

BONATLA PROPERTY HOLDINGS LIMITED

(Incorporated in the Republic of South Africa

(Registration number 1996/014533/06)

Share code: BNT & ISIN code: ZAE000013694

("Bonatla" or "the company")

INTERIM RESULTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2014**Abridged Consolidated Statement of Financial Position**

	As at 30 June 2104 6 months	As at 30 June 2013 6 months	As at 31 December 2013 Year
	Unaudited	Restated Unaudited	Audited
	R'000	R'000	R'000
ASSETS			
Non-Current assets	300 420	198 649	300 596
Property, plant and equipment	49 999	47 762	49 994
Investment property	93 385	-	93 385
Goodwill	38 200	45 000	38 200
Investments	1 016	1 178	1 016
Prepayments	53 623	54 205	53 914
Loans	10 339	-	9 968
Deferred taxation	3 858	504	4 119
Deposits	50 000	50 000	50 000
Current assets	109 161	119 213	102 795
Inventories	371	715	733
Trade and other receivables	107 957	117 366	101 070
Prepayments - current portion	583	583	583
Cash and cash equivalents	250	549	409
Assets held for sale and discontinued operations	13 000	183 001	13 160
Total assets	422 581	500 863	416 551
EQUITY AND LIABILITIES			
Equity capital and reserves	303 514	375 816	311 970
Share capital	256 070	256 070	256 070
Shares to be issued	221 857	221 857	221 857
Accumulated loss	(187 052)	(118 535)	(179 508)
Available-for-sale financial assets reserve	(1 080)	(918)	(1 080)
Equity contribution	18 354	18 354	18 354
Non-controlling interests	(4 635)	(1 012)	(3 723)
Non-current liabilities	64 075	30 091	62 924
Borrowings - long term	37 769	22 592	39 057
Deferred taxation	26 306	7 499	23 867
Current Liabilities	54 992	31 225	36 290
Borrowings - short term	20 774	11 403	13 163
Trade and other payables	28 297	17 467	19 207
Bank overdraft	112	566	-
Taxation	5 809	1 789	3 920

Liabilities associated with assets held for sale and discontinued operations	-	63 731	5 367
Total equity and liabilities	422 581	500 863	416 551
	cents	cents	cents
Net asset value per share	24.18	29.94	24.86
Net tangible asset value per share	21.14	26.36	21.81
Ordinary Shares in issue (including to be issued)	1 255 099 285	1 255 099 285	1 255 099 285
Diluted asset value per share	24.18	29.94	24.86
Diluted tangible asset value per share	21.14	26.36	21.81
Total shares (ordinary) and including to be issued	1 255 099 285	1 255 099 285	1 255 099 285

Abridged Consolidated Statements of Profit or Loss and Other Comprehensive Income

	For the 6 months ended 30 June 2014	For the 6 months ended 30 June 2013	For the 12 months ended 31 December 2013
	Unaudited R'000	Unaudited R'000	Audited R'000
Revenue	4 117	13 542	19 459
Cost of sales	(4 639)	(4 260)	(9 728)
Gross margin	(522)	9 282	9 731
Other income	13	25	426
Operating costs	(7 228)	(13 705)	(44 220)
Impairment – goodwill	-	-	(6 800)
Results from operating activities	(7 737)	(4 398)	(40 863)
Investment revenue	553	-	297
Finance charges	(3 263)	(3 923)	(8 434)
Loss before taxation	(10 447)	(8 321)	(49 000)
Taxation	(590)	383	(2 892)
Loss from continuing operations	(11 037)	(7 938)	(51 892)
Profit/(loss) from discontinued operations	2 580	6 926	(11 417)
Loss for the period	(8 457)	(1 012)	(63 309)
Other comprehensive loss	-	-	(162)
Total comprehensive loss for the period	(8 457)	(1 012)	(63 471)
Attributable to:			
– owners of the parent – continuing operations	(10 125)	(6 411)	(47 815)
– discontinued operations	2 580	6 926	(11 417)
	(7 545)	515	(59 232)
– non-controlling interest	(912)	(1 527)	(4 239)
Total comprehensive loss for the period	(8 457)	(1 012)	(63 471)
Loss for the period	(8 457)	(1 012)	(63 309)
Attributable to:			
– owners of the parent – continuing operations	(10 125)	(6 411)	(47 653)
– discontinued operations	2 580	6 926	(11 417)
	(7 545)	515	(59 070)
– non-controlling interest	(912)	(1 527)	(4 239)
Loss for the year	(8 457)	(1 012)	(63 309)

Basic (loss)/earnings per share from continuing operations	Cents (0.60)	Cents 0.04	Cents (4.71)
Diluted basic (loss)/earnings per share from continuing operations	(0.60)	0.04	(4.71)
Headline (loss)/earnings per share	(0.60)	0.26	(2.76)
Diluted headline (loss)/earnings per share	(0.60)	0.26	(2.76)
Weighted average ordinary shares in issue for basic and headline (loss)/earnings per share	1 255 099 285	1 255 099 285	1 255 099 285
Weighted average ordinary and preference shares in issue for diluted (loss)/earnings per share	1 255 099 285	1 255 099 285	1 255 099 285

Abridged Consolidated Statements of Cash Flow

	As at 30 June 2014 6 months	As at 30 June 2013 6 months	As at 31 December 2013 12 months
	Unaudited R'000	Unaudited R'000	Audited R'000
Cash outflows from operating activities	(3 200)	(39 490)	(72 558)
Cash outflows from investing activities	(396)	(1 903)	(3 084)
Cash inflows from financing activities	3 325	43 558	77 528
Net (decrease)/increase in cash and cash equivalents	(271)	2 165	1 886
Cash and cash equivalents at the beginning of the period	409	(1 477)	(1 477)
Cash and cash equivalents at the end of the period	138	688	409

Abridged Consolidated Statements of Changes in Equity

	Share Capital	Share Premium	Treasury Shares	Shares To be Issued	Available For sale Financial Assets Reserve	Restated Retained Earnings/ (Accumulated Loss)	Restated Equity Contribution	Restated Non- Controlling Interests	Total
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Balance at 31 December 2012	8 697	247 373	(17 461)	239 318	(918)	(100 180)	18 354	(18 354)	376 829
Total comprehensive loss for the 6 months	-	-	-	-	-	514	-	(1 527)	(1 013)
Increase in investment in subsidiary	-	-	-	-	-	(18 869)	-	18 869	-
Balance at 30 June 2013	8 697	247 373	(17 461)	239 318	(918)	(118 535)	18 354	(1 012)	375 816
Total comprehensive loss for the 6 months	-	-	-	-	(162)	(59 585)	-	(2 711)	(62 458)
Increase in investment in subsidiary	-	-	-	-	-	(1 387)	-	-	(1 387)
Balance at 31 December 2013	8 697	247 373	(17 461)	239 318	(1 080)	(179 507)	18 354	(3 723)	311 971
Total comprehensive loss for the 6 months	-	-	-	-	-	(7 545)	-	(912)	(8 457)
Increase in investment in subsidiary	-	-	-	-	-	-	-	-	-
Balance at 30 June 2014	8 697	247 373	(17 461)	239 318	(1 080)	(187 052)	18 354	(4 635)	303 514

COMMENTARY

1 Basis of preparation

The unaudited abridged interim results for the six months ended 30 June 2014 (prepared in accordance with IAS 34 – Interim Financial Reporting) have been prepared in accordance with accounting policies consistent with International Financial Reporting Standards and with those applied in previous periods as well as the JSE Listings Requirements.

2 Commentary on results

The revenue decreased by 69,6% in the period under review, cost of sales increased by 8,9% while operating costs decreased by 47,3%. The decrease in revenue is mainly attributable to performance fees being charged in the prior period.

The gearing ratio of the company increased from 9,0% to 19,3%.

30-Jun-14	30-Jun-13	31-Dec-13
R'000	R'000	R'000

3 Segment information

The basis of segmentation has remained the same as used in the last annual financial statements.

Segment assets

Investment property - Leisure	54 485	55 037	54 765
Investment property - Industrial	325	325	325
Investment property - Commercial and retail	168 426	258 324	164 884
Manufacturing	106 806	123 077	104 438
Head office	92 539	64 100	92 139
Consolidated	422 581	500 863	416 551

The assets held for sale are reflected in the Investment property - Commercial and Retail segment.

Segment liabilities

Investment property - Industrial	596	555	572
Investment property - Commercial and retail	49 706	65 501	48 818
Manufacturing	21 660	11 860	15 660
Head office	47 105	47 130	39 531
Consolidated	119 067	125 046	104 581

Segment revenues and results by reportable segment

	Net Segment Revenue	Net Segment revenue	Net Segment revenue
Continuing operations			
Investment Property - Industrial	-	-	-
Investment Property - Commercial and Retail	3 792	4 730	9 023
Manufacturing	326	612	2 235
Head Office	-	8 200	8 200
From continuing operations	4 118	13 542	19 458
Discontinued operations			
Investment Property - Commercial and Retail	1 096	7 715	10 147

The Head Office revenue decreased due to a risk and performance fee being charged in 2013.
The Manufacturing revenue decreased due to more maintenance downtime in 2014.

Segment results after elimination of inter-segment revenue and costs

Investment Property - Leisure	(291)	(291)	(583)
Investment Property - Industrial	(24)	(132)	(149)
Investment Property - Commercial and Retail	1 106	1 762	1 263
Manufacturing	(3 873)	(9 936)	(35 532)
Head Office	(4 655)	(4 199)	(5 864)
	(7 737)	(4 398)	(40 865)
Investment revenue	553	-	297
Finance charges	(3 263)	(3 923)	(8 435)
Loss before tax	(10 447)	(8 321)	(49 003)
Taxation	(590)	383	(2 892)
Profit/(loss) from discontinued operations	2 580	6 926	(11 416)
Loss for the period	(8 457)	(1 012)	(63 311)
Other comprehensive loss	-	-	(162)
Total comprehensive loss	(8 457)	(1 012)	(63 473)

4 Investment property

There have been no material changes in investment property.

5 Investment in subsidiaries

There have been no changes in investment in subsidiaries.

6 Assets held for sale and discontinued operations

The company intends to dispose of the Madeline Street property.

7 Share capital

	Share capital and share premium R'000	Number of shares
Reconciliation		
Shares issued – 31 December 2013	8 697	869 724 813
– ordinary share capital	8 697	
– share premium	247 373	
Total – 30 June 2014	256 070	869 724 813

8 Shares to be issued

Ordinary – 12 Bluezone property acquisitions	231 798	369 969 272
– settle liabilities	7 520	85 250 000
Total number of ordinary shares to be issued	239 318	455 219 272
Less: Treasury shares	(17 461)	(69 844 800)
Fair value shares to be issued at 30 June 2014	221 857	385 374 472

Total issued shares and shares to be issued	1 255 099 285
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Weighted average shares in issue for basic and headline (loss)/earnings per share	1 255 099 285
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Weighted average shares in issue for diluted basic and headline (loss)/earnings per share	1 255 099 285
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9 Equity contribution

The equity contribution reflects the group's share of the recapitalisation of Carbon and Processing Technologies (Pty) Limited by this company's non-controlling shareholders.

10 Non-controlling interests

The minority shareholders in the activated carbon and charcoal business shared in their proportions of the loss (R1,53 million) made during the first six months of 2014.

11 Borrowings

Total borrowings increased from R52,2 million to R58,5 million at 30 June 2014.

12 Prior period error and restatement of the comparative period

The group increased its investment in a subsidiary prior to June 2013. The interim report as issued for the period ended June 2013 did however not reflect the losses in the subsidiary that were acquired on the increase on this investment. This restatement on the acquisition of the losses has no effect on the statement of profit or loss and other comprehensive income.

Management has decided that, in order to more appropriately reflect the fact that the non-controlling shareholders of a subsidiary have taken responsibility to recapitalise the subsidiary company to the extent of the losses it suffered without a change in their voting rights or beneficial shareholding in the same company, to restate the comparative period. This has resulted in the addition of an additional classification in equity capital and reserves that deals with the group's share of the equity contribution made. This restatement has no effect on the statement of profit or loss and other comprehensive income.

The restatement has the following effects on the Statements of Changes in Equity and the Statements of Financial Position:

	Retained earnings/ (Accumulated Loss) R'000	Equity Contribution R'000	Non- Controlling Interests R'000
Balance as at December 2012 as previously reported	(100 180)	-	-
Recapitalisation of subsidiary company by the non-controlling shareholders	-	18 354	(18 354)
Restated balance as at December 2012	(100 180)	18 354	(18 354)
Increase in investment in subsidiary	(18 869)	-	18 869
Total comprehensive loss for the 6 months as previously reported	514	-	(1 527)
Restated balance as at June 2013	(118 535)	18 354	(1 012)
Total comprehensive loss for the 6 months as previously reported	(59 585)	-	(2 711)
Increase in investment in subsidiary	(1 388)	-	-
Balance as at December 2013	(179 508)	18 354	(3 723)

13 Profit/(loss) from discontinued operations

The net cash outflows from the discontinued operations are as follows:

Cash inflows from operating activities	1 224	4 547	4 426
Cash (outflows)/inflows from investing activities	(17)	50 840	108 169
Cash outflows from financing activities	(1 113)	(55 635)	(113 481)
Net increase/(decrease) in cash and cash equivalents	94	(248)	(886)
Cash and cash equivalents at the beginning of the period	67	953	953
Cash and cash equivalents at the end of the period	161	705	67

The breakdown of the profit from discontinued operations is as follows:

Revenue	1 096	7 715	10 147
Cost of sales	(140)	(1 780)	(2 327)
Gross margin	956	5 935	7 820
Other operating income	3 168	11	11
Operating expenses	(61)	(449)	(522)
Loss on disposal of subsidiaries	(17)	(1 375)	(17 389)
Results from operating activities	4 046	4 122	(10 080)
Investment income	-	13	21
Finance charges	(441)	(946)	(1 360)
Profit/(loss) before taxation	3 605	3 189	(11 419)
Taxation	(1 025)	3 737	2
Profit/(loss) after taxation	2 580	6 926	(11 417)

14	Reconciliation of headline (loss)/profit			
	(Loss)/profit attributable to ordinary equity holders of the parent entity	(7 545)	515	(59 070)
	Fair value adjustment (net of deferred tax)	-	-	191
	Impairment – goodwill	-	1 387	6 800
	Loss on disposal of businesses	17	1 375	17 389
	Headline (loss)/profit	(7 528)	3 277	(34 690)
	Earnings per share information	cents	cents	cents
	(Loss)/earnings per share (cents)	(0.60)	0.04	(4.71)
	Diluted basic (loss)/earnings per share (cents)	(0.60)	0.04	(4.71)
	Headline (loss)/earnings per share (cents)	(0.60)	0.26	(2.76)
	Diluted headline (loss)/earnings per share (cents)	(0.60)	0.26	(2.76)
	Weighted average shares in issue for basic and headline (loss)/earnings per share	1 255 099 285	1 255 099 285	1 255 099 285
	Weighted average shares in issue for diluted basic and headline (loss)/earnings per share	1 255 099 285	1 255 099 285	1 255 099 285

15 Events after the reporting date

The company is engaged in negotiations for certain disposals and acquisitions which are expected to be announced in due course.

16 Dividends

No dividends were declared during the period.

17 Management of the property portfolio

There are no appointed asset managers and this function is managed by the company during the period under review.

The property management function is carried out by CDA Property Consultants (Pty) Limited, of which the sole shareholder is C Douglas, who also is an executive director of Bonatla.

18 Board of directors

Mr RL Rainier (Non-executive)
 Mr MH Brodie deceased on 15 March 2014
 Mr NG Vontas (Chief Executive Officer)
 Ms C Douglas
 Mr W Voigt (Financial Director)
 Mr R Bernstein (Independent Non-Executive)
 Mr M Nurick (Independent Non-Executive) - appointed 12 September 2014
 Mr Q D'Oliveira (Independent Non-Executive) - appointed 21 September 2014

19 Contingent liabilities

The directors are not aware of any contingent liabilities that, in their opinion, may have a material effect on Bonatla's financial position.

20 Future prospects

Against the tighter economic conditions which continue to prevail and continue to exert increasing pressures on commercial property industry, the company has rationalised its property portfolio mainly composed of B grade properties with short leases and non strategic locations. The company has also entered agreements already announced on SENS to increase sizeably its portfolio with quality property investments and developments. 2015 will see the completion of the initial portfolio acquisitions.

Shareholders are referred to the previous announcements on SENS and are reminded that the company is trading under a cautionary announcement.

21 Preparation of report

This report has been prepared by Wilfried Voigt, Financial Director.

30 September 2014
Johannesburg

Directors

NG Vontas, RL Rainier, C Douglas, W Voigt, R Bernstein, M Nurick, Q D'Oliveira

Registered address

31, 8th Street, Houghton, Johannesburg, 2198

Company secretary

Arcay Client Support (Pty) Limited

Transfer secretaries

Computershare Investor Services (Pty) Limited

Auditors

Nolands Inc.

Sponsors

Arcay Moela Sponsors (Pty) Limited