that have contributed to this include the lowest level of interest that we have seen for 36 years and a return to relative GDP stability, albeit at low levels of growth
- Improved profits realised on businesses sold during the year, and
- Increased levels of property rentals

We expect to approve more than R1bn to SMEs in South Africa during the year ahead

The decision to balance the risk profile of the assets on the balance sheet by increasing our exposure to lower risk assets, such as property investments, are delivering pleasing results in the form of the improved diversification of our revenue streams. Property related revenues as a percentage of total revenue has increased from 25,2 percent in 2010/2011 to 28,0 percent in the 2011/2012 year.

We expect that over the medium term our balance sheet will reflect hard or lower risk assets of between 40 to 50 percent.

These numbers are in line with our strategy to increase the resilience of the balance sheet and to de-risk the business in these uncertain times. Given the limitations of our balance sheet, and the plan to increase our investment in property, we will continue to grow the business through the management of third party funds. The Business Partners Limited 'engine' has proved itself to be a best of breed methodology, in terms of sustainability, to manage risk capital and to deliver a substantial social return in Africa. We have successfully encouraged institutions with these objectives to allow us to manage their funds in eight SADC countries outside South Africa.

Our ability to sustain and scale our business in the future will increasingly be dependent on our success in raising and managing these funds, both in South Africa and elsewhere in Africa. The special purpose fund is an excellent mechanism to achieve various mandated objectives as funders seek to vary their levels of risk and social output. We believe that our methodologies could as easily manage a high risk/higher cost job-creating fund as they do now with funds aimed at higher levels of sustainability.

Risk Review

SMEs are generally more vulnerable to deteriorating economic circumstances than larger businesses. Having said that, our exposure to non-performing and doubtful investments has declined from 24,3 percent of our portfolio last year to 21,1 percent at March 2012. This pleasing reduction is mainly due to a continuation of the current cycle of low interest rates and gradually improving business conditions for this sector. The reduction in net bad debt written off this year as reported earlier, is another indicator that there is evidence from our book to show increasing traction for small businesses. The provision for impairments has reduced marginally from R173,5m last year to R167,8m at March 2012.

Business Partners Limited's model of continually assessing the business health and viability of our clients, and of providing mentorship and consulting assistance as the businesses need them, are key elements in our risk management methodology. They also help to ensure our own sustainability. This is particularly important during economic times that are challenging to the SME environment. These business philosophies have been augmented from a risk mitigation point of view by a strategic decision to invest more of our funds in property that supports the activity of the SME sector in the medium term, in order to reduce the risk and safeguard our sustainability.

Prospects

Any statement on the health of the SME sector must be prefaced with an assumption that the Eurozone crisis will be managed in a way that will leave the South African economy showing slow to moderate growth. Given that assumption, we expect our South African SME clients to experience improving prospects over the next year. The recently confirmed announcement by government of massive infrastructure spend over the next five years bodes well for job creation and for larger firms in the economy. SMEs usually have to wait for the multiplier-effect from such spend to affect their businesses. However, presuming that this plan to boost the economy is put into effect timeously, there should be a slow improvement in our sector. We believe that the current low interest rate regime will remain in South Africa for the foreseeable future and that the inflation rate will remain close to or within the Reserve Bank target range. Both these factors are good for our SMEs and therefore for our own sustainability.

The company expects to approve more than R1bn to SMEs in South Africa during the year ahead, as appetite for risk slowly returns to entrepreneurs and as conditions for them to take on gearing remain benign.

Importantly, our international division should see us bring new managed funds in Namibia, Malawi, Zambia and Mozambique on-stream. These funds will supplement our existing funds in Kenya, Madagascar and Rwanda. Plans are also advanced for the launch of a fund to support SMEs in Zimbabwe, once conditions imposed by our fund investors allow it. The prospects for SME growth in these territories are very positive with the exception of Madagascar where economic conditions continued to be negatively affected by the recent political instability.

Expanding into Africa is a strong strategic focus for us. This will continue as long as growth rates on the continent remain buoyant and as long as we are seen as an excellent conduit for the developmental investment needs of our international managed fund investors.

The challenge in South Africa is to convince developmental fund managers that the Business Partners Limited model can be varied to support SME growth and job creation with differing mandates from funds designed to achieve different ends. A major opportunity exists for the Business Partners Limited engine to be utilised to support government objectives in this sector.

Five-year Summary

	2012/2011 Increase / (decrease)	**2012**	2011	2010	2009	2008
Consolidated Statement of Financial Position (R000)						
Investment properties	19,4%	**679 940**	569 232	517 120	448 544	357 469
Business investments	7,9%	**2 035 401**	1 886 947	1 832 728	1 740 618	1 506 277
Deposits and bank balances	41,1%	**35 853**	25 411	23 575	24 832	236 751
Total assets	9,0%	**3 031 093**	2 780 190	2 655 516	2 359 401	2 294 483
Capital and reserves	3,1%	**2 440 513**	2 367 550	2 297 341	2 169 364	2 132 264
Consolidated Statement of Comprehensive Income (R000)						
Net profit		**100 079**	107 147	94 583	130 310	216 599
Adjustments		**(59 966)**	(45 763)	(34 762)	(36 631)	(109 333)
Headline earnings		**40 113**	61 384	59 821	93 679	107 266
Change in net profit		**-6,6%**	13,3%	-27,4%	-39,8%	34,7%
Change in headline earnings		**-34,7%**	2,6%	-36,1%	-12,7%	-2,3%
Share statistics						
Earnings per share (cents)	-6,8%	**57,8**	62,0	54,8	75,9	128,7
Headline earnings per share (cents)	-34,6%	**23,2**	35,5	34,6	54,6	63,7
Dividends per ordinary share (cents)	8,3%	**13**	12	11	15	22
Dividend cover (times)	-15,4%	**4,4**	5,2	5,0	5,1	5,9
Net asset value per share (cents)	3,1%	**1 410,7**	1 368,5	1 330,0	1 255,9	1 245,4
Ratios						
Effective tax rate	20,6%	**27,5%**	22,8%	24,5%	24,8%	22,0%
Return on opening shareholders' interest	-10,6%	**4,2%**	4,7%	4,4%	6,1%	11,1%
Return on average assets	-12,8%	**3,4%**	3,9%	3,8%	5,6%	9,9%
Operating expenditure / total income	0,6%	**70,2%**	69,8%	71,6%	68,9%	48,6%
Net profit per employee (R000)	-3,8%	**370,7**	385,4	323,9	441,7	722,0
Net profit / employee cost	-22,2%	**0,7**	0,9	0,7	0,9	1,7

Operational Highlights

- During the year 307 investments were disbursed to the value of R803,4 million – an increase of 38,9 percent (2011: 304 investments to the value of R578,4 million)
  Of these
  - 92 investments to the value of R220,7 million were disbursed to black entrepreneurs (2011: 101 investments to the value of R181,2 million)
  - 133 investments amounting to R290,8 million were disbursed to female entrepreneurs (2011: 121 investments mounting to R226,2 million)
- The portfolio of investments under management increased by 7,1 percent to R2 161,1 million (2011: R2 018,1 million)
- The investment property portfolio increased by 19,4 percent to R679,9 million (2011: R569,2 million)
- Properties under management total more than 466 000 m^2 of lettable space and are occupied by more than 1 770 tenants
- More than 13 200 employment opportunities were facilitated through our investment activities
- 375 mentors are available to provide mentorship and consulting services to clients
- More than 400 equity investments in unlisted entities appreciated in value by 27,2 percent

Case Study

Industry	Education
Business	Pre-school, creche
Investment	R1,0m
Assistance	Property finance, Growth finance
Results	4 times growth in turnover
Jobs created or maintained	16

38,9%
Investments disbursed
R803,4 million

9,8%
Operational assets
R2 841,0 million

12,2%
Assets per employee
R11,2 million

6,6%
Net profit
R100,1 million

8,3%
Dividend per share
13 cents

More than 13 200 employment opportunities were facilitated through our investment activities

Directors

Mr Johann Rupert

Honorary Patron

Chairman [7]

Served: 1993 until 2 August 2011
Served as Chairman: 1995 until 2 August 2011
Executive Chairman and Chief Executive Officer: Compagnie Financière Richemont SA
Chairman: Reinet Investments Manager SA and Remgro Limited

Mr Theo van Wyk [2,3,4,5,10]

Chairman [7]

Chairman: Personnel Committee
Chairman: Nominations Committee
Appointed: 1991
Served as Deputy Chairman: 2005 until 2 August 2011
Appointed Chairman: 2 August 2011
Director of Companies

Mr Nazeem Martin [2,3,4,5,10]

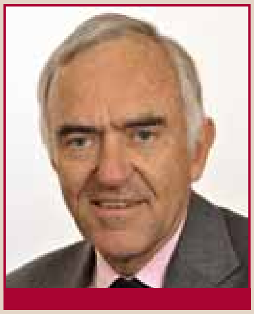
Managing Director [8]

Appointed: 2002
Appointed Managing Director: 2009

Mr Christo Botes[10]

Executive Director [8]

Appointed: 2002



Mr Jan Dreyer [2,3,4,5]

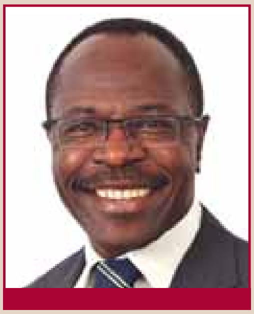
Non-executive Director [7]

Appointed: 2009
Executive Director: Remgro Limited

Mr Div Geeringh [1,2,3,4,5,10]

Non-executive Director [6]

Chairman: Audit and Risk Committee
Appointed: 1989
Director of Companies



Mr Godfrey Gomwe * [5]

Non-executive Director [7]

Appointed: 2009
Executive Director: Anglo American South Africa Limited

* Zimbabwean

Dr Paula Huysamer [2]

Non-executive Director [6]

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

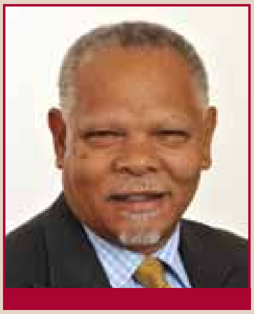
Mr Nick Janse van Rensburg

Alternate Director ** [9]

Appointed: 21 February 2012
Chief Executive Officer: Anglo American Zimele Limited

** Alternate to Mr Godfrey Gomwe

Directors



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

Ms Zanele Matlala [1,5]
Non-executive Director [6]
Deputy Chairperson: Audit and Risk Committee from 23 May 2012
Appointed: 2008
Chief Executive Officer: Merafe Resources Limited

Mr Friedel Meisenholl [1,4,5]
Non-executive Director [7]
Deputy Chairman: Audit and Risk Committee until 23 May 2012
Appointed: 2000
Director of Companies

Mr David Moshapalo [2,3,4,10]
Non-executive Director [6]
Chairman: Social & Ethics Committee
Served: 1996 until 2001
Re-appointed: 2002
Executive Deputy Chairman: Strategic Partners Group – Black Partner in Bombela Consortium in Gautrain Project
Director of Companies

Mr Themba Ngcobo [4]
Non-executive Director [6]
Alternate director: 2002 until 2010
Appointed: 2010
Director: Three Cities Investments Limited, ICC Durban (Pty) Limited, uShaka Marine Theme Park (Pty) Limited, Artic Sun Property Developments (Pty) Limited, Durban Petro Ports (Pty) Limited
Chairman: NAFCOC KwaZulu-Natal
Council member of the University of KwaZulu-Natal and The Playhouse Company

Dr Zavareh Rustomjee [4,11,12,13]
Non-executive Director [7]
Appointed: 1996
Independent Consultant

Mr Vusi Twala [2,3,5]
Non-executive Director [7]
Appointed: 2010
Managing Director: Tunnel Engineering (Pty) Limited

Mr Neville Williams
Non-executive Director [7]
Appointed: 15 May 2012
Head of Corporate Finance: Remgro Limited

Mr Gerrie van Biljon [10]
Executive Director [8]
Appointed: 2002

Notes

Directors served as members on the following committees during the financial year:

1 Audit and Risk Committee
2 Personnel Committee
3 Nominations Committee
4 National Investment Committee
5 Fund Raising Committee

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

6 Article 13.2
7 Article 13.4
8 Article 15
9 Article 17

Directors serving on the newly established Social & Ethics Committee from 1 May 2012:

10 Member of Social & Ethics Committee

Director served as alternate member on the following committees during the financial year:

11 Personnel Committee: alternate to Mr Vusi Twala
12 Nominations Committee: alternate to Mr Vusi Twala
13 Fund Raising Committee: alternate to Mr Vusi Twala

Executive Management

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

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

Mr Christo Botes
Executive Director
Head of Customer and Operational Support
B Acc, B Compt Hons, CTA
26 years' service

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

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

Mr Gerrie van Biljon
Executive Director
Head of Business Investments
B Com, MBA
26 years' service

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

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

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

Compliance with corporate governance standards

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

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

Business Partners Limited uses the principles of good governance and recommendations identified in the King Report on Governance for South Africa 2009 (King III) to measure its performance and actions against best practice and standards. Business Partners Limited constantly evaluates and improves existing corporate governance structures and practices to achieve compliance with applicable principles and recommendations of King III and changes in legislation. The company's governance structure is set out on page 33 of this report.

During the 2011/2012 financial year, the company has taken the necessary steps to ensure compliance with legislation, including taking corporate actions and preparing and presenting the financial statements in accordance with International Financial Reporting Standards consequential to the requirements of the new Companies Act of 2008. The board is satisfied that, in the 2011/2012 financial year, the accuracy of the group's reporting and financial results were maintained at a high level. The company is also in the process of reviewing its current memorandum of incorporation in light of the provisions of the new Companies Act of 2008 and will present its amended memorandum of incorporation to its shareholders before 1 May 2013.

Board of Directors

Board structure and composition

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

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

The board may elect a chairperson to hold office for a maximum period of one year.

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

In terms of the company's memorandum of incorporation, at least one third of directors appointed in terms of article 13.2 must retire at every annual general meeting. The directors who retire shall be those who have been longest in office since their last election. In addition, any director appointed in terms of article 13.2 who has held office for three years since the last election, shall also retire at the annual general meeting. Directors appointed in terms of article 13.4 may also only serve for a maximum period of three years, calculated from the date of the director's last appointment by the shareholder(s). A retiring director shall be eligible for re-appointment or re-election in terms of the memorandum of incorporation. The changes which occurred in the composition of the board during the 2011/2012 financial year are set out in the directors' report in the Financial Statements section of this report.

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

We are committed to being one of the most internationally respected, successful and profitable investors in SMEs

Corporate Governance

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

Role and responsibilities
The board of directors is the group's highest decision-making body and is ultimately responsible for corporate governance.

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

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

Board meetings
The board met five times during the 2011/2012 financial year. Members of executive management attend meetings by invitation and the company secretary attends board meetings as secretary. Meetings are scheduled well in advance. In addition, the board may schedule strategy sessions or additional board meetings as it deems necessary. Where directors are unable to attend a meeting personally, teleconference facilities are made available to include them in the proceedings.

