



FINANCIAL REPORT 2010

13 YEARS ON THE JSE 1997 – 2010

Bonatla Property Holdings Limited

13th Financial Report

for the year ended 31 December 2010

Vision

The vision of the group is to be a significant investment and development enterprise in selective property market segments, initially in local markets, but subsequently in offshore markets.

To focus on the development of industrial, leisure, mixed use and commercial properties, with a bias towards providing state of the art technology based warehousing which will offer unique opportunities for value creation.

Acquire as part of the investment activities significant interests in the intellectual capital of growing and strategic businesses which can create incremental value for Bonatla in the medium future.

Mission

In fulfilling the vision, the group is committed to pursuing the following mission:

- To deliver world-class products and services to clients and the market.
- To exceed expectations on client service.
- To empower, reward and retain competent employees.
- To enhance shareholders' and stakeholders' value.
- To abide by the Property Charter and to work towards the objectives of the BBBEE initiative.
- To conduct the business in a socially responsible way, and contribute where relevant to uplifting socially deprived communities financially, through the creation of employment and assistance to access to primary, secondary and tertiary education.
- To abide by the principles of good corporate governance.

Strategy

In order to fulfil our vision and achieve our mission, the group will, initially, adopt the following strategies:

- To differentiate the group from traditional property development enterprises by acquiring and developing projects that will provide opportunities for above average returns.
- To seek out non-traditional property and property related opportunities brought about by changes in the business infrastructure of the country, and developments in technology.
- To identify development opportunities that become available through the changes in demographics and spending patterns in the country.
- To build a diversified property investment portfolio of properties held for rental which will provide above average returns.
- To focus on development of leisure properties which cater to the burgeoning middle and upper classes that are looking for environments that suit their specific lifestyles.
- To focus on industrial, commercial and retail developments that will be tailored to the changing purchasing and entertainment patterns of South Africa's changing population.
- To focus on providing integrated solutions including warehousing space and imaging technology to the fast growing document storage and imaging industry, as South Africa has become the warehouse, storage and distribution centre for the continent.
- To focus on integrating our technology based business into logistics and warehousing.
- To provide project management, property sales and property management services to support the development projects within the group.

In order to successfully give effect to the above strategy, Bonatla decided to focus on three niche areas within this environment, namely:

- By acquiring investment and trading property projects that will provide opportunities for above average returns by focusing on non-traditional property and property related opportunities brought about by changes in the business infrastructure of the country and developments in technology.
- Providing integrated solutions including warehