

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")

REVIEWED INTERIM RESULTS FOR THE TWELVE MONTH PERIOD ENDED 31 DECEMBER 2014**Abridged Consolidated Statement of Financial Position**

	As at 31 December 2014 12 months Reviewed R'000	As at 31 December 2013 12 months Audited R'000
ASSETS		
Non-Current assets	261 359	300 596
Property, plant and equipment	49 894	49 994
Investment property	93 535	93 385
Goodwill	-	38 200
Investments	785	1 016
Prepayments	53 331	53 914
Loans	10 339	9 968
Deferred taxation	3 475	4 119
Deposits	50 000	50 000
Current assets	115 165	102 795
Inventories	540	733
Trade and other receivables	113 857	101 070
Prepayments - current portion	583	583
Cash and cash equivalents	185	409
Assets held for sale and discontinued operations	-	13 160
Total assets	376 524	416 551
EQUITY AND LIABILITIES		
Equity capital and reserves	247 631	311 970
Share capital	256 070	256 070
Shares to be issued	221 857	221 857
Accumulated loss	(241 907)	(179 508)
Available-for-sale financial assets reserve	(1 311)	(1 080)
Equity contribution	18 354	18 354
Non-controlling interests	(5 432)	(3 723)
Non-current liabilities	59 297	62 924
Borrowings - long term	35 035	39 057
Deferred taxation	24 262	23 867
Current Liabilities	69 596	36 290
Borrowings - short term	23 034	13 163
Trade and other payables	38 248	19 207
Bank overdraft	119	-
Taxation	8 195	3 920

Liabilities associated with assets held for sale and discontinued operations	-	5 367
Total equity and liabilities	376 524	416 551
	Cents	Cents
Net asset value per share	19.73	24.86
Net tangible asset value per share	19.73	21.81
Ordinary Shares in issue (including to be issued)	1 255 099 285	1 255 099 285
Diluted asset value per share	19.73	24.86
Diluted tangible asset value per share	19.73	21.81
Total shares (ordinary) and including to be issued	1 255 099 285	1 255 099 285

Abridged Consolidated Statement of Profit or Loss and Other Comprehensive Income

	For the 12 months ended 31 December 2014	For the 12 months ended 31 December 2013
	Reviewed R'000	Audited R'000
Revenue	7 648	19 459
Cost of sales	(8 516)	(9 728)
Gross margin	(868)	9 731
Other income	1 013	426
Operating costs	(17 033)	(19 496)
Reversal of impairment – loans	2 052	-
Impairments - loans and claims	(4 609)	(24 724)
Impairment – goodwill	(38 200)	(6 800)
Results from operating activities	(57 645)	(40 863)
Investment revenue	1 775	297
Finance charges	(7 048)	(8 434)
Loss before taxation	(62 918)	(49 000)
Taxation	(1 040)	(2 892)
Loss from continuing operations	(63 958)	(51 892)
Loss from discontinued operations	(150)	(11 417)
Loss for the period	(64 108)	(63 309)
Other comprehensive loss		
Items that may be subsequently reclassified to profit or loss		
Net change in fair value of available-for-sale financial assets	(231)	(162)
Total comprehensive loss for the period	(64 339)	(63 471)
Attributable to:		
– owners of the parent – continuing operations	(62 480)	(47 815)
– discontinued operations	(150)	(11 417)
	(62 630)	(59 232)
– non-controlling interest	(1 709)	(4 239)
Total comprehensive loss for the period	(64 339)	(63 471)

Loss for the period	(64 108)	(63 309)
Attributable to:		
– owners of the parent – continuing operations	(62 249)	(47 653)
– discontinued operations	(150)	(11 417)
	(62 399)	(59 070)
– non-controlling interest	(1 709)	(4 239)
Loss for the period	(64 108)	(63 309)

	Cents	Cents
Basic loss per share from continuing operations	(4.96)	(3.80)
Diluted basic loss per share from continuing operations	(4.96)	(3.80)
Headline loss per share	(1.72)	(2.76)
Diluted headline loss per share	(1.72)	(2.76)
Weighted average ordinary shares in issue for basic and headline loss per share	1 255 099 285	1 255 099 285
Weighted average ordinary and preference shares in issue for diluted loss per share	1 255 099 285	1 255 099 285

Abridged Consolidated Statement of Cash Flow

	As at 31 December 2014 12 months	As at 31 December 2013 12 months
	Reviewed R'000	Audited R'000
Cash outflows from operating activities	(12 051)	(72 558)
Cash outflows from investing activities	(713)	(3 084)
Cash inflows from financing activities	12 421	77 528
Net (decrease)/increase in cash and cash equivalents	(343)	1 886
Cash and cash equivalents at the beginning of the period	409	(1 477)
Cash and cash equivalents at the end of the period	66	409

Abridged Consolidated Statement of Changes in Equity

	Share Capital	Share Premium	Treasury Shares	Shares To be Issued	Available For sale Financial Assets Reserve	Retained Earnings/ (Accumulated Loss)	Equity Contribution	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 12 months	-	-	-	-	(162)	(59 070)	-	(4 239)	(63 471)
Increase in investment in subsidiary	-	-	-	-	-	(20 258)	-	18 870	(1 388)
Balance at 31 December 2013	8 697	247 373	(17 461)	239 318	(1 080)	(179 508)	18 354	(3 723)	311 970
Total comprehensive loss for the 12 months	-	-	-	-	(231)	(62 399)	-	(1 709)	(64 339)
Balance at 31 December 2014	8 697	247 373	(17 461)	239 318	(1 311)	(241 907)	18 354	(5 432)	247 631

COMMENTARY

The condensed consolidated statements have been prepared by W Voigt, the group's financial director.

1 Basis of preparation

The reviewed condensed consolidated statements have been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS"), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and the information as required by IAS 34: Interim Financial Reporting, the Listings Requirements of the Johannesburg Stock Exchange and the Companies Act of South Africa (Act 71 of 2008), as amended. The principal accounting policies, which comply with IFRS, have been consistently applied in all material respects in the current and comparative years.

It should be noted that, as previously announced, JSE and shareholder approval or shareholder ratification may be required for certain acquisitions and disposals, which have been properly accounted for in accordance with the Companies Act and IFRS in the above results or in prior years. This will be sought in due course once the JSE Investigations Division finalises its investigation and advises the company that it may proceed with its circular to shareholders through the JSE Regulation Division. Irrevocable undertakings to approve the transactions had been secured from the requisite percentage of votes of shareholders at the time of the transactions. The shareholder register has not changed substantially from the date of such undertakings.

The results for the period ended 31 December 2014 have been reviewed by Nolands Incorporated and their unmodified report is available for inspection at the company's registered office.

2 Change in year end

The group changed its year end from December to March during the period under review.

3 Commentary on results

The revenue decreased by 60.7% in the period under review, cost of sales decreased by 12.5% while operating costs decreased by 12.6%. The decrease in revenue is mainly attributable to performance fees charged in the prior period and the decrease in revenue from the production of activated carbon. The gearing ratio of the company increased from 16.7% to 23.4%.

4 Segment information

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

Segment assets

	<u>31-Dec-14</u>	<u>31-Dec-13</u>
	R'000	R'000
Investment property – Leisure	54 219	54 765
Investment property – Industrial	325	325
Investment property - Commercial and retail	151 825	164 884
Manufacturing	64 484	104 438
Head office	105 671	92 139
Consolidated	<u>376 524</u>	<u>416 551</u>

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

Segment liabilities

Investment property – Industrial	614	572
Investment property - Commercial and retail	46 578	48 818
Manufacturing	18 561	15 660
Head office	63 140	39 531
Consolidated	128 893	104 581

Segment revenues and results by reportable segment

	Net Segment Revenue	Net Segment revenue
Continuing operations		
Investment Property – Industrial	-	-
Investment Property - Commercial and Retail	7 289	9 024
Manufacturing	359	2 235
Head Office	-	8 200
From continuing operations	7 648	19 459
Discontinued operations		
Investment Property - Commercial and Retail	1 315	10 147

The Head Office revenue decreased due to a risk and performance fee being charged in 2013. This fee relates to a risk and performance fee charged to Ruitersvlei Holdings (Pty) Ltd to assist the company to avert liquidation and to assist with refinancing the company.

The Manufacturing revenue decreased due to more maintenance downtime in 2014 with a resultant decrease in production.

Segment results after elimination of inter-segment revenue and costs

Investment Property – Leisure	(583)	(583)
Investment Property – Industrial	(42)	(149)
Investment Property - Commercial and Retail	960	1 263
Manufacturing	(6 053)	(28 732)
Head Office	(13 727)	(5 864)
Net results from operating activities	(19 445)	(34 063)
Impairment of goodwill – manufacturing	(38 200)	(6 800)
	(57 645)	(40 863)
Investment revenue	1 775	297
Finance charges	(7 048)	(8 435)
Loss before tax	(62 918)	(49 003)
Taxation	(1 040)	(2 892)
Profit/(loss) from discontinued operations	(150)	(11 416)
Loss for the period	(64 108)	(63 311)
Other comprehensive loss	(231)	(162)
Total comprehensive loss	(64 339)	(63 473)

5 Investment property

There have been no material changes in investment property.

6 Assets held for sale and discontinued operations

The group disposed 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 – 31 December 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)
Total	221 857	385 374 472

Total issued shares and shares to be issued 1 255 099 285

Weighted average shares in issue for basic and headline loss per share 1 255 099 285

Weighted average shares in issue for diluted basic and headline loss per share 1 255 099 285

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 Borrowings

Total borrowings increased from R52.2 million to R58.1 million at 31 December 2014.

11 Loss from discontinued operations

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

Cash inflows from operating activities	2 730	4 426
Cash inflows from investing activities	10 432	108 169
Cash outflows from financing activities	(13 229)	(113 481)
Net decrease in cash and cash equivalents	(67)	(886)
Cash and cash equivalents at the beginning of the period	67	953
Cash and cash equivalents at the end of the period	-	67

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

Revenue	1 315	10 147
Cost of sales	(363)	(2 327)
Gross margin	952	7 820
Other operating income	3 168	11
Operating expenses	(2 782)	(522)
Loss on disposal of subsidiaries	(17)	(17 389)
Results from operating activities	1 321	(10 080)
Investment income	-	21
Finance charges	(1 135)	(1 360)
Profit/(loss) before taxation	186	(11 419)
Taxation	(336)	2
Loss after taxation	(150)	(11 417)

12 Reconciliation of headline loss		
Loss attributable to ordinary equity holders of the parent entity	(62 399)	(59 070)
Fair value adjustment (net of deferred tax)	-	191
Impairment – goodwill	38 200	6 800
Loss on disposal of property	2 551	-
Loss on disposal of businesses	17	17 389
Headline loss	(21 631)	(34 690)
Earnings per share information		
	cents	cents
Basic loss per share (cents)	(4.97)	(4.71)
Basic loss per share from continuing operations (cents)	(4.96)	(3.80)
Basic loss per share from discontinued operations (cents)	(0.01)	(0.91)
Diluted basic loss per share (cents)	(4.97)	(4.71)
Diluted basic loss per share from continuing operations (cents)	(4.96)	(3.80)
Diluted basic loss per share from discontinued operations (cents)	(0.01)	(0.91)
Headline loss per share (cents)	(1.72)	(2.76)
Diluted headline loss per share (cents)	(1.72)	(2.76)
Weighted average shares in issue for basic and headline loss per share	1 255 099 285	1 255 099 285
Weighted average shares in issue for diluted basic and headline loss per share	1 255 099 285	1 255 099 285

13 Related party transactions

The immediate parent and ultimate controlling party of the group is Bonatla Property Holdings Limited (Incorporated in the Republic of South Africa).

Transactions and balances between the company and its subsidiaries, which are related parties of the company, have been eliminated on consolidation.

Balances between the group and other related parties are as follows:

CDA Property Consultants (Pty) Limited		
– loan account balance	(27 753)	(19 842)
– included in trade and other payables	(2 902)	(1 156)
Ruitersvlei Holdings (Pty) Ltd		
– included in trade and other receivables	37 154	15 866
Buzz Way (Pty) Ltd		
– loan account balance	(27)	(27)
Gemini Moon Trading 177 (Pty) Ltd		
– loan account balance	(1)	(1)
Hail Investments (Pty) Ltd		
– loan account balance	(6 795)	(5 966)
C Douglas		
– included in trade and other payables	(73)	(44)
NG Vontas		
– included in trade and other payables	(141)	(70)

RL Rainier		
– included in trade and other payables	(3)	-
Dusty Moon Trading 225 (Pty) Limited		
– loan account balance	10 339	9 968
Karbotech Carbon Technologies (Pty) Limited		
– Loan account balance	(114)	(114)
– included in trade and other payables	(2 052)	-
<hr/>		
Transactions between the group and other related parties are as follows:		
– asset and property management fee	900	1 251
– interest on loan account	3 612	2 316
– raising fee	1 140	125
– expenditure recouped	(12)	-
– consulting fee	1 320	1 320
Ruitersvlei Holdings (Pty) Ltd		
– risk and performance fee	-	(8 200)
– interest on loan account	(1 775)	(291)
Hail Investments (Pty) Ltd		
– interest on loan account	829	926
C Douglas		
– office rental	286	260
Dusty Moon Trading 225 (Pty) Limited		
– impairment	-	17 828
Karbotech Carbon Technologies (Pty) Limited		
– royalties	100	600
<hr/>		

IC MacLean is a director of Carbon and Processing Technologies (Pty) Limited and a director/shareholder of Dusty Moon Trading 225 (Pty) Limited and Karbotech Carbon Technologies (Pty) Limited.

C Douglas is a director of Bonatla Property Holdings Limited, a shareholder of Hail Investments (Pty) Limited and Buzz Way (Pty) Limited and a director and shareholder of CDA Property Consultants (Pty) Limited, Rara Avis Property Investments (Pty) Limited and Gemini Moon Trading 177 (Pty) Limited. She has control over Ruitersvlei Holdings (Pty) Limited through her interest in and control of CDA Property Consultants (Pty) Limited and Rara Avis Property Investments (Pty) Limited.

NG Vontas is a director of Bonatla Property Holdings Limited, Hail Investments (Pty) Limited, Buzz Way (Pty) Limited and Ruitersvlei Holdings (Pty) Limited.

RL Rainier is a director of Bonatla Property Holdings Limited, Hail Investments (Pty) Limited and Buzz Way (Pty) Limited.

14 **Non-controlling interests in subsidiaries**

The information that follows is the aggregate total for all subsidiaries with a non-controlling interest. The information is presented before elimination of intra-group transactions and balances.

Names of subsidiary

Carbon and Processing Technologies (Pty) Limited

Principal place of business

Loskop Road, Estcourt, KwaZulu-Natal

Proportion of ownership interest held by non-controlling interest	10%	10%
---	-----	-----

Summarised financial information about the subsidiary

Statement of financial position

Non-current assets	53 923	53 677
Current assets	832	2 231
Non-current liabilities	-	-
Current liabilities	(24 870)	(16 956)
Inter-Group balances	(61 198)	(53 177)
Net liabilities	(31 313)	(14 225)

Carrying amount of non-controlling interests	(5 432)	(3 723)
--	---------	---------

Statement of profit or loss and other comprehensive income

Revenue	359	2 235
Loss	(17 087)	(37 223)
Loss allocated to non-controlling interests	(1 709)	(4 239)

Statement of cash flows

Cash flows from operating activities	(7 795)	(33 172)
Cash flows from investing activities	(118)	(113)
Cash flows from financing activities	7 661	36 080

15

Fair value estimation

Goodwill

The recoverable amount of this cash-generating unit is determined based on a value-in-use calculation which uses cash flow projections based on financial budgets approved by the directors and a discount rate of 15% (before tax) per annum.

Due to continuous breakdowns experienced with the carboniser and the high start-up costs incurred with the reactivation of this unit after having effected repairs, management decided to cease the carbonization process for the time being. As a result of this, management decided to impair the goodwill attached to this cash-generating unit in its entirety. As the continuous breakdowns occurred randomly, the company has now decided to completely overhaul the carboniser and is in the process of identifying suitable contractors to perform this overhaul. It is expected that, with the complete overhaul, the carboniser will perform in accordance with its expected capacity and return the company to profitability.

The impairment of the underlying assets was considered given the fact that goodwill is impaired. The scrap value of these assets however is in excess of the carrying value.

Balance at the beginning of the year	38 200	45 000
Impairment	(38 200)	(6 800)
Balance at the end of the year	-	38 200

Financial instruments

The determination of the fair value of financial instruments measured as such in the statement of financial position is made using a fair value measurement hierarchy. The fair value hierarchy is identified in levels as follows:

- Level 1 represents those assets which are measured using unadjusted quoted prices for identical assets.
- Level 2 applies inputs other than quoted prices that are observable for the assets either directly (as prices) or indirectly (derived from prices).
- Level 3 applies inputs which are not based on observable market data (unobservable input).

The following table shows the group's financial assets and liabilities that are measured at fair value.

	Level 1	Level 2	Level 3	Total
	R'000	R'000	R'000	R'000
2014				
Financial assets measured at fair value				
Investment property	-	-	93 535	93 535
Unlisted investments	-	-	785	785
	-	-	94 320	94 320
2013				
Financial assets measured at fair value				
Investment property	-	-	93 535	93 535
Unlisted investments	-	-	1 016	1 016
	-	-	94 401	94 401

Valuation techniques

The fair value of the investment properties was arrived at by using the income method as an appropriate methodology to determine the fair value of the property transactions for similar types of properties based on similar methodologies to obtain a fair market value. These investment properties are included in level 3.

The valuations, which conform to International Valuation Standards, were arrived at by using the income method as an appropriate methodology to determine the fair value of the property transactions for similar types of properties based on similar methodologies to obtain a fair market value. The capitalised yield method of valuation at a market related yield after consideration of the tenant profile has been used. The net income method (majority of the operational property costs being recovered) used is based on the fact that the property is substantially let and thus did not require assumptions in regards to vacancy levels and time delays to complete refurbishments for existing new tenants. This method is consistent with the method used in prior years. The directors, in their opinion, decided that there was no significant change in the value of these investment properties from the dates of the valuations.

Balance at the beginning of the year	93 385	189 500
Additions	150	385
Disposals	-	(96 500)
Balance at the end of the year	93 535	93 385

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques, maximising the use of observable market data, where available, and relying as little as possible on entity-specific estimates. If all significant inputs are observable the instrument is included as Level 2; if one or more of the significant inputs is not based on observable market data then the instrument is included as Level 3.

The fair value adjustments are recognised in other comprehensive losses and transferred to an available-for-sale financial assets reserve. On the disposal of these investments, the available-for-sale financial assets reserve will be recycled through profit or loss.

Balance at the beginning of the year	1 016	1 178
Fair value adjustments recognised in other comprehensive losses	(231)	(162)
Balance at the end of the year	785	1 016

In order to secure the acquisition of certain subsidiaries, Bonatla purchased a non-controlling share holding in the Investment Property Holding Companies from certain investors.

The shareholdings in the three Investment Property Holding Companies vary between 5.17% and 17.6%. The directors are of the opinion that the investments are fairly valued and that no further fair value adjustment is required.

The fair value of the investments is based on the net asset value of the property holding companies.

Management did consider the sensitivity and is of the opinion that no unobservable inputs used in the fair value measurement is expected to change and result in a significantly higher or lower fair values.

16 Significant events and transactions

A sale of shares agreement has been signed between Bonatla Property Holdings Limited and Namavect Proprietary Limited in terms of which Bonatla will acquire from Namavect its 75.1% stake in a special purpose vehicle formed between Namavect and the Northern Cape Department of Economic Development and Tourism for the purposes of developing the Kimberley Diamond and Jewellery Hub.

A sale of shares agreement has been signed between Bonatla Property Holdings Limited and the Inqaba Trading Trust in terms of which Bonatla will acquire from Inqaba its 75.1% stake in Lincoln Meade Park Proprietary Limited who has acquired the rights to develop 1 214 residential units in Pietermaritzburg through a Land Availability Agreement that has been concluded with the Msunduzi Municipality.

Bonatla has received a conditional offer from Fastpace (HK) Limited for the acquisition of all the shares in Bonatla by way of a share-for-share transaction equating to ZAR 0.50 (fifty cents) per Bonatla share. This offer, which details certain conditions, is subject to limited due diligence.

No estimate of the financial effects of the above can be reasonably by made at this time.

17 Events after the reporting date

The JSE has imposed a public censure imposed by on the company. This censure relates the lifting of the suspension of Bonatla Securities in 2009.

Costs in an amount of R185 746 have been awarded against the company in a matter between the company and Pamodzi Industrial Retirement Fund and others.

18 Dividends

No dividends were declared during the period.

19 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.

20 Board of directors

\$ Mr RL Rainier Chairman

Mr MH Brodie deceased on 15 March 2014

* Mr NG Vontas CEO

* Ms C Douglas

* Mr W Voigt Financial Director

Mr R Bernstein resigned on 14 April 2015

Mr M Nurick appointed as director on 12 September 2014

Mr Q D'Oliveira appointed as director on 21 September 2014

* executive directors

\$ non-executive directors

non-executive and independent directors

21 Contingent liabilities

Claim re: D King

Claim from previous executive director regarding issue of shares.

On the merits of the matter, the directors of Bonatla are of the opinion that the claimant has little chance of succeeding in the matter.

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

22 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 is constantly re-evaluating the improvement of its portfolio through the disposal of underperforming properties and the acquisition of better quality assets. To that effect it is constantly considering offers to purchase from third parties.

The company has also entered agreements already announced on SENS to increase sizeably its portfolio with quality property investments and developments. 2016 will see the completion of the initial portfolio acquisitions.

8 May 2015
Johannesburg

Directors

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

Registered address

31, 8th Street, Houghton, Johannesburg, 2198

Company secretary

Arbor Capital Company Secretarial (Pty) Limited

Transfer secretaries

Computershare Investor Services (Pty) Limited

Auditors

Nolands Inc.

Sponsors

Arbor Capital Sponsors Proprietary Limited