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

Remuneration of non-executive board members
Non-executive directors receive fees for their service as directors on the board and as members of board committees. Fees are reviewed annually. The board, with the assistance of the nominations committee, recommends to shareholders the

Industry	Food and beverages
Business	Fast food franchise
Investment	R5,2m
Assistance	Equity finance
Results	Growth forecasts exceeded, Additional outlets financed
Jobs created or maintained	35

Case Study

remuneration payable to non-executive directors.

Remuneration paid to non-executive directors, executive directors and prescribed officers during the year under review, as approved by the shareholders or the board, as the case may be, is disclosed in note 29 to the financial statements.

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

Committees of the board of directors

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

The nominations committee evaluates the performance of individual members and the effectiveness of committees every year and makes recommendations to the board with respect to the appointment of members to the various committees. The board also makes use of ad hoc board committees to deal with specific matters under written terms of reference from time to time.

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

Audit and risk committee

The audit and risk committee operates in accordance with its charter, which is reviewed and approved annually by the board.

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

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

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

The committee nominated PricewaterhouseCoopers Inc. as independent auditors of the company for re-appointment, at the forthcoming annual general meeting, as auditors for the 2012/2013 financial year.

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

To assist the board, committees have been established to provide in depth focus on specific areas of board responsibility

Fund raising committee
The fund raising committee's mandate is to source third party funds for the company for its SME investment activities.

Nominations committee
The committee is authorised to consider and submit proposals regarding the size, structure and composition of the board. The committee also identifies and evaluates suitable potential candidates for election to the board in terms of article 13.2. This is done with due regard to the skills and knowledge of the incumbent board and the requirements of the company. The committee reviews and makes recommendations to the board regarding the requirements for, and the composition and functioning of, all the committees. In addition the committee reviews and recommends to shareholders non-executive directors' remuneration.

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

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

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

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

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

Company secretary and compliance governance

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

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

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

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

Social and ethics committee
A social and ethics committee has been appointed with effect from 1 May 2012, as required by section 72 of the Companies Act of 2008 and the regulations made under the Act. The functions of this newly established committee will be reported on in the next annual report.

Internal Audit

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

During the 2011/2012 financial year, the company outsourced the internal audit function to Remgro Management Services Limited. The purpose, authority and responsibilities conferred by the board and the role of the internal audit function, are formally defined in the Internal Audit Charter. The Charter is consistent with the Institute of Internal Auditors' Standards of Professional Practice for Internal Auditing, and the operating activities of the division are governed by a risk-based audit plan. The Internal Audit Charter and Internal Audit Plan are reviewed and approved annually by the audit and risk committee.

Code of Ethics

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

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

During the year under review the company developed a whistleblowing policy and implemented an independent Ethics Hotline operated by KPMG. All stakeholders of the company can make confidential disclosures relating to unlawful,

Case Study

Industry	Hospitality
Business	Guest Lodge
Investment	R2,0m
Assistance	Property Finance, Equipment Finance
Results	45% growth in two years
Jobs created or maintained	32

irregular or unethical conduct within the organisation. All disclosures are reviewed and investigated by internal audit and, if the circumstances of the case necessitates it, an appropriate independent body, and disclosed items are reported in a proper manner.

Enterprise Risk Management

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

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

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

In the process of identifying risk, the board considers materiality, insurance and retention levels

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

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

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

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

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

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

An annual assessment of the effectiveness of the company's system of internal control, performance and risk management is also presented to the board.

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

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

- customer focus
- leadership
- people involvement
- continual improvement
- a process approach to operations
- a systems approach to management
- a factual approach to decision making
- mutually-beneficial supplier relationships

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

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

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

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

Governance Structure

as at 31 March 2012

COMPOSITION

- 6 directors appointed in terms of article 13.2 of the memorandum of incorporation
- 6 directors appointed in terms of article 13.4 of the memorandum of incorporation
- Managing director appointed in terms of article 15 of memorandum of incorporation
- 2 executive directors in addition to managing director appointed in terms of article 15 of memorandum of incorporation
- 1 alternate director appointed in terms of article 17.1 of the memorandum of incorporation

QUORUM: Lesser of 5 directors or half of the number of directors for the time being of which the majority must be non-executive directors.

BOARD OF DIRECTORS

MEETING FREQUENCY: 5 times per annum

COMMITTEE	AUDIT AND RISK	PERSONNEL	NOMINATIONS	FUND RAISING	TRANSACTIONS	NATIONAL INVESTMENT
MEETING FREQUENCY	4 times per annum	3 times per annum	Twice per annum	Twice per annum	When required	Twice per month, if required
COMPOSITION	• 4 non-executive directors **Attendees:** Managing director Chairperson of the board Chief financial officer Chief risk officer External audit partner Internal auditor Head of property management services 2 directors appointed by 2 major shareholders in terms of article 13.4	• 6 non-executive directors • Managing director	• 5 non-executive directors • Managing director	• 7 non-executive directors • Managing director	• All non-executive directors (no permanent members) • Managing director	• 7 non-executive directors attending on a rotating basis • Managing director
QUORUM	Any 2 members	Committee's chairperson 1 other non-executive director Managing director	Committee's chairperson 1 other non-executive director Managing director	Any 3 members	Any 3 members	Any 2 non-executive directors or, for large exposures, any 3 non-executive directors Managing director (or nominee)

SOCIAL & ETHICS
only with effect from 1 May 2012

Twice per annum

- Chairperson of audit and risk committee
- Chairperson of personnel committee
- 1 other non-executive member of personnel committee
- Managing director
- 2 other executive directors

QUORUM: Any 2 non-executive directors

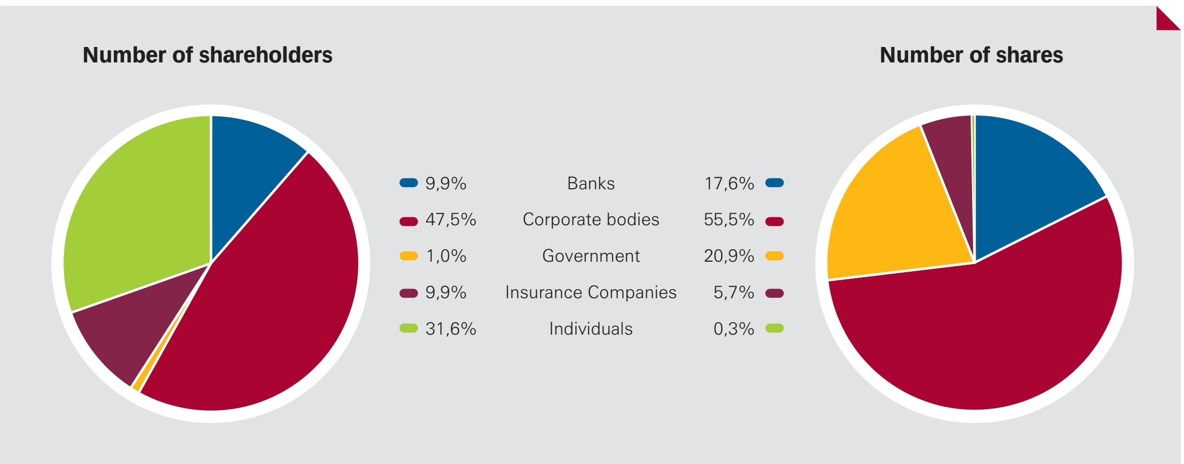
Managing director

Shareholder Information

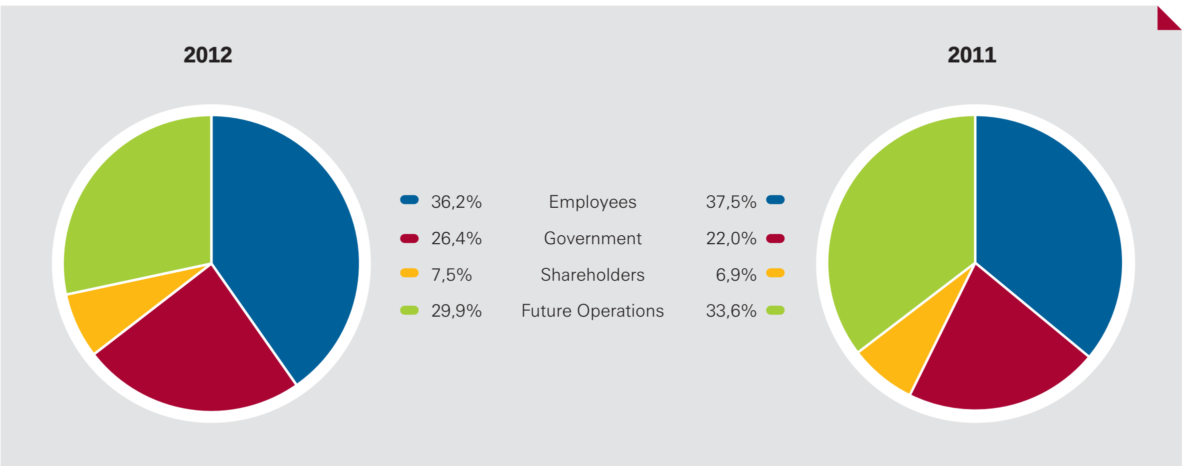
Distribution of shareholding *as at March 2012*	**Number of holders**	**% of holders**	**Number of shares**	**% of shares**
0 – 10 000	28	27,7%	69 925	0,0%
10 001 – 100 000	19	18,8%	561 121	0,3%
100 001 – 1 000 000	32	31,7%	9 457 884	5,3%
1 000 001 – 10 000 000	19	18,8%	69 138 853	38,7%
10 000 000 and above	3	3,0%	99 606 811	55,7%
	101	100,0%	178 834 594	100,0%

Major shareholders *as at March 2012*	**Number of shares**	**% of shares**
Eikenlust (Pty) Limited (Remgro Limited)	51 747 889	28,9%
Khula Enterprise Finance Limited	37 294 299	20,9%
Billiton SA Limited	10 720 621	6,0%
Old Mutual Life Assurance Company (South Africa) Limited	8 733 413	4,9%
Absa Group Limited	8 117 003	4,5%
Nedbank Limited	6 717 405	3,8%
FirstRand Limited	6 093 656	3,4%
Business Partners Employee Share Trust	5 834 000	3,3%
Standard Bank Investment Corporation Limited	5 602 422	3,1%
De Beers Group Services (Pty) Limited	5 523 801	3,1%
Anglo Corporate Enterprises (Pty) Limited	5 523 801	3,1%
	151 908 310	85,0%

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



	2012 R000	%	2011 R000	%
Value Added				
Interest received, rent charged and other income	**510 701**		481 840	
Less: paid to suppliers	**(233 850)**		(206 828)	
Total wealth created	**276 851**	**100,0%**	275 012	100,0%
Distributed as follows:				
Employees	**100 347**	**36,2%**	103 110	37,5%
Salaries, wages and contributions	**100 347**	**36,2%**	103 110	37,5%
Government	**73 155**	**26,4%**	60 607	22,0%
Income tax, capital gains tax and secondary tax on companies	**27 924**	**10,1%**	19 601	7,1%
Employee taxes	**26 408**	**9,5%**	27 747	10,1%
Skills development levies	**1 018**	**0,4%**	1 042	0,4%
Value added tax	**17 805**	**6,4%**	12 217	4,4%
Shareholders	**20 760**	**7,5%**	19 001	6,9%
Shareholders for dividend	**20 760**	**7,5%**	19 001	6,9%
Retentions to support future operations	**82 589**	**29,9%**	92 294	33,6%
Depreciation	**3 270**	**1,2%**	4 148	1,5%
Income retained	**79 319**	**28,7%**	88 146	32,1%
	276 851	**100,0%**	275 012	100,0%



Statement of responsibility by the Board of Directors

The directors of Business Partners Limited are responsible for the preparation of the group and separate annual financial statements. In discharging this responsibility, the directors rely on management to prepare the annual financial statements in accordance with International Financial Reporting Standards ("IFRS") and for keeping adequate accounting records in accordance with the Company's system of internal control. As such, the annual financial statements include amounts based on judgements and estimates made by management.

In preparing the annual financial statements, suitable accounting policies have been applied and reasonable estimates have been made by management. The directors approve significant changes to accounting policies. However, there was no change to accounting policies during the financial year. The financial statements incorporate full and responsible disclosure in line with the Company's philosophy on corporate governance.

The directors are responsible for the Company's system of internal control. To enable the directors to meet these responsibilities, the directors set the standards for internal control to reduce the risk of error or loss in a cost effective manner. The standards include the appropriate delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. The focus of risk management in the Company is on identifying, assessing, managing and monitoring all known forms of risk across the Company.

Based on the information and explanations given by management and the internal auditors, the directors are of the opinion that the internal controls are adequate and that the financial records may be relied on in preparing the annual financial statements in accordance with IFRS and maintaining accountability for the Company's assets and liabilities. Nothing has come to the attention of the directors to indicate any breakdown in the functioning of internal controls, resulting in a material loss to the Company, during the year and up to the date of this report.

Based on the effective internal controls implemented by management, the directors are satisfied that the annual financial statements fairly present the state of affairs of the Company, at the end of the financial year, and the net income and cash flows for the year. Mr BD Bierman, Chief Financial Officer, supervised the preparation of the financial statements for the year.

The directors have reviewed the Company's budget and flow of funds forecast and considered the Company's ability to continue as a going concern in the light of current and anticipated economic conditions. The directors have reviewed the assumptions underlying these budgets and forecasts based on currently available information. On the basis of this review, and in the light of the current financial position and profitable trading history, the directors are satisfied that the Company has adequate resources to continue in business for the foreseeable future. The going concern basis therefore continues to apply and has been adopted in the preparation of the annual financial statements.

It is the responsibility of the Company's independent external auditors, PricewaterhouseCoopers Incorporated, to report on the fair presentation of the annual financial statements. Their unqualified report appears on page 39.

The separate annual financial statements of the Company, which appear on pages 40 to 90 have been approved by the Board of Directors on 23 May 2012 and are signed on behalf of the Board of Directors by two directors.

T van Wyk
Chairman
23 May 2012

N Martin
Managing Director

Certificate by the Company Secretary

I certify, in terms of section 88(2) of the Companies Act 71 of 2008, that for the year ended 31 March 2012, the Company has filed all the required returns and notices in terms of this Act, and that all such returns and notices appear, to the best of my knowledge and belief, true, correct and up to date.

CM Gerbrands
Company Secretary
23 May 2012

Audit and Risk Committee report

The members of the Audit and Risk Committee fulfilled all their duties during the financial year as prescribed by the Companies Act 71 of 2008 ("the Act") and the committee reports as follows in terms of section 94(7) of the Act:

- The committee has been constituted in accordance with the Act and applicable regulations. The committee members are all independent non-executive directors of the Company. The committee comprises members with adequate relevant qualifications and experience to equip the committee to perform its functions
- Four committee meetings were held during the financial year
- The committee has conducted its affairs in compliance with its terms of reference as approved by the Board of Directors and has discharged its responsibilities contained therein. The effectiveness of the committee and its individual members have been assessed
- The committee has satisfied itself that the external auditors are independent of the Group as set out in section 94(8) of the Act
- The appointment of the external auditors complies with the Act and with all other legislation relating to the appointment of external auditors
- The auditors' terms of engagement, audit plan and budgeted fees have been determined
- The nature and extent of non-audit services have been defined and pre-approved
- The committee has reviewed the accounting policies and the financial statements of the Group and is satisfied that they are appropriate and comply with International Financial Reporting Standards
- The committee has overseen a process by which internal audit assessed the effectiveness of the systems of internal control and risk management, including internal financial controls
- The committee receives and deals with any concerns or complaints relating to accounting practices and internal audit of the Group, the content or auditing of the Group's financial statements, the internal financial controls of the Group or any related matter. No matters of significance have been raised in the past financial year
- A detailed report on the activities of the committee is contained in the Corporate Governance section of the annual report on page 27

DR Geeringh
Chairman: Audit and Risk Committee
23 May 2012

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

We have audited the consolidated annual financial statements of Business Partners Limited, which comprise the consolidated and separate statements of financial position as at 31 March 2012, and the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and the director’s report, as set out on pages 40 to 90.

Directors‘ responsibility for the financial statements

The Company’s directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor‘s responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the consolidated and separate financial position of Business Partners Limited as at 31 March 2012, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, and the requirements of the Companies Act of South Africa.

PricewaterhouseCoopers Inc.
Director: Stefan Beyers
Registered Auditor
Johannesburg
23 May 2012

Directors' report

for the year ended 31 March 2012

1. Nature of the business

The Company is principally engaged in investing capital, knowledge and skill in viable small and medium sized businesses. The Company is registered in South Africa.

2. Business activities

During the period under review, finance for 357 (2011: 436) investment projects (excluding investment properties) amounting to R858,5 million (2011: R982,9 million) was approved at an average investment amount of R2,4 million (2011: R2,3 million). The Company follows a risk based investment approach by structuring the majority (85,2 percent) of its investments with equity and royalty instruments. An equity stake was obtained in 84 projects (2011: 98 projects) at an average investment amount of R4,5 million (2011: R4,0 million).

The Company manages a portfolio of industrial and commercial properties with a lettable area totalling more than 466 600 m^2 (2011: 458 000 m^2), providing business premises to more than 1 770 (2011: 1 630) tenants.

Additional information on the business activities of the Company is available in the operational review section of the Annual Report.

3. Operational and financial review

The Group's net profit amounted to R100,1 million (2011: R107,1 million), a decrease of R7,1 million or 6,6 percent compared to the prior year.

Total revenue decreased marginally from R357,9 million in the prior year to R357,7 million for the year ended 31 March 2012. Other operating income increased by R25,7 million or 28,9 percent, largely due to an increase in surpluses realised on the disposal of unlisted investments and investment properties. Other operating expenses increased by R20,0 million (6,4 percent), primarily the result of a R19,1 million increase in staff costs. The staff costs for the year included a R14,2 million net cost incurred on the transfer of active members from the defined benefit pension fund to the defined contribution retirement fund.

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

During the period under review, bad debts amounted to R89,1 million (2011: R80,1 million). The recovery of bad debts written off amounted to R17,9 million (2011: R13,2 million). Impairment charges released during the year amounted to R1,5 million, compared to an impairment charge raised in the prior year of R11,4 million.

The R167,8 million total allowance for impairment represents 7,8 percent of the portfolio (2011: R173,5 million representing 8,6 percent of the portfolio).

Finance charges increased by 30,6 percent from the prior year as the Group's borrowings increased from R258,0 million at the end of March 2011 to R411,6 million at 31 March 2012.

A long-term loan facility to the value of R400 million was finalised before the end of the period. R200 million of this facility was drawn down shortly after the reporting date.

4. Events subsequent to the reporting date

No events occurred between the reporting date and the date of this report that would require disclosure in, or adjustment to, the financial statements as presented.

Directors' report

for the year ended 31 March 2012

5. Share capital and reserves

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

6. Dividend

Dividend cover for the year equals 4,5 times (2011: 5,2 times). The dividend policy aims to ensure at least a four times cover for the dividend, after evaluating the nature and quality of the profit for the year.

The solvency and liquidity tests required by section 46 and as set out in section 4 of the Companies Act 71 of 2008 were applied, and the Company will satisfy these tests immediately after completing the proposed distribution.

A cash dividend of 13 cents per share in respect of the 2012 financial year (2011: 12 cents) was declared on 23 May 2012, payable on or about 24 August 2012 to all shareholders registered in the share register at the close of business on 14 August 2012.

7. Earnings per share

Earnings per share decreased to 57,0 cents (2011: 62,0 cents) based on 173,3 million weighted number of shares in issue. Diluted earnings per share decreased to 56,5 cents (2011: 60,5 cents). Headline earnings per share decreased to 23,2 cents (2011: 35,5 cents). Diluted headline earnings per share decreased to 23,0 cents (2011: 34,9 cents). For more information, refer to notes 12 and 24 in the financial statements.

8. Directors' remuneration and interest

The directors' remuneration is set out in note 29 to the financial statements. No material contracts in which the directors have any interest were entered into in the current year.

9. Major shareholders

Shareholders holding in excess of 3 percent of the issued share capital of the Company are detailed on page 34 of the Annual Report.

10. Directors

10.1 The Directors of the Company on 31 March 2012 were:

Directors appointed in terms of Article 13.4 of the Memorandum of Incorporation:

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

Directors appointed in terms of Article 13.2 of the Memorandum of Incorporation:

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

Directors appointed in terms of Article 15 of the Memorandum of Incorporation:

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

Directors appointed in terms of Article 17.1 of the Memorandum of Incorporation:

Mr NP Janse van Rensburg (Alternative Director to Mr GG Gomwe)

Directors' report

for the year ended 31 March 2012

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

Director	Event	Terms	Date
Mr JP Rupert	Resigned as Chairman and Director	Article 13.4	02 August 2011
Mr T van Wyk	Appointed as Chairman	Article 16.3	02 August 2011
Dr P Huysamer	Retired	Article 13.2	02 August 2011
	Re-appointed	Article 13.2	02 August 2011
Mr D Moshapalo	Retired	Article 13.2	02 August 2011
	Re-appointed	Article 13.2	02 August 2011
Mr NP Janse van Rensburg	Appointed as Alternate Director to Mr GG Gomwe	Article 17.1	21 February 2012

11. Company Secretary

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

12. Annual financial statements

These annual financial statements have been audited by the external auditor PricewaterhouseCoopers Incorporated in compliance with the applicable requirements of the Companies Act 71 of 2008. The preparation of the annual financial statements was supervised by Mr BD Bierman, Chief Financial Officer.

13. Auditors

PricewaterhouseCoopers Incorporated continued in the office as auditors of the Group. The Audit and Risk Committee nominated PricewaterhouseCoopers Incorporated for re-appointment, at the forthcoming annual general meeting, as auditors for the 2013 financial year. Mr S Beyers will be the designated auditor.

14. Acknowledgments

Mr JP Rupert resigned on 2 August 2011 as Chairman of the Board. We would like to extend a special word of gratitude to Mr Rupert for his commitment, valuable contributions and guidance during his tenure as Chairman.

Sincere appreciation is extended to all our shareholders, members of the Board and its committees for their dedicated and positive participation throughout the year. To the entire staff of Business Partners Limited, we express our gratitude for their loyalty, commitment and hard work in pursuing the objectives of the Company.

T van Wyk
Chairman
23 May 2012

N Martin
Managing Director

Statement of financial position

as at 31 March 2012

	Notes	Group 2012 R000	Group 2011 R000	Company 2012 R000	Company 2011 R000
Assets					
Non-current assets		2 677 490	2 463 305	2 547 645	2 329 321
Investment properties	3	679 940	569 232	573 254	470 985
Loans and receivables	4	1 748 846	1 623 140	1 745 112	1 614 454
Investments in associates	5	77 143	85 462	1 874	1 874
Property and equipment	6	88 830	88 586	5 603	5 326
Investments in subsidiaries	7			139 071	139 797
Defined benefit pension fund surplus	8	82 731	96 885	82 731	96 885
Current assets		353 603	316 885	324 172	294 547
Loans and receivables	4	286 555	263 807	283 547	261 480
Inventory	9	5 621	1 196	5 621	1 196
Accounts receivable	10	25 574	23 172	25 032	19 955
Cash and cash equivalents	11	35 853	25 411	9 972	9 744
Current tax asset		-	3 299	-	2 172
Total assets		3 031 093	2 780 190	2 871 817	2 623 868
Equity and liabilities					
Capital and reserves attributable to equity holders of the parent		2 440 513	2 367 550	2 298 250	2 224 915
Share capital	12	178 835	178 835	178 835	178 835
Treasury shares	12	(15 292)	(15 292)		
Fair value and other reserves	13	49 552	57 225	45 750	53 486
Retained earnings		2 227 418	2 146 782	2 073 665	1 992 594
Non-controlling shareholders' interest		1 000	1 929		
Total equity		2 441 513	2 369 479	2 298 250	2 224 915
Non-current liabilities		294 407	308 851	292 174	306 065
Borrowings	14	195 014	224 071	195 014	222 874
Post-retirement medical aid obligation	8	75 631	67 940	75 631	67 940
Deferred tax liability	15	23 762	16 840	21 529	15 251
Current liabilities		295 173	101 860	281 393	92 888
Borrowings	14	216 616	33 923	216 616	33 923
Accounts payable	16	36 017	32 726	22 620	24 526
Provisions	17	36 645	34 839	35 373	34 067
Current tax liability		5 824	-	6 713	-
Shareholders for dividend		71	372	71	372
Total liabilities		589 580	410 711	573 567	398 953
Total equity and liabilities		3 031 093	2 780 190	2 871 817	2 623 868

Statement of comprehensive income

for the year ended 31 March 2012

	Notes	Group 2012 R000	Group 2011 R000	Company 2012 R000	Company 2011 R000
Revenue	18	**357 726**	357 863	**344 532**	344 449
Other operating income	19	**114 674**	88 966	**119 682**	76 064
Operating expenses	20	**(331 832)**	(311 978)	**(308 935)**	(297 161)
Profit from operations	22	**140 568**	134 851	**155 279**	123 352
Finance cost		**(23 055)**	(17 653)	**(23 048)**	(17 647)
Equity accounted earnings		**20 388**	21 781		
Profit before taxation		**137 901**	138 979	**132 231**	105 705
Tax expense	23	**(37 855)**	(31 683)	**(29 700)**	(23 234)
Net profit		**100 046**	107 296	**102 531**	82 471
Other comprehensive income:					
Actuarial loss on defined benefit pension fund		**(4 610)**	(12 067)	**(4 610)**	(12 067)
Actuarial loss on post-retirement medical aid obligation		**(3 124)**	(7 218)	**(3 124)**	(7 218)
Net loss on post-retirement benefits		**(7 734)**	(19 285)	**(7 734)**	(19 285)
Fair value adjustments of available for sale instruments		**(2)**	8	**(2)**	8
Share of other comprehensive income of associates		**(380)**	1 202		
Foreign currency translation reserve		**443**	(279)		
Other comprehensive income net of tax		**(7 673)**	(18 354)	**(7 736)**	(19 277)
Total comprehensive income		**92 373**	88 942	**94 795**	63 194
Net profit attributable to:					
Equity holders of the parent		**100 079**	107 147	**102 531**	82 471
Non-controlling interests		**(33)**	149		
		100 046	107 296	**102 531**	82 471
Total comprehensive income attributable to:					
Equity holders of the parent		**92 406**	88 793	**94 795**	63 194
Non-controlling interests		**(33)**	149		
		92 373	88 942	**94 795**	63 194
Basic earnings per share	24	**57,8**	62,0		
Diluted basic earnings per share	24	**56,5**	60,5		

Statement of changes in equity

for the year ended 31 March 2012

	Notes	Share capital R000	Fair value and other reserves* R000	Retained earnings R000	Non-controlling interest R000	Total R000
		Attributable to equity holders of the parent				
Group						
Balance at 1 April 2010		162 857	75 579	2 058 905	1 880	2 299 221
Share options taken up		686				686
Share of associates' movement in retained earnings				(269)		(269)
Change in control of partially owned subsidiaries					(100)	(100)
Total comprehensive income for the period			(18 354)	107 147	149	88 942
Net profit				107 147	149	107 296
Other comprehensive income			(18 354)			(18 354)
Dividend	25			(19 001)		(19 001)
Balance at 31 March 2011		163 543	57 225	2 146 782	1 929	2 369 479
Balance at 1 April 2011		163 543	57 225	2 146 782	1 929	2 369 479
Share of associates' movement in retained earnings				1 317		1 317
Change in control of partially owned subsidiaries					(896)	(896)
Total comprehensive income for the period			(7 673)	100 079	(33)	92 373
Net profit				100 079	(33)	100 046
Other comprehensive income			(7 673)			(7 673)
Dividend	25			(20 760)		(20 760)
Balance at 31 March 2012		163 543	49 552	2 227 418	1 000	2 441 513
Company						
Balance at 1 April 2010		178 835	72 763	1 929 795		2 181 393
Total comprehensive income for the period			(19 277)	82 471		63 194
Net profit				82 471		82 471
Other comprehensive income			(19 277)			(19 277)
Dividend	25			(19 672)		(19 672)
Balance at 31 March 2011		178 835	53 486	1 992 594		2 224 915
Balance at 1 April 2011		178 835	53 486	1 992 594		2 224 915
Total comprehensive income for the period			(7 736)	102 531		94 795
Net profit				102 531		102 531
Other comprehensive income			(7 736)			(7 736)
Dividend	25			(21 460)		(21 460)
Balance at 31 March 2012		178 835	45 750	2 073 665		2 298 250

*Fair value and other reserves include movements on employee post retirement benefit reserves, available for sale financial assets, foreign currency translation movements and movements on the reserves of associate companies.

Cash flow statement

for the year ended 31 March 2012

	Notes	Group 2012 R000	Group 2011 R000	Company 2012 R000	Company 2011 R000
Cash flow from operating activities					
Cash received from clients		412 281	401 584	384 816	379 463
Cash paid to suppliers and employees		(245 497)	(230 794)	(240 230)	(214 707)
Cash generated from operating activities	28.1	166 784	170 790	144 586	164 756
Finance cost		(23 055)	(17 653)	(23 048)	(17 647)
Taxation paid	28.2	(14 240)	(19 484)	(11 528)	(17 316)
Dividends paid	28.3	(21 061)	(18 669)	(21 761)	(19 340)
Net cash generated from operating activities		108 428	114 984	88 249	110 453
Cash flow from investing activities					
Capital expenditure on					
– investment properties		(96 864)	(12 331)	(93 903)	(1 168)
– property and equipment		(3 324)	(7 342)	(2 517)	(3 843)
Proceeds from sale of					
– investment properties		27 388	220	27 388	220
– property and equipment		129	124	129	33
Loans and receivables advanced		(599 705)	(436 100)	(596 126)	(431 060)
Loans and receivables repaid		373 293	286 045	367 642	280 402
Investment in subsidiaries				726	(15 913)
Proceeds from sale of investments in associates		46 260	16 834	46 260	16 757
Dividends received from investments in associates		4	10	7 547	6 047
Net cash utilised in investing activities		(252 819)	(152 540)	(242 854)	(148 525)
Cash flow from financing activities					
Long-term borrowings repaid		(25 825)	(28 646)	(25 825)	(28 646)
Long-term borrowings received		-	86 950	-	86 950
Net cash (utilised in) / generated from financing activities		(25 825)	58 304	(25 825)	58 304
Net (decrease) / increase in cash and cash equivalents	11	(170 216)	20 748	(180 430)	20 232
Cash and cash equivalents at beginning of year	11	17 765	(2 983)	2 098	(18 134)
Cash and cash equivalents at end of year		(152 451)	17 765	(178 332)	2 098

Notes to the financial statements

for the year ended 31 March 2012

1. Accounting policies

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

1.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the Companies Act 71 of 2008 in South Africa.

IFRS 1, 'First-time Adoption of International Financial Reporting Standards' ("IFRS 1"), has been applied in preparing these financial statements. These financial statements are the Group's first financial statements to be prepared in accordance with IFRS.

The policies set out below have been consistently applied to all the years presented. The financial statements of the Group until 31 March 2011 had been prepared in accordance with Generally Accepted Accounting Principles in South Africa ("SA GAAP"). SA GAAP differs in certain respects from IFRS. When preparing the financial statements, management have not amended any of the accounting or valuation methods applied in the SA GAAP financial statements as they did not differ from IFRS. As a result, the comparative figures in respect of the financial statements at 31 March 2011 and 1 April 2010 were not restated.

1.1.1 Transition to IFRS

IFRS 1 requires full retrospective application of IFRS. However, the standard allows for exceptions and exemptions from full retrospective application of IFRS. The mandatory exceptions from full retrospective application of IFRS are not applicable, other than the estimates exception in respect of which no adjustments were made. The Group has chosen to make use of the IFRS 3, 'Business Combinations' exemption, which permits the Group not to restate the business combinations which took place prior to 1 April 2010.

Reconciliations between IFRS and SA GAAP

The conversion of the financial results of the Group from SA GAAP to IFRS did not result in any adjustments to the Group's previously reported financial position, financial performance or cash flows. As such no reconciliations are presented.

No third statement of financial position as at 1 April 2010 has been presented as required by IAS 1, 'Presentation of Financial Statements' as the conversion from SA GAAP to IFRS did not impact on the financial results of the Group.

1.2 New and amended statements adopted

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

Amendments to IAS 1 – Presentation of Financial Statements, on presentation of items of OCI. The IASB has issued an amendment to IAS 1, 'Presentation of financial statements'. The amendment changes the disclosure of items presented in other comprehensive income ("OCI") in the statement of comprehensive income. The IASB originally proposed that all entities should present profit or loss and OCI together in a single statement of comprehensive income. The proposal has been withdrawn and IAS 1 will still permit profit or loss and OCI to be presented in either a single statement or in two consecutive statements. The amendment does not address which items should be presented in OCI and the option to present items of OCI either before tax or net of tax has been retained. Effective date: 1 July 2012.

Amendments to IAS 19 – Employee benefits. The IASB has issued an amendment to IAS 19, 'Employee benefits', which makes significant changes to the recognition and measurement of defined benefit pension expense and termination benefits, and to the disclosures for all employee benefits. Effective date: 1 January 2013.

IAS 27 (revised 2011) – Separate financial statements. This standard includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10. Effective date: 1 January 2013.

IAS 28 (revised 2011) – Associates and joint ventures. This standard includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11, 'Joint agreements'. Effective date: 1 January 2013.

IAS 12 – Income taxes on deferred tax. Currently IAS 12, 'Income taxes', requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. The amendment introduces an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value. As a result of the amendments, SIC 21, 'Income taxes – recovery of revalued non-depreciable assets', would no longer apply to investment properties carried at fair value. The amendments also incorporate into IAS 12 the remaining guidance previously contained in SIC 21, which is accordingly withdrawn. Effective date: 1 January 2012.

IFRS 7 – Financial Instruments: Disclosures – Transfer of financial assets. The amendments are intended to address concerns raised during the financial crisis by the G20, among others, that financial statements did not allow users to understand the on-going risks the entity faced due to derecognised receivables and other financial assets. Effective date: 1 January 2013.

IFRS 9 – Financial Instruments. This IFRS is part of the IASB's project to replace IAS 39. IFRS 9 addresses classification and measurement of financial assets and replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortised cost and fair value. The IASB has updated IFRS 9 to include guidance on financial liabilities and derecognition of financial instruments. The accounting and presentation for financial liabilities and for derecognising financial instruments has been relocated from IAS 39, 'Financial instruments: Recognition and measurement', without change, except for financial liabilities that are designated at fair value through profit or loss. The IASB has published an amendment to IFRS 9 that delays the effective date to annual periods beginning on or after 1 January 2015. The original effective date was for annual periods beginning on or after 1 January 2013. This amendment is a result of the board extending its timeline for completing the remaining phases of its project to replace IAS 39 (for example, impairment and hedge accounting) beyond June 2011, as well as the delay in the assurance project. The amendment confirms the importance of allowing entities to apply the requirements of all the phases of the project to replace IAS 39 at the same time. The requirement to restate comparatives and the disclosures required on transition have also been modified. Effective date: 1 January 2013.

IFRS 10 – Consolidated financial statements. This standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements; it provides additional guidance to assist in determining control where this is difficult to assess. Effective date: 1 January 2013.

IFRS 11 – Joint agreements. This standard provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed. Effective date: 1 January 2013.

IFRS 12 – Disclosures of interests in other entities. This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. Effective date: 1 January 2013.

IFRS 13 – Fair value measurement. This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRS's. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRS's or US GAAP. Effective date: 1 January 2013.

The impact of the above standards on the results of the Group has not yet been assessed.

1.3 Group accounting

1.3.1 Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights.

The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of comprehensive income.

1.3.2 Investments in associates

Associates are entities over which the Company generally has between 20 percent and 50 percent of the voting rights, or over which the Company has significant influence, but which it does not control. Investments in associates are accounted for by the equity method of accounting. Under this method the Company's share of associates' post-acquisition profits or losses is recognised in the profit and loss component of the statement of comprehensive income and its share of post-acquisition reserves is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the cost of the investment.

Impairments are recorded for long-term diminutions in value. Unrealised gains on transactions between the Company and its associates are eliminated to the extent of the Group's interest in the associates; unrealised losses are also eliminated, unless the transaction provides evidence of an impairment of the asset transferred. When the Company's share of losses in an associate equals or exceeds its interest in the associate, the Company does not further recognise losses, unless the Company has incurred obligations or makes payments on behalf of the associates. Dilution gains and losses arising in investments in associates are recognised in profit and loss.

The latest audited financial statements are utilised to determine the share of the associated companies' earnings.

1.3.3 Joint ventures

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

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

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

1.3.4 Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised gains arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates and jointly controlled entities are eliminated to the extent of the Company's interest in the enterprise. Unrealised gains arising from transactions with associates and joint ventures are eliminated against the investment in the associate or joint venture as appropriate. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

1.3.5 Transactions with non-controlling interests

Transactions, including partial disposals, with minority non-controlling interests shareholders that do not result in the gain or loss of control, are accounted for as transactions with equity holders of the Group. For purchases of additional interests from non-controlling interests, the excess of the purchase consideration over the Group's proportionate share of the subsidiary's net asset value acquired is accounted for directly in equity. For disposals to non-controlling shareholders, the profit or losses on the partial disposal of the Group's interest in a subsidiary to non-controlling shareholders is also accounted for directly in equity. All acquisition related costs are expensed.

1.4 Foreign currencies

1.4.1 Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in ZAR (R'000), which is the Group's presentation currency.

1.4.2 Transactions and balances

Foreign currency transactions are translated into the functional currency of the entity, using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit and loss, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within 'finance income or cost'. All other foreign exchange gains and losses are presented in the statement of comprehensive income within 'other operating income' or 'operating expenses' as appropriate.

Changes in the fair value of monetary securities denominated in foreign currency, classified as available for sale, are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amounts are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities, such as equities held at fair value through profit or loss, are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included in other comprehensive income.

1.4.3 Group Companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency of the Group are translated into the presentation currency as follows:

(a) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
(b) income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
(c) all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to other comprehensive income. When a foreign operation is partially or fully disposed of or sold, exchange differences that were recorded in equity are recognised in the statement of comprehensive income as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

1.5 Financial instruments

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

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

Available for sale financial instruments

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

Loans and receivables

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

Impairment of loans and receivables:

Specific impairments

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

The portfolio of investments is classified into different risk classes which are determined by the application of various risk criteria. Meeting these criteria is accepted as objective evidence that an impairment event has occurred in the specific investment. The criteria for assessing the investment's performance in meeting its repayment obligations are as follows:

A. Investments with no arrears
B. Amount in arrears for 30 days is less than the repayment required or value of installment
C. Amount in arrears for 60 days is less than the repayment required or value of installment
D. Amount in arrears for 30 days is greater than value of installment
E. Amount in arrears for 30 days with no planned installments on account
F. Dishonoured payments occurring in the preceding 6 months
G. Informal sector loans
H. Investments under legal control

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

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

In quantifying the impairment for investments in the different risk classes, estimates are applied to key variables as follows:

- the probability of a loss giving default occurring for the risk classification applicable to each investment, which ranges from 0 percent to 75 percent
- the time period required from the date of assessment to the point in the future when cash flows are expected from a specific investment. The period is estimated to be 18 months on average. The cash flows are discounted to the current date over the expected period at a discount rate equal to the rate of return expected from the specific investment.

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

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

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

Offsetting
Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Impairment of financial instruments
The Group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. Objective evidence would include, but not be limited to: a decline in the financial asset's ability to generate future cash flows, deterioration in the counterparty's credit profile, the ability to collect all amounts due according to the original terms, or the anticipated non-performance on a contract.

If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from other comprehensive income and recognised in profit or loss. Impairment losses recognised in profit or loss on equity instruments are not reversed through profit or loss; increases in their fair value after impairment are recognised directly in other comprehensive income.

Derecognition

Financial assets are derecognised when rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substanitally all risks and rewards of ownership.

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

1.5.1 Trade receivables

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

1.5.2 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

1.6 Investment properties

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

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

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

1.7 Property and equipment

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

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

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Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit and loss component of the statement of comprehensive income during the financial period in which they are incurred.

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

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

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

- Machinery, equipment, furniture and fittings – 5 years
- Computer hardware and computer software – 3 years
- Vehicles – 4 years

1.8 Inventories and assets held for resale

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

1.9 Cash and cash equivalents

Money market assets form part of deposits and bank balances and are carried at fair value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, deposits held at call with banks and a bank overdraft.

1.10 Provisions and contingent liabilities

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

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

Provisions for future operating losses are not recognised.

Contingent liabilities, which include certain guarantees other than financial guarantees, and letters of credit pledged as collateral security, are possible obligations that arise from past events whose existence will be confirmed only by the occurrence, or non-occurrence, of one or more uncertain future events not wholly within the Group's control. Contingent liabilities are not recognised in the financial statements but are disclosed in the notes to the financial statements.

1.11 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit and loss over the period of the borrowings using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

1.12 Employee benefits

1.12.1 Pension obligations

The Group has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the Projected Unit Credit method. In terms of this method the present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in full in the statement of comprehensive income in the year in which they arise.

1.12.2 Post-retirement medical aid obligations

The Group provides post-retirement medical aid benefits to employees and pensioners in service of the Group on or before 30 April 1999. The entitlement to post-retirement medical aid benefits is based on the employee remaining in service up to retirement age. The expected costs of these benefits are accrued over the period of employment, using the Projected Unit Credit method. Valuations of these obligations are carried out by actuaries. Actuarial gains or losses are recognised in full in the year in which the gain or loss is determined by the actuary in the statement of comprehensive income, and are accounted for under fair value and other reserves.

1.13 Current and deferred income tax

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

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

Deferred tax is determined by using the liability method, for all temporary differences arising between the tax base of assets and liabilities and their carrying values for financial reporting purposes. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The principal temporary differences arise from provisions. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the tax asset can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, expect for deferred income tax liabilities where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities related to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

1.14 Operating leases

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

1.15 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and value-added taxes.

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

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

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

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

1.16 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed on the next page.

1.16.1 Impairment of loans and receivables

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

1.16.2 Present value of defined benefit obligation

The present value of the defined benefit obligation using the Projected Unit Credit method relies on a number of assumptions including the discount rate and mortality rates. Any changes in the assumptions applied will impact the carrying amount of the pension obligation.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension obligation. Additional information is disclosed in note 8.1.

At 1 March 2012 the defined benefit obligation as it relates to active members was capped for the transfer of the obligation to a defined contribution fund. At 31 March 2012 there was therefore no management discretion applied in the determination of assumptions used to value the defined benefit obligation related to active members.

The determination of the defined benefit obligation as it relates to pensioners is calculated by applying a mortality rate. If the average age of the pensioners were to increase by 1 year, the pension obligation for pensioners would amount to R84,3 million, resulting in a gain to other comprehensive income before tax of R2,8 million. If the average age of the pensioners was to decrease by 1 year, the pension obligation for pensioners would amount to R90,0 million, resulting in a charge to other comprehensive income before tax of R2,9 million.

1.16.3 Present value of post-retirement medical aid obligation

The present value of the post-retirement medical aid obligation relies on a number of assumptions including the discount rate and the Consumer Price Index ("CPI") by which the medical aid subsidy is increased each year. Any changes in the assumptions applied will impact on the carrying amount of the post-retirement obligation.

The Group determines the appropriate discount rate at the end of each year, which is based on the R186 government bond. This is the interest rate used to determine the present value of estimated future cash outflows required to settle the post-retirement medical aid obligation. Additional information, as well as the sensitivity to the subsidy inflation rate, is disclosed in note 8.2.

1.16.4 Valuation of investment properties

The valuation of investment properties was performed internally by suitably qualified personnel and is based on the capitalised income method. The key assumptions used in the valuation of the investment properties are capitalisation rates, vacancy factors and actual expenses incurred on each property. The vacancy factors and property expenses are based on actual and historical trends. Capitalisation rates are determined by management with reference to current market information and management's assessment of the property portfolio.

If the capitalisation rate was on average one percent higher for the portfolio, the Group's profit before tax would have been R117,5 million. Alternatively, if the capitalisation rate was on average one percent lower for the portfolio, the Group's profit before tax would have been R197,3 million. Refer to note 3.

2. Financial risk management

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

The Group's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to risk exposure limits by means of reliable and up-to-date information systems. The Group regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice. Risk management is carried out by the Group's management. In addition, internal audit is responsible for the independent review of risk management policies and the control environment. The primary financial risks to which the Group is exposed are credit risk, market risk, interest rate risk and liquidity risk.

2.1 Credit risk

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

2.1.1 Credit risk measurement

Loans and receivables

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

2.1.2 Risk management process

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

Loans and receivables

The concentration of risk in the investment portfolio is decreased through industry diversification. The more than 1 820 investment projects in the portfolio are representative of most sectors of the economy, with no specific industry or geographical area representing undue risk. No single investment represents more than 0,8 percent of the total investment portfolio, limiting the concentration of risk in single investments.

The on-going monitoring of the risk profile of the portfolio is guided by investment policies, investment committees and credit control functions. Exception reporting at various levels within the organisation provides early identification of increases in the credit risk of the business investment portfolio. A formal risk assessment process is undertaken in terms of which investments are impaired in line with movements in the credit risk.

Collateral

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

- mortgage bonds over residential, commercial and industrial property
- notarial bonds over property and equipment
- personal sureties and the cession of policies and investments

Rental contracts

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

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	Group		Company	
	2012	2011	**2012**	2011
	R000	R000	**R000**	R000
2.1.3 Maximum exposure to credit risk				
Credit risk exposure relating to on-balance sheet assets are as follows:				
Loans and receivables				
- Interest-bearing loans	**2 085 300**	1 946 253	**2 074 654**	1 931 418
- Shareholders' loans	**77 659**	72 087	**77 659**	72 087
- Royalty agreements	**26 276**	22 457	**25 096**	21 730
- Staff loans	**89**	314	**89**	314
	2 189 324	2 041 111	**2 177 498**	2 025 549
Credit risk exposure relating to off-balance sheet items are as follows:				
- Financial guarantees	**4 040**	694	**4 040**	694
- Loan commitments and other credit related liabilities	**237 078**	315 464	**237 073**	311 994
	2 430 442	2 357 269	**2 418 611**	2 338 237

The above table represents the maximum scenario of credit risk exposure of the Group at 31 March 2012 and 2011, without accounting for any collateral held or other credit enhancements attached.

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

Industry sector

	Group 2012 R000	Group 2011 R000	Company 2012 R000	Company 2011 R000
Construction	**111 003**	113 780	**111 003**	113 780
Financial intermediation	**608 409**	565 209	**607 971**	565 195
Fishing	**43 292**	49 758	**43 292**	49 758
Horticulture, animal farming and forestry	**23 497**	26 574	**23 497**	26 574
Leisure	**92 251**	117 154	**88 106**	109 970
Manufacturing	**465 454**	377 186	**465 454**	377 186
Motor trade	**171 188**	161 175	**168 549**	158 025
Personal services	**97 166**	88 410	**96 822**	87 975
Quarrying	**41 341**	21 014	**41 341**	21 014
Retail	**166 528**	152 869	**164 684**	150 716
Transport and communication	**63 940**	67 079	**63 532**	67 079
Travel and tourism	**227 144**	239 036	**227 144**	239 036
Wholesale	**78 111**	61 867	**76 103**	59 241
	2 189 324	2 041 111	**2 177 498**	2 025 549

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for the year ended 31 March 2012

	Group		Company	
	2012 R000	2011 R000	**2012 R000**	2011 R000
Geographical exposure				
Eastern Cape	**276 993**	252 904	**275 164**	249 407
Free State	**101 588**	90 049	**100 635**	89 118
Gauteng	**550 885**	441 826	**548 828**	437 255
KwaZulu-Natal	**434 269**	456 741	**433 666**	455 961
Limpopo	**74 909**	76 676	**74 701**	76 500
Mpumalanga	**84 437**	86 654	**81 452**	85 541
North West	**29 464**	37 559	**29 464**	37 559
Northern Cape	**54 735**	50 818	**54 391**	50 383
Western Cape	**582 044**	547 884	**579 197**	543 825
	2 189 324	2 041 111	**2 177 498**	2 025 549

	Group		Company	
Product type				
Equity Partner	**44 941**	49 939	**44 941**	49 939
Royalty Partner	**833 581**	805 826	**821 755**	790 264
Loan Partner	**473 669**	500 367	**473 669**	500 367
Property Risk Partner	**596 932**	494 402	**596 932**	494 402
Property Equity Partner	**96 384**	93 889	**96 384**	93 889
Risk Partner	**30 725**	45 793	**30 725**	45 793
Royalty Risk Partner	**32 616**	50 895	**32 616**	50 895
Property Royalty	**80 476**	-	**80 476**	-
	2 189 324	2 041 111	**2 177 498**	2 025 549

2.1.4 Loans and receivables

	Group		Company	
Loans and receivables are summarised as follows:				
Neither past due nor individually impaired	**1 329 631**	1 213 810	**1 321 467**	1 203 490
Past due but not individually impaired	**49 088**	10 772	**49 088**	10 772
Individually impaired	**810 605**	816 529	**806 943**	811 287
Gross	**2 189 324**	2 041 111	**2 177 498**	2 025 549
Less: allowance for impairment	**(167 805)**	(173 543)	**(165 861)**	(171 630)
Net	**2 021 519**	1 867 568	**2 011 637**	1 853 919

The total allowance for impairment of loans and receivables is R167,8 million (2011: R173,5 million) of which R131,7 million (2011: R143,3 million) represents the individually impaired loans and the remaining amount of R36,1 million (2011: R30,2 million) represents the portfolio impairment. For further information regarding the impairment, refer to note 4.3.

	Group		Company	
	2012	2011	**2012**	2011
	R000	R000	**R000**	R000

Loans and receivables neither past due nor individually impaired

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

	Group 2012 R000	Group 2011 R000	Company 2012 R000	Company 2011 R000
Interest-bearing loans	**1 240 549**	1 142 136	**1 233 565**	1 132 543
Shareholders' loans	**62 717**	48 903	**62 717**	48 903
Royalty agreements	**26 276**	22 457	**25 096**	21 730
Staff loans	**89**	314	**89**	314
	1 329 631	1 213 810	**1 321 467**	1 203 490

Loans and receivables past due but not individually impaired

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

	Group 2012 R000	Group 2011 R000	Company 2012 R000	Company 2011 R000
Interest-bearing loans	**49 039**	10 772	**49 039**	10 772
Shareholders' loans	**49**	-	**49**	-
Royalty agreements	**-**	-	**-**	-
Staff loans	**-**	-	**-**	-
	49 088	10 772	**49 088**	10 772
Fair value of collateral – interest-bearing loans	**41 075**	7 777	**41 075**	7 777

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

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

Loans and receivables individually impaired

The individually impaired loans and receivables of the Group, before taking into consideration the fair value of collateral held, amounts to R810,6 million (2011: R816,5 million).

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

	Group 2012 R000	Group 2011 R000	Company 2012 R000	Company 2011 R000
Interest-bearing loans	**795 712**	793 345	**792 050**	788 103
Shareholders' loans	**14 893**	23 184	**14 893**	23 184
Royalty agreements	**-**	-	**-**	-
Staff loans	**-**	-	**-**	-
	810 605	816 529	**806 943**	811 287
Fair value of collateral – interest-bearing loans	**516 970**	501 500	**515 883**	500 395

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

During the year, interest in the amount of R71,5 million (2011: R78,8 million) earned on individually impaired loans was recognised in revenue.

Loans and receivables renegotiated

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

Renegotiated loans and receivables at the end of the year are as follows:

	Group		Company	
	Continue to be impaired R000	**No longer impared R000**	**Continue to be impared R000**	**No longer impared R000**
At 31 March 2012				
Interest-bearing loans	9 553	12 551	9 553	12 551
Shareholders' loans	-	-	-	-
	9 553	12 551	9 553	12 551
At 31 March 2011				
Interest-bearing loans	27 179	8 336	27 179	8 336
Shareholders' loans	1 502	-	1 502	-
	28 681	8 336	28 681	8 336

2.2 Market risk

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

2.2.1 Interest rate risk

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

If the prime overdraft rate was one percent higher during the year, the Group's profit before tax would have been R154,3 million (2011: R155,1 million). Alternatively, if the interest rate was one percent lower the Group's profit before tax would have been R121,5 million (2011: R122,5 million).

Risk management process

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

2.2.2 Foreign currency risk

The Group has three subsidiaries which are incorporated in foreign countries (refer note 31). The net investment in the foreign subsidiaries, in aggregate and individually, are not material to the results of the Group. Although management do monitor the exposure to foreign currency fluctuations, no specific risk mitigation instruments are employed.

2.3 Liquidity risk

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

Risk management process

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

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

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

	Less than 1 year R000	Between 1 and 2 years R000	Between 2 and 5 years R000	Over 5 years R000	Total R000
At 31 March 2012					
Borrowings (refer note 14.1)	216 616	30 737	149 800	14 304	411 457
Accounts payable	36 017				36 017
Current tax liability	5 824				5 824
At 31 March 2011					
Borrowings (refer note 14.1)	33 923	28 547	174 515	19 639	256 624
Accounts payable	32 726				32 726
Current tax liability	-				-

2.4 Fair values of financial assets and financial liabilities

The Group uses the following fair value measurement hierarchy to measure the financial assets and liabilities that are carried at fair value on the statement of financial position:

- Level 1: Quoted prices in active market for identical assets or liabilities
- Level 2: Inputs other than quoted prices included with level 1 that are observable
- Level 3: Inputs for the asset or liability that are not based on observable market data

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

	Level 1	Level 2	Level 3	Total balance
At 31 March 2012				
Available-for-sale financial assets	320	-	-	320
At 31 March 2011				
Available-for-sale financial assets	323	-	-	323

	Group		Company	
	2012 R000	2011 R000	**2012 R000**	2011 R000
2.5 Capital management				
The Group's objectives when managing capital are:				
- To safeguard the Group's ability to continue as a going concern in order to continue providing returns for shareholders and benefits for other stakeholders; and				
- To maintain a strong capital base to support the development and growth of the business				
The table below summarises the composition of capital:				
Share capital	**178 835**	178 835	**178 835**	178 835
Treasury shares	**(15 292)**	(15 292)		
Fair value and other reserves	**49 552**	57 225	**45 750**	53 486
Retained earnings	**2 227 418**	2 146 781	**2 073 665**	1 992 594
Total capital	**2 440 513**	2 367 549	**2 298 250**	2 224 915
3. Investment properties				
Fair value – beginning of year	**569 232**	517 120	**470 985**	443 281
Acquisitions	**96 864**	12 331	**93 903**	1 168
Disposals	**(19 900)**	(220)	**(19 900)**	(220)
Depreciation on leasehold property	**(194)**	(129)	**(194)**	(129)
Fair value adjustment	**33 938**	40 130	**28 460**	26 885
Fair value – end of year	**679 940**	569 232	**573 254**	470 985

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

- Capitalisation rates used varied between 9,5 percent and 14,0 percent (2011: 9,5 percent and 14,5 percent)
- Vacancy factors varied between 0 percent and 10 percent (2011: 0 percent and 15 percent)
- Property expenses in the main varied between 11,9 percent and 38,4 percent of total rent and recoveries (2011: 11,6 percent and 38,4 percent)

The Group does has not classified or accounted for any properties subject to an operating lease as investment property.

At 31 March 2012 no contractual obligations exist for the purchase, construction or development of investment properties.

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

	Group 2012 R000	Group 2011 R000	Company 2012 R000	Company 2011 R000
- Rental income	**107 003**	93 822	**82 417**	71 141
- Repairs and maintenance expenses	**12 712**	14 444	**9 252**	10 785
- Other operating expenses	**50 788**	40 916	**37 470**	30 386

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

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	Group		Company	
	2012	2011	**2012**	2011
	R000	R000	**R000**	R000
4. Loans and receivables				
Investment in *En Commandite* partnerships (Refer note 4.1)	**13 562**	19 056	**16 702**	21 691
Available-for-sale financial assets (Refer note 4.2)	**320**	323	**320**	323
Loans and receivables (Refer note 4.3)	**2 021 519**	1 867 568	**2 011 637**	1 853 919
Less: Short-term portion	**(286 555)**	(263 807)	**(283 547)**	(261 480)
Carrying value of loans and receivables	**1 748 846**	1 623 140	**1 745 112**	1 614 453

4.1 Investment in *En Commandite* partnerships

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

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

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

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

4.2 Available-for-sale financial assets

	Group 2012	Group 2011	Company 2012	Company 2011
Fair value – beginning of year	**323**	312	**323**	312
Disposals	**-**	-	**-**	-
Acquisitions	**-**	-	**-**	-
Fair value surplus transferred to equity	**(3)**	11	**(3)**	11
Fair value – end of year	**320**	323	**320**	323

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

	Group		Company	
	2012 R000	2011 R000	**2012 R000**	2011 R000
4.3 Loans and receivables				
Interest-bearing loans				
These loans are secured and are priced at market rates which are representative of the risk of the investment and the quality and quantum of the collateral available. The loans are initially recorded at fair value and thereafter measured at amortised cost, at level yields to maturity that vary between 7 percent and 26 percent.				
Gross interest-bearing loans	2 085 300	1 946 253	2 074 654	1 931 418
Less: allowance for impairment	(159 458)	(161 998)	(157 514)	(160 085)
	1 925 842	1 784 255	1 917 140	1 771 333
Shareholders' loans				
These loans are unsecured, and are priced at interest rates between 0 percent and 10 percent. The loans are initially recorded at fair value and thereafter measured at amortised cost, at level yields to maturity equal to the prime rate at the date of approval of the loan. Fair value at initial recognition is determined with reference to quoted market interest rates. Should the repayment terms of the loans be indeterminable these loans are recognised at cost.				
Gross shareholders' loans	77 659	72 087	77 659	72 087
Less: allowance for impairment	(8 347)	(11 545)	(8 347)	(11 545)
	69 312	60 542	69 312	60 542
The amortised cost of the loans to shareholders approximates fair value.				
Royalty agreements				
The cash flows expected from royalty agreements are arrived at by adjusting the contracted royalty payments with a risk factor. The expected future royalty payments are initially measured at fair value and then measured at amortised cost by applying a discount rate equal to the expected return from the investment linked to the royalty agreement. The rates vary between 1 percent and 17 percent.	26 276	22 457	25 096	21 730
The amortised cost of royalty agreements approximates fair value.				

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	Group 2012 R000	Group 2011 R000	Company 2012 R000	Company 2011 R000
Staff loans				
These loans, consisting mainly of mortgage loans over residential property and bearing interest at rates linked to the prime overdraft rate, are initially recorded at fair value and thereafter measured at amortised cost using rates that vary between 6 percent and 7,5 percent.				
Gross staff loans	89	314	89	314
Less: allowance for impairment	-	-	-	-
	89	314	89	314
The amortised cost of the loans to staff approximates fair value.				
Total for loans and receivables	2 021 519	1 867 568	2 011 637	1 853 919

The Group accepted mortgage and notarial bonds, and other types of security, at fair value of R1 679,9 million (2011: R1 543,6 million) as collateral for interest-bearing loans, which it is permitted to sell or repledge.

At the reporting date, although the Group has not sold or repledged any of the collateral held, the Group has ceded contingent rights to its loan book to the value of R100 million as security for a bank overdraft facility of R200 million (refer note 14.1).

Reconciliation of allowance account for impairment on loans and receivables

	Interest-bearing loans R000	Share-holders' loans R000	Staff loans R000	Total R000
Group				
At 1 April 2010	154 364	9 332	224	163 910
Impairment allowance raised on new investments	28 495	4 696	-	33 191
Impairment reversed on investments written off / repaid	(53 469)	(4 998)	(224)	(58 691)
Increase in impairment allowance on existing investments	54 786	4 002	-	58 788
Decrease in impairment allowance on existing investments	(22 178)	(1 477)	-	(23 655)
At 31 March 2011	161 998	11 545	-	173 543
At 1 April 2011	161 998	11 545	-	173 543
Impairment allowance raised on new investments	37 101	51	-	37 152
Impairment reversed on investments written off / repaid	(58 453)	(1 729)	-	(60 182)
Increase in impairment allowance on existing investments	39 257	4 703	-	43 960
Decrease in impairment allowance on existing investments	(20 445)	(6 223)	-	(26 668)
At 31 March 2012	159 458	8 347	-	167 805
Company				
At 1 April 2010	153 538	9 305	224	163 067
Impairment allowance raised on new investments	28 101	4 696	-	32 797
Impairment reversed on investments written off / repaid	(53 409)	(4 980)	(224)	(58 613)
Increase in impairment allowance on existing investments	53 993	4 002	-	57 995
Decrease in impairment allowance on existing investments	(22 138)	(1 478)	-	(23 616)
At 31 March 2011	160 085	11 545	-	171 630
At 1 April 2011	160 085	11 545	-	171 630
Impairment allowance raised on new investments	36 839	51	-	36 890
Impairment reversed on investments written off / repaid	(57 722)	(1 729)	-	(59 451)
Increase in impairment allowance on existing investments	38 564	4 703	-	43 267
Decrease in impairment allowance on existing investments	(20 252)	(6 223)	-	(26 475)
At 31 March 2012	157 514	8 347	-	165 861

	Group 2012 R000	Group 2011 R000	Company 2012 R000	Company 2011 R000

5. Investments in associates

Audited financial statements are used to account for the share of associated companies earnings. For those associates for which audited financial accounts are not available, an estimation is made of the associated company's earnings. For the current year the estimated earnings amounted to R1,3 million before tax (2011: R1,1 million). A register containing details of all listed, unlisted and other investments is available at the registered office.

	Group 2012 R000	Group 2011 R000	Company 2012 R000	Company 2011 R000
Unlisted shares at cost	3 645	3 645	1 874	1 874
Share of retained earnings	73 498	81 817		
Total for unlisted associates	77 143	85 462	1 874	1 874
Directors' valuation of the investment in associates	185 174	160 906	184 422	160 155

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

The movement in investments in associates are as follows:

	Group 2012 R000	Group 2011 R000	Company 2012 R000	Company 2011 R000
At the beginning of the year	85 462	73 910	1 874	1 874
Share of results before tax	20 388	21 781		
Share of tax	(4 561)	(4 289)		
Other movements (net of acquisitions and disposals)	(24 146)	(5 940)	-	-
At the end of the year	77 143	85 462	1 874	1 874

The Company has investments in 399 associates (2011: 412), a list of which is available at the corporate office for inspection. The detail of the Company's investment in associates, principally their assets, liabilities, revenues, profits or losses and the percentage held is not disclosed as the majority of these investments are not individually material to the results of the Group.

6. Property and equipment

6.1. Equipment

	Group 2012 R000	Group 2011 R000	Company 2012 R000	Company 2011 R000
Cost – beginning of the year	24 139	21 824	23 913	21 677
Acquisitions	2 749	2 775	2 517	2 696
Disposals	(1 601)	(460)	(1 601)	(460)
Cost – end of the year	25 287	24 139	24 829	23 913
Accumulated depreciation – beginning of the year	(19 844)	(18 125)	(19 710)	(18 036)
Depreciation charged	(2 270)	(2 170)	(2 229)	(2 126)
Depreciation on disposals	1 597	451	1 597	452
Accumulated depreciation – end of the year	(20 517)	(19 844)	(20 342)	(19 710)
Closing net book amount	4 770	4 295	4 487	4 203

6.2. Land and buildings

	Group 2012 R000	Group 2011 R000	Company 2012 R000	Company 2011 R000
Cost – beginning of the year	89 302	84 734	1 147	-
Additions	-	1 147	-	1 147
Improvements	574	3 420	-	-
Cost – end of the year	89 876	89 301	1 147	1 147
Accumulated depreciation – beginning of the year	(5 010)	(3 161)	(24)	-
Depreciation charged	(806)	(1 849)	(7)	(24)
Accumulated depreciation – end of the year	(5 816)	(5 010)	(31)	(24)
Closing net book amount	84 060	84 291	1 116	1 123
Total net book amount for property and equipment	88 830	88 586	5 603	5 326

	Group		Company	
	2012 R000	2011 R000	**2012 R000**	2011 R000
7. Investments in subsidiaries				
Unlisted shares at cost			11	6
Interest free loans			107 173	102 941
Interest-bearing loans			38 250	41 970
Provisions			(6 363)	(5 120)
			139 071	139 797

Interest bearing loans comprise a loan made available to Business Partners Properties 002 (Pty) Ltd to enable it to purchase a property. The loan is for 5 years and interest is charged at prime minus 1,0 percent.

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

	Group 2012	Group 2011	Company 2012	Company 2011
Profits			19 475	20 556
Losses			(2 014)	(2 104)

The details of the subsidiaries are disclosed in note 31.

8. Employee benefits

8.1 Pension funds

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

Defined contribution pension fund

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

Defined benefit pension fund

During the current financial year, all active members of the defined benefit pension fund were given the option to become members of the Business Partners Limited Retirement Fund on 1 March 2012. All active members have elected this option. The past service liability in respect of active members has, for the purposes of this report, been based on the transfer values as at 1 March 2012, increased with interest at the interim fund interest rate of 7 percent per annum, to place a value on the active members liability as at 31 March 2012. The conversion values which were calculated as at 1 March 2012 will be transferred to the Business Partners Limited Retirement Fund after obtaining the required Section 14 approval from the Registrar of Pension Funds. The transfer values as at 1 March 2012, for active members, as well as the past service liability as at 31 March 2012 in respect of pensioners have been calculated as in prior years in accordance with the method disclosed below. The last statutory valuation of the fund was conducted at 1 April 2011 in terms of Section 16 of the Pension Fund Act of 1956 (as amended).

Projected Unit Credit valuation performed in terms of the requirements of IAS 19, 'Employee benefits'

An actuarial valuation of the defined benefit pension fund was performed effective for 31 March 2012 by applying the Projected Unit Credit method in line with the requirements of IAS 19, 'Employee benefits'. The current service cost reflects the increase in the past service liability resulting from employee service during the financial year.

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The interest cost represents the increase during the year in the past service obligation which arises because the benefits are one year closer to retirement and is determined by multiplying the discount rate by the average liability over the period. Based on the market value of the assets, the funding level, in terms of this valuation basis and assumptions, was 120,6 percent (2011: 127,2 percent).

The results of the valuation are as follows:

	2012 R000	2011 R000	2010 R000	2009 R000	2008 R000
Projected benefit obligation at the beginning of the year	**325 167**	296 678	281 875	278 774	259 209
Interest cost	**32 528**	29 849	26 613	27 191	22 864
Current service cost	**10 403**	10 460	10 540	10 813	9 696
Settlement cost	**31 541**				
Benefits paid	**(18 991)**	(27 756)	(23 564)	(35 382)	(17 435)
	55 481	12 553	13 589	2 622	15 125
Actuarial losses	**5 701**	15 936	1 214	479	4 440
Projected benefit obligation at the end of the year	**386 349**	325 167	296 678	281 875	278 774
The total value of the past service liabilities are made up as follows:					
Active members	**299 157**	240 574	224 724	209 109	209 369
Pensioners	**87 192**	84 593	71 954	72 766	69 405
Total past service liability at the end of the year	**386 349**	325 167	296 678	281 875	278 774
Market value of assets at the beginning of the year	**453 705**	429 504	339 498	423 661	402 474
Expected return on assets	**42 806**	40 521	30 291	40 072	33 820
Actuarial (losses) / gains	**(702)**	1 220	75 268	(96 887)	(3 228)
Employer contributions	**6 919**	7 670	7 541	7 314	7 249
Member contributions	**2 489**	2 762	2 716	2 632	2 627
Benefits paid	**(18 991)**	(27 756)	(23 564)	(35 382)	(17 435)
Expenses and tax paid	**(2 854)**	(216)	(2 246)	(1 912)	(1 846)
Market value of assets at the end of the year	**483 372**	453 705	429 504	339 498	423 661
The principal actuarial assumptions used were:					
Discount rate	**9,2%**	9,6%	9,6%	9,2%	9,7%
Expected rate of return on assets	**9,2%**	9,6%	9,6%	9,2%	9,7%
Expected future salary increases	**6,0%**	7,7%	7,0%	6,9%	7,9%
Expected average remaining working life	**11,8**	12,6	12,9	13,3	13,7

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	2012 R000	2011 R000
The amounts recognised in the consolidated statement of comprehensive income are as follows:		
Interest cost	32 528	29 849
Current service cost	10 403	10 460
Settlement cost	31 541	-
Expenses and tax paid	2 854	216
Expected return on plan assets	(42 806)	(40 521)
Contributions	(9 408)	(10 432)
Release of contingency reserves as a result of the settlement	(17 361)	-
Total included in staff costs (refer note 21)	7 751	(10 428)
Actuarial losses	6 403	16 760
Total recognised in the statement of comprehensive income	14 154	6 332
The pension fund assets, as administered by three asset managers, are in accordance with prudential guidelines, and consist of the following asset classes:		
Equity	276 265	155 033
Capital market	125 093	230 421
Money market	82 014	68 251
Market value of assets at the end of the year	483 372	453 705

No contributions will be made to the fund in the coming financial year. During the period 1 April 2011 to 31 March 2012, contributions totalling R10,4 million were paid to the fund. This amount includes contributions made by the employer as well as the members.

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

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

The Trustees established a Data Reserve and a Solvency Reserve amounting to R3,7 million (2011: R3,3 million) and R10,6 million (2011: R28,3 million) respectively. These reserves are deducted in the determination of the surplus.

Financial position of the Fund		
Assets	483 372	453 705
Less: Contingency reserves	(14 292)	(31 653)
Less: Past service liabilities	(386 349)	(325 167)
Defined benefit pension fund surplus	82 731	96 885

The decrease in the value of the surplus of R14,2 million (2011: decrease of R6,3 million) is accounted for in the statement of comprehensive income.

	Group		Company	
	2012	2011	**2012**	2011
	R000	R000	**R000**	R000

8.2 Post-retirement medical aid obligation

The Company has an obligation to provide post-retirement medical aid benefits to employees and pensioners in the service of the Company on or before 30 April 1999. The entitlement to these benefits is dependent upon the employee remaining in service until retirement age. The post-retirement medical aid subsidy for all participants (pensioners and employees) increases annually by 89 percent of the Consumer Price Index ("CPI"). Accordingly, the main actuarial assumption used in determining the liability relates to the future movements in the CPI. The CPI assumption for the current year was 5,7 percent (2011: 5,6 percent).

An investment return of 8,4 percent per annum was applied and is based on the yield on the R186 government bond as at 31 March 2012. This yield is accepted as the equivalent yield on high quality corporate bonds.

	Group 2012 R000	Group 2011 R000	Company 2012 R000	Company 2011 R000
The amounts recognised in the statement of comprehensive income are as follows:				
Interest cost	6 094	5 409	6 094	5 409
Current service cost	564	709	564	709
Total included in staff costs	6 658	6 118	6 658	6 118
Actuarial losses	4 339	10 025	4 339	10 025
	10 997	16 143	10 997	16 143
Movement in liability recognised in the statement of financial position:				
Liability accounted for at beginning of year	67 940	54 661	67 940	54 661
Benefits paid	(3 306)	(2 864)	(3 306)	(2 864)
Recognised in comprehensive income for the year	10 997	16 143	10 997	16 143
Liability accounted for at end of year	75 631	67 940	75 631	67 940

The actuarial loss of R4,3 million (2011: actuarial loss R10,0 million) is reflected in the statement of comprehensive income.

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

For a one percent increase the amounts are:

- Increase in interest cost	R 824 000
- Increase in current service cost	R 115 000
- Increase in liability	R 9 100 965

For a one percent decrease the amounts are:

- Decrease in interest cost	R 677 000
- Decrease in current service cost	R 90 000
- Decrease in liability	R9 527 035

Notes to the financial statements

for the year ended 31 March 2012

		Group		Company	
		2012	2011	**2012**	2011
		R000	R000	**R000**	R000
9.	**Inventory**				
	Repossessed properties (at lower of cost or net realisable value)	**5 609**	1 181	**5 609**	1 181
	Other (at cost)	**12**	15	**12**	15
		5 621	1 196	**5 621**	1 196
10.	**Accounts receivable**				
	Rent debtors	**8 292**	8 970	**4 689**	4 336
	Trade receivables	**8 944**	7 459	**4 596**	4 596
	Interest earned not yet charged	**3 318**	3 260	**3 301**	3 237
	Sundry deposits	**1 497**	804	**1 035**	639
	Tenant deposits held in trust by subsidiary			**9 297**	6 572
	Other	**3 523**	2 679	**2 114**	575
		25 574	23 172	**25 032**	19 955
11.	**Cash and cash equivalents**				
	Bank current accounts	**35 853**	25 411	**9 972**	9 744
	Cash, cash equivalents and bank overdrafts include the following for the purposes of the cash flow statement:				
	Deposits and bank balances	**35 853**	25 411	**9 972**	9 744
	Bank overdraft (refer note 14.1)	**(188 304)**	(7 646)	**(188 304)**	(7 646)
	Cash and cash equivalents	**(152 451)**	17 765	**(178 332)**	2 098
12.	**Share capital**				
12.1	**Authorised**				
	400 000 000 ordinary shares of R1 each	**400 000**	400 000	**400 000**	400 000
12.2	**Issued**				
	178 834 594 ordinary shares of R1 each	**178 835**	178 835	**178 835**	178 835
	5 834 000 (2011: 5 834 000) treasury shares held by the share trust	**(15 292)**	(15 292)		
	173 000 594 (2011: 173 000 594) ordinary shares	**163 543**	163 543	**178 835**	178 835

12.3 Unissued shares

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

This general authority expires at the forthcoming annual general meeting of the Company. The Company had a share incentive scheme in terms of which shares were issued and options were granted (refer note 30).

Notes to the financial statements

for the year ended 31 March 2012

	Net actuarial loss on post-retirement benefits R000	Fair value adjustment to financial instruments R000	Foreign currency translation reserve R000	Share of other compre-hensive income of associates R000	Total R000
13. Fair value and other reserves					
Group					
At 1 April 2010	72 695	69	2 086	792	75 579
Actuarial loss on defined benefit pension					
fund – gross	(16 760)				(16 760)
– tax	4 693				4 693
Actuarial loss on post-retirement medical					
aid obligation – gross	(10 025)				(10 025)
– tax	2 807				2 807
Revaluation – gross		11			11
– tax		(3)			(3)
Currency translation differences			(279)		(279)
Share of associates other comprehensive income				1 202	1 202
At 31 March 2011	53 410	77	1 807	1 931	57 225
At 1 April 2011	53 410	77	1 807	1 931	57 225
Actuarial loss on defined benefit pension					-
fund – gross	(6 403)				(6 403)
– tax	1 793				1 793
Actuarial loss on post-retirement medical					
aid obligation – gross	(4 339)				(4 339)
– tax	1 215				1 215
Revaluation – gross		(3)			(3)
– tax		1			1
Currency translation differences			443		443
Share of associates other comprehensive income				(380)	(380)
At 31 March 2012	45 676	75	2 250	1 551	49 552

	Net actuarial loss on post-retirement benefits R000	Fair value adjustment to financial instruments R000	Foreign currency translation reserve R000	Share of other compre-hensive income of associates R000	Total R000
Company					
At 1 April 2010	72 695	68			72 763
Actuarial loss on defined benefit pension					
fund – gross	(16 760)				(16 760)
– tax	4 693				4 693
Actuarial loss on post-retirement medical					
aid obligation – gross	(10 025)				(10 025)
– tax	2 807				2 807
Revaluation – gross		11			11
– tax		(3)			(3)
At 31 March 2011	53 410	76			53 486
At 1 April 2011	53 410	76			53 486
Actuarial loss on defined benefit pension					
fund – gross	(6 403)				(6 403)
– tax	1 793				1 793
Actuarial loss on post-retirement medical					
aid obligation – gross	(4 339)				(4 339)
– tax	1 215				1 215
Revaluation – gross		(3)			(3)
– tax		1			1
At 31 March 2012	45 676	74			45 750

Notes to the financial statements

for the year ended 31 March 2012

	Group		Company	
	2012 R000	2011 R000	**2012 R000**	2011 R000
14. Borrowings				
14.1 Non-current				
Interest-free long term loans	173	1 370	173	173
Interest-bearing long term borrowings	194 841	222 701	194 841	222 701
	195 014	224 071	195 014	222 874
Current				
Short-term portion of long term borrowings	28 312	26 277	28 312	26 277
Bank overdraft (refer note 11)	188 304	7 646	188 304	7 646
	216 616	33 923	216 616	33 923
	411 630	257 994	411 630	256 797

Interest-bearing long term loans are secured by bonds over properties and incur interest at rates between prime minus 0,5 percent and prime minus 1,0 percent. The loans' repayment terms are 5 and 10 years respectively. Refer note 2.3.

The Company has ceded contingent rights to its loan book to the value of R100 million as security for a bank

14.2 Borrowing powers

	Company 2012 R000	Company 2011 R000
The maximum permitted borrowings in terms of the Company's Memorandum of Incorporation (calculated by multiplying the Company's total capital and reserves by a factor of 1.4).	3 217 550	3 114 881
Total borrowings	411 630	256 797

Before 31 March 2012, the Company had concluded a funding facility agreement for R400 million with the Public Investment Corporation.

Notes to the financial statements

for the year ended 31 March 2012

15. Deferred tax liability

Deferred tax is calculated on all temporary differences under the liability method using a principal tax rate of 28 percent (2011: 28 percent)

The movement on the deferred tax account is as follows:

	Group 2012 R000	Group 2011 R000	Company 2012 R000	Company 2011 R000
At beginning of the year	(16 840)	(12 255)	(15 251)	(13 101)
Charge to profit and loss component of the statement of comprehensive income				
- Provisions	1 815	263	1 480	(505)
- Investment properties	(12 513)	(6 861)	(9 952)	(4 029)
- Fair value adjustments: financial instruments	(695)	(5 699)	(680)	(5 059)
- Assessed losses	1 597	269	-	-
- Dividends received after the dividend cycle	(135)	(54)	(135)	(54)
Charge directly to other comprehensive income	3 009	7 497	3 009	7 497
At end of the year	(23 762)	(16 840)	(21 529)	(15 251)

Net deferred tax liabilities consist of temporary differences relating to:

	Group 2012 R000	Group 2011 R000	Company 2012 R000	Company 2011 R000
Provisions	50 748	47 718	48 092	45 398
Investment properties	(48 899)	(36 386)	(39 453)	(29 501)
Fair value adjustments: financial instruments	(8 397)	(5 533)	(7 003)	(4 155)
Assessed losses	5 951	4 354	-	-
Dividends received after the dividend cycle	-	135	-	135
Defined benefit pension fund surplus	(23 165)	(27 128)	(23 165)	(27 128)
Net deferred tax liability	(23 762)	(16 840)	(21 529)	(15 251)

An aging of the net deferred tax liability is as follows:

	Group 2012 R000	Group 2011 R000	Company 2012 R000	Company 2011 R000
Deferred tax asset				
- Deferred tax assets to be recovered in the majority after more than 12 months	56 699	52 072	48 092	45 398
- Deferred tax assets to be recovered in the majority within 12 months	-	135	-	135
	56 699	52 207	48 092	45 533
Deferred tax liability				
- Deferred tax liabilities to be recovered in the majority after more than 12 months	(80 461)	(69 047)	(69 621)	(60 784)
- Deferred tax liabilities to be recovered in the majority within 12 months	-	-	-	-
	(80 461)	(69 047)	(69 621)	(60 784)
Net deferred tax liabilities	(23 762)	(16 840)	(21 529)	(15 251)

Notes to the financial statements

for the year ended 31 March 2012

		Group 2012 R000	Group 2011 R000	Company 2012 R000	Company 2011 R000
16.	**Accounts payable**				
	Tenant deposits held	8 837	7 683	7 693	6 660
	Other deposits held	205	3 800	205	3 800
	Funds held on behalf of managed properties	7 128	2 883		
	Trade vendors	6 432	7 817	4 822	6 312
	Statutory vendors	5 390	3 588	4 848	3 061
	Prepaid and deferred income	2 302	925	1 313	
	Other	5 723	6 030	3 739	4 693
		36 017	32 726	22 620	24 526

		Leave pay R000	Bonus R000	Total R000
17.	**Provisions**			
	Group			
	At 1 April 2010	15 967	21 185	37 152
	Provided for the year	1 589	16 028	17 617
	Utilised during the year	(1 047)	(18 883)	(19 930)
	At 31 March 2011	16 509	18 330	34 839
	At 1 April 2011	16 509	18 330	34 839
	Provided for the year	2 014	15 672	17 686
	Utilised during the year	(2 742)	(13 138)	(15 880)
	At 31 March 2012	15 781	20 864	36 645
	Company			
	At 1 April 2010	15 552	20 465	36 017
	Provided for the year	1 489	15 614	17 103
	Utilised during the year	(872)	(18 181)	(19 053)
	At 31 March 2011	16 169	17 898	34 067
	At 1 April 2011	16 169	17 898	34 067
	Provided for the year	1 806	14 904	16 710
	Utilised during the year	(2 676)	(12 728)	(15 404)
	At 31 March 2012	15 299	20 074	35 373

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

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

Notes to the financial statements

for the year ended 31 March 2012

		Group		Company	
		2012 R000	2011 R000	**2012 R000**	2011 R000
18.	**Revenue**				
	Revenue consists of:				
	Interest on business investments	**188 106**	191 603	**187 364**	191 030
	Royalty fees	**44 517**	46 902	**43 009**	45 748
	Fund management fees	**13 785**	18 821	**6 437**	11 584
	Financing fees	**8 332**	6 417	**8 292**	6 343
	Dividends received	**4**	10	**7 547**	6 047
	Professional services rendered	**115**	817	**28**	795
	Rental income	**100 132**	90 123	**85 285**	75 506
	Property management fees	**2 735**	3 170	**6 570**	7 396
		357 726	357 863	**344 532**	344 449
19.	**Other operating income**				
	Surplus on realisation of unlisted investments	**28 159**	13 058	**46 258**	16 750
	Surplus on realisation of investments properties	**7 488**	-	**7 488**	-
	Surplus on realisation of property and equipment	**124**	24	**124**	24
	Recovery of property expenses	**28 822**	25 896	**22 322**	20 220
	Fair value adjustment of investment properties	**33 938**	40 130	**28 460**	26 885
	Fair value adjustment of royalty agreements	**3 819**	(307)	**3 366**	(690)
	Fair value adjustment of shareholders' loans	**3 859**	5 270	**3 859**	5 233
	Interest on shareholders' loans	**390**	573	**390**	573
	Interest on staff loans	**17**	42	**17**	42
	Other	**8 058**	4 280	**7 398**	7 027
		114 674	88 966	**119 682**	76 064
20.	**Operating expenses**				
	Staff costs (refer note 21)	**147 585**	128 567	**140 759**	122 530
	Bad debts – net of recoveries and impairment created	**69 699**	78 248	**61 968**	76 046
	Bad debts written off	**89 097**	80 066	**81 551**	79 174
	Bad debts recoveries	**(17 913)**	(13 229)	**(17 658)**	(13 146)
	Impairment (reversed) / created	**(1 485)**	11 411	**(1 925)**	10 018
	Repairs and maintenance	**13 310**	15 167	**9 862**	11 502
	Other administrative overheads	**101 238**	89 996	**96 346**	87 083
		331 832	311 978	**308 935**	297 161
21.	**Staff costs**				
	Salaries	**110 874**	110 927	**105 335**	105 446
	Bonus provided for	**15 672**	16 028	**14 904**	15 614
	Net of leave payments and provisions	**2 014**	1 589	**1 806**	1 489
	Pension costs (refer note 8.1)	**7 751**	(10 428)	**7 751**	(10 428)
	Post retirement medical aid costs (refer note 8.2)	**6 658**	6 118	**6 658**	6 118
	Other costs	**4 616**	4 333	**4 434**	4 291
		147 585	128 567	**140 759**	122 530

Notes to the financial statements

for the year ended 31 March 2012

	Group 2012 R000	Group 2011 R000	Company 2012 R000	Company 2011 R000
22. Profit from operations				
The following items have been included in arriving at profit from operations:				
Depreciation on property and equipment	3 270	4 148	2 430	2 279
Interest paid	23 055	17 653	23 048	17 647
Directors' emoluments				
- as directors	2 042	1 659	2 042	1 659
- as management	9 076	9 336	9 076	9 336
Auditor's remuneration				
- audit	3 004	2 580	2 594	2 144
- other services	120	376	120	376
Impairment on investments (reversed) / created				
- interest-bearing loans	(2 540)	7 634	(2 571)	6 547
- shareholders' loans	(3 198)	2 223	(3 198)	2 240
- staff loans	-	(224)	-	(224)
Bad debts	89 097	80 066	81 551	79 174
Repairs and maintenance on investment properties	13 310	15 167	9 862	11 502
Leasing charges				
- equipment	35	27	35	22
- office premises	3 497	3 140	15 628	15 616
Dividends on investments				
- listed	4	2	4	2
- unlisted	-	8	6 707	2 179
Income from subsidiaries				
- dividends received			836	3 866
Surplus on realisation of property and equipment	124	24	124	24
Surplus on realisation of investments properties	7 488	-	7 488	-
Surplus on realisation of unlisted investments	28 159	13 058	46 258	16 750
Fair value adjustment on investment properties	33 938	40 130	28 460	26 885

23. Tax expense

23.1 Tax charge though profit and loss component of comprehensive income

	Group 2012 R000	Group 2011 R000	Company 2012 R000	Company 2011 R000
South African normal tax				
- Current tax – current year	15 394	11 110	12 585	9 763
– prior year	(1 725)	378	(1 866)	-
- Deferred tax	9 931	12 082	9 287	9 647
	23 600	23 570	20 006	19 410
Secondary tax on companies	1 550	1 695	1 550	1 695
Tax of associated companies	4 561	4 289		
Capital gains tax	8 144	2 129	8 144	2 129
	37 855	31 683	29 700	23 234

Notes to the financial statements

for the year ended 31 March 2012

	Group 2012 R000	Group 2011 R000	Company 2012 R000	Company 2011 R000
23.2 Reconciliation of rate of taxation				
South African normal tax rate	28,00%	28,00%	28,00%	28,00%
Adjusted for:	-0,55%	-5,20%	-5,54%	-6,02%
Income not subject to tax	0,00%	-0,01%	-1,60%	-1,61%
Secondary tax on companies	1,22%	1,26%	1,27%	1,65%
Income subject to capital gains tax	-5,32%	-5,10%	-8,99%	-5,94%
Change in inclusion rate for capital gains tax	6,15%	0,00%	6,00%	0,00%
Prior year adjustments	-1,67%	0,00%	-1,41%	0,00%
Other	-0,93%	-1,35%	-0,81%	-0,13%
Total effective rate on profit before taxation	27,45%	22,80%	22,46%	21,98%

23.3 Tax charge through other comprehensive income

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

	2012 Before tax R000	2012 Deferred tax (charge) / credit R000	2012 After tax R000	2011 Before tax R000	2011 Deferred tax (charge) / credit R000	2011 After tax R000
Group						
Actuarial loss on defined benefit pension fund	(6 403)	1 793	(4 610)	(16 760)	4 693	(12 067)
Actuarial loss on post-retirement medical aid obligation	(4 339)	1 215	(3 124)	(10 025)	2 807	(7 218)
Fair value adjustments of available-for-sale instruments	(3)	1	(2)	11	(3)	8
Share of other comprehensive income of associates	(380)	-	(380)	1 202	-	1 202
Foreign currency translation movements	443	-	443	(279)	-	(279)
Other comprehensive income	(10 682)	3 009	(7 673)	(25 851)	7 497	(18 354)
Company						
Actuarial loss on defined benefit pension fund	(6 403)	1 793	(4 610)	(16 760)	4 693	(12 067)
Actuarial loss on post-retirement medical aid obligation	(4 339)	1 215	(3 124)	(10 025)	2 807	(7 218)
Fair value adjustments of available-for-sale instruments	(3)	1	(2)	11	(3)	8
Other comprehensive income	(10 745)	3 009	(7 736)	(26 774)	7 497	(19 277)

Notes to the financial statements

for the year ended 31 March 2012

	Group 2012 R000	Group 2011 R000	Company 2012 R000	Company 2011 R000
24. Earnings per share				
Basic earnings per share is calculated by dividing the net profit by the number of ordinary shares in issue during the year.				
24.1 Basic earnings per share				
Net profit	100 079	107 147		
Weighted number of ordinary shares ('000)	173 001	172 871		
Basic earnings per share (cents)	57,8	62,0		
24.2 Diluted earnings per share				
In the computation of the number of shares to be used for the calculation of diluted earnings per share, the weighted average number of ordinary shares in issue is increased by the number of shares held by the share trust. The net profit is adjusted by interest that would have been earned on the proceeds received from the sale of the shares held by the share trust.				
Net profit	100 079	107 147		
Interest received (net of tax effect)	990	990		
Net profit used to determine diluted earnings per share	101 069	108 137		
Weighted number of ordinary shares ('000)	173 001	172 871		
Adjustment for potentially dilutive shares	5 834	5 964		
Number of ordinary shares used to determine diluted earnings per share	178 835	178 835		
Diluted earnings per share (cents)	56.5	60.5		
24.3 Headline earnings per share				
Net profit	100 079	107 147		
Adjustments net of tax				
- Capital profit on sale of equipment	(107)	(21)		
- Profit on sale of property investments	(6 456)	-		
- Profit on sale of associates	(24 217)	(11 230)		
- Fair value adjustment of investment properties	(29 186)	(34 512)		
Headline earnings	40 113	61 384		
Headline earnings per share (cents)	23.2	35.5		
24.4 Diluted headline earnings per share				
Headline earnings	40 113	61 384		
Interest received (net of tax effect)	990	990		
Diluted headline earnings	41 103	62 374		
Diluted headline earnings per share (cents)	23,0	34,9		

Notes to the financial statements

for the year ended 31 March 2012

		Group		Company	
		2012 R000	2011 R000	**2012 R000**	2011 R000
25.	**Dividend per share**				
	Dividend in respect of 2011 of 12 cents per share paid on 12 August 2011 to shareholders registered on 2 August 2011	20 760		21 460	
	Dividend in respect of 2010 of 11 cents per share paid on 13 August 2010 to shareholders registered on 3 August 2010		19 001		19 672
		20 760	19 001	21 460	19 672

A dividend in respect of 2012 of 13 cents per share was declared on 23 May 2012, due to shareholders registered on 14 August 2012, payable on or about 24 August 2012.

The dividend is subject to a dividend withholding tax at 15 percent. Tax payable is 1,7 cents per share, which results in a net dividend of 11,3 cents per share payable to shareholders who are not exempt from dividends withholding tax or subject to a reduced rate. STC credits, if applicable, will be applied as required.

		Group 2012 R000	Group 2011 R000	Company 2012 R000	Company 2011 R000
26.	**Commitments and lease agreements**				
	Business investments approved but not yet paid out	237 078	315 464	237 073	311 994
	Capital committed to *En Commandite* partnerships (refer note 4)	35	3 799	35	3 799
	Unexpired portion of lease agreements				
	- less than 1 year	5 496	5 313	12 668	11 953
	- 1 year to 4 years	1 403	4 912	26 546	28 193
	- 5 years	138	-	34 709	43 605
		244 150	329 488	311 031	399 544
27.	**Contingent liabilities**				
	Guarantees	4 040	694	4 040	694

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

Notes to the financial statements

for the year ended 31 March 2012

	Group		Company	
	2012 R000	2011 R000	**2012 R000**	2011 R000
28. Cash flow information				
28.1 Cash generated from operating activities				
Profit before taxation	**137 901**	138 979	**132 231**	105 705
Adjustments	**9 363**	19 522	**715**	41 448
Income from associated companies	**(20 388)**	(21 781)		
Dividends received	**(4)**	(10)	**(7 547)**	(6 047)
Profit on sale of assets	**(35 771)**	(13 082)	**(53 870)**	(16 774)
Fair value adjustment of investment properties	**(33 938)**	(40 130)	**(28 460)**	(26 885)
Fair value adjustment of inventories and assets held for resale	**46**	53	**46**	53
Fair value adjustment of financial instruments	**(7 678)**	(4 963)	**(7 225)**	(4 543)
Depreciation	**3 270**	4 148	**2 430**	2 279
Provisions and write-offs	**103 826**	95 287	**95 341**	93 365
Changes in working capital	**(3 535)**	(5 364)	**(11 408)**	(44)
(Increase) / decrease in inventory and assets held for resale	**(4 425)**	150	**(4 425)**	150
(Increase) / decrease in accounts receivable	**(2 402)**	(4 824)	**(5 077)**	(1 901)
Increase / (decrease) in accounts payable	**3 292**	(690)	**(1 906)**	1 707
Finance cost	**23 055**	17 653	**23 048**	17 647
Cash generated from operating activities during the year	**66 784**	170 790	**144 586**	164 756
28.2 Taxation paid				
Taxation asset / (liability) at the beginning of the year	**3 299**	(873)	**2 172**	(1 557)
Tax provision for the year	**(37 855)**	(31 683)	**(29 700)**	(23 234)
Deferred tax	**9 931**	12 082	**9 287**	9 647
Paid by associated companies	**4 561**	4 289		
Taxation liability / (asset) at the end of the year	**5 824**	(3 299)	**6 713**	(2 172)
Taxation paid during the year	**(14 240)**	(19 484)	**(11 528)**	(17 316)
28.3 Dividends paid				
Dividends payable at the beginning of the year	**(372)**	(40)	**(372)**	(40)
Dividends declared	**(21 460)**	(19 672)	**(21 460)**	(19 672)
Share trust dividends	**700**	671		
Dividends payable at the end of the year	**71**	372	**71**	372
Dividends paid during the year	**(21 061)**	(18 669)	**(21 761)**	(19 340)
29. Related parties				
29.1 Loans to / from related parties				
Loan from the Business Partners Employee Share Trust				
Balance at the beginning of the year			**10 854**	9 535
Amount received during the year			**-**	1 319
Balance at the end of the year			**10 854**	10 854
Loans to subsidiaries				
Balance at the beginning of the year			**128 937**	114 343
Amount (repaid) / advanced during the year			**(731)**	14 594
Balance at the end of the year			**128 206**	128 937
Dividends received from subsidiaries			**836**	3 866

Notes to the financial statements

for the year ended 31 March 2012

	Group 2012 R000	Group 2011 R000	Company 2012 R000	Company 2011 R000
29.2 Directors' remuneration				
Payments made to directors and prescribed officers for services rendered during the year are as follows:				
Non-executive directors				
JW Dreyer			215	104
G Gomwe			68	64
DR Geeringh			291	199
P Huysamer (Dr)			107	98
E Links (Dr)			169	124
ZJ Matlala			88	77
F Meisenholl			198	186
SA Molepo			-	44
DM Moshapalo			184	148
SST Ngcobo			97	103
JP Rupert			23	64
ZZR Rustomjee (Dr)			151	180
VO Twala			143	27
T van Wyk			308	241
Total non-executive directors			2 042	1 659
Executive directors				
N Martin			3 747	3 884
- Salary			2 742	2 592
- Bonuses and performance related payments			1 005	1 292
C Botes			2 271	2 299
- Salary			1 790	1 697
- Bonuses and performance related payments			481	602
G van Biljon			3 058	3 153
- Salary			2 131	2 012
- Bonuses and performance related payments			927	1 141
Total executive directors			9 076	9 336
Prescribed officers				
BD Bierman			2 280	2 232
- Salary			1 725	1 627
- Bonuses and performance related payments			555	605
			13 398	13 227

Notes to the financial statements

for the year ended 31 March 2012

		Group		Company	
		2012	2011	**2012**	2011
		R000	R000	**R000**	R000
29.3	Loans to associates				
	Balance at the beginning of the year	733 474	703 342	733 474	703 342
	Loans advanced during the year	235 452	172 659	235 452	172 059
	Loan repayments received	(135 934)	(128 475)	(135 934)	(128 475)
	Loans written off	(32 389)	(14 052)	(32 389)	(14 052)
	Balance at the end of the year	800 603	733 474	800 603	733 474
	Interest bearing loans	727 486	661 387	727 486	661 387
	Shareholders' loans	73 117	72 087	73 117	72 087
	Total loans to associates	800 603	733 474	800 603	733 474
	The allowance for impairment as disclosed in note 4.3 as it relates to loans to associates is as follows:				
	Impairment provision at the beginning of the year	72 613	61 982	72 596	61 965
	Impairment allowance raised on new investments	13 528	13 550	13 528	13 550
	Impairment reversed on investments written off / repaid	(29 487)	(18 751)	(29 487)	(18 751)
	Increase in impairment allowance on existing investments	17 380	25 380	17 380	25 380
	Decrease in impairment allowance on existing investments	(12 655)	(9 548)	(12 655)	(9 548)
	Impairment provision at the end of the year	61 379	72 613	61 362	72 596

These loans form part of the normal business activities, the terms of which are set out in note 4.3 Interest-bearing loans and Shareholders' loans. The interest bearing loans carry an average term of 7 years. The shareholders' loans, in the majority, have no scheduled repayment date. Certain loans may be required to be settled in the associate's shares. The Group does not provide guarantees in respect of its associates' debt.

Notes to the financial statements

for the year ended 31 March 2012

30. Share incentive scheme

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

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

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

	2012 Number of shares	**2011 Number of shares**
Unallocated options	5 834 000	5 834 000
The movement in the scheme during the year is summarised as follows:		
Shares under option at beginning of the year	-	269 200
Options exercised during the year	-	(268 300)
Options forfeited during the year		
at 250 cents	-	(900)
at 262 cents	-	-
Under option at the end of the year	-	-
The expiry dates of these share options are as follows:		
at 30 September 2010	-	259 600
at 30 September 2011	-	5 700
at 30 September 2012	-	3 900
	-	269 200
Total outstanding share options allocated to current executive directors are:		
at 250 cents	-	50 100

	Share percentage held		Shares at cost		Loans	
	2012	2011	2012	2011	2012	2011
	%	%	R	R	R000	R000
31. Principal subsidiaries						
Business Partners International (Pty) Ltd	100	100	100	100	13 393	9 641
Business Partners Mentors (Pty) Ltd [1]	100	100	100	100	-	-
Business Partners Property Brokers (Pty) Ltd	100	100	100	100	-	24
Business Partners Venture Managers (Pty) Ltd [1]	100	100	100	100	-	-
Business Partners Ventures 1 (Pty) Ltd	100	100	100	100	8 653	10 742
Cussonia Trust (Pty) Ltd	100	100	3	3	9 507	10 597
Finance for the Third Millennium (Pty) Ltd [1]	100	100	100	100	693	693
JRC Properties (Pty) Ltd	100	100	100	100	(1 687)	(836)
Lindros Investments (Pty) Ltd	100	100	4 000	4 000	89	81
Business Partners Properties 002 (Pty) Ltd	100	100	1 000	1 000	92 887	95 725
Unitrade 106 (Pty) Ltd	100	100	100	100	14 381	18 353
Satinsky 289 (Pty) Ltd	100	-	120	-	6 666	-
Business Partners Employee Share Trust					(10 854)	(10 854)
Coral Lagoon Investments 175 (Pty) Ltd [2]	70	70	70	70	2 202	2 202
Morning Tide Investments 214 (Pty) Ltd [2]	59	-	59	59	-	4 953
Rapitrade 594 (Pty) Ltd [2]	60	-	72	-	3 883	-
SF Coetzee Eindomme (Pty) Ltd [2]	60	-	72	-	3 441	-
Yellowstar Properties 1129 (Pty) Ltd [2]	60	60	60	60	-	1 153
Yeoman Properties 1016 (Pty) Ltd [2]	80	80	80	80	2 169	2 437
Franchize Partners (Pty) Ltd - indirectly held [3]						
Business Partners International Madagascar Société Anonyme - indirectly held [4]						
Business Partners International Kenya Limited - indirectly held [5]						
Business Partners International Rwanda Limited - indirectly held [6]						
			6 336	6 072	145 423	144 911

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

1 Dormant subsidiaries.

2 The financial year of these subsidiaries ends in February. Consolidation of the results are based on the latest audited financial statements received.

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

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

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

6 Business Partners International Rwanda Limited is a wholly-owned subsidiary of Business Partners International (Pty) Ltd.

Notes to the financial statements

for the year ended 31 March 2012

	2012 R000	2011 R000

32. Interest in joint ventures

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

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

	2012 R000	2011 R000
Business investments	30	30
Current assets	100	97
Current liabilities	-	-
Net assets	130	127
Revenue	3	4
Profit before taxation	3	2
Taxation	-	-
Net profit	3	2

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

Notice Convening the Annual General Meeting

Notice is hereby given that the thirty first annual general meeting of shareholders of the Company will be held on Tuesday, 14 August 2012 at 10h00, in the Auditorium of The Court House, 2 Saxon Road, Sandhurst, Sandton to consider and, if deemed fit, pass with or without modifications, the resolutions below.

The record date in terms of section 59 of the Companies Act 71 of 2008 for shareholders to –

(i) receive this notice is Monday, 2 July 2012; and

(ii) attend, participate in and vote at the annual general meeting is Tuesday, 31 July 2012.

1. ordinary resolution no. 1: adoption of the audited annual financial statements for the year ended 31 March 2012

2. ordinary resolution no. 2: re-appointment of PricewaterhouseCoopers Inc. as independent auditors of the Company for the 2012/2013 financial year

3. ordinary resolution no. 3: re-election of directors retiring by rotation
   3.1 Mr DR Geeringh
   3.2 Mr SST Ngcobo

4. ordinary resolution no. 4: appointment of audit and risk committee members
   4.1 Mr DR Geeringh
   4.2 Dr E Links
   4.3 Ms ZJ Matlala
   4.4 Mr NJ Williams

5. special resolution no. 1: approval of non-executive directors' fees for the 2013/2014 financial year

6. special resolution no. 2: approval of financial assistance to related and inter-related entities for the 2013/2014 financial year

A shareholder who is entitled to vote at the annual general meeting is entitled to appoint a proxy to attend and speak on her/his behalf and to vote in her/his stead. A proxy need not be a shareholder of the Company.
The original form of proxy and the certified copy of the authority under which the proxy is signed must reach the Company's registered office by no later than 10h00 on Friday, 10 August 2012.
Between 10 and 30 minutes before the appointed time for the meeting to begin, any person who is attending or participating in the meeting, either as a shareholder or a proxy for a shareholder, must present reasonably satisfactory identification to the Company Secretary.

By order of the Board.

MarjaGerbrands

Ms C M Gerbrands
Company Secretary
23 May 2012

Full details of the resolutions are set out in a separate notice to shareholders. The separate notice and the form of proxy are inserted as a loose-leaf in this Annual Report.

Corporate information

COMPANY REGISTRATION NUMBER
1981/000918/06

COMPANY SECRETARY
Ms CM Gerbrands

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2000

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WEBSITE
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AUDITORS
PricewaterhouseCoopers Inc.

BANKERS
Standard Bank of South Africa Limited

TRANSFER SECRETARIES
Computershare Investor Services (Pty) Limited
70 Marshall Street
Johannesburg
2001
PO Box 61051
Marshalltown
2107

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

SOUTH AFRICA (+27)

Bellville
Tel: 021 919 3242
Fax: 021 919 3333

Bethlehem
Tel: 058 303 7842
Fax: 058 303 6801

Bloemfontein
Tel: 051 446 0536
Fax: 051 446 4978

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

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

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

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

East Rand (Boksburg)
Tel: 011 395 4150
Fax: 011 395 2565

George
Tel: 044 873 6112
Fax: 044 873 3397

Johannesburg
Tel: 011 713 6600
Fax: 011 713 6650

Kimberley
Tel: 053 831 1778
Fax: 053 832 2389

Nelspruit
Tel: 013 752 3185
Fax: 013 752 4669

Pietermaritzburg
Tel: 033 345 5471
Fax: 033 342 1410

Polokwane
Tel: 015 297 1571
Fax: 015 297 1461

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

Pretoria (Centurion)
Tel: 012 347 3208
Fax: 012 347 2198

Queenstown
Tel: 045 838 1004

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

Springbok
Tel: 027 712 1120
Fax: 027 712 3519

Stellenbosch
Tel: 021 809 2160
Fax: 021 887 2001

Upington
Tel: 054 331 1172
Fax: 054 332 2334

West Rand (Clearwater)
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Fax: 011 679 1310

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Kigali
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** Property Management Services only

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Business PARTNERS
Investing in Entrepreneurs

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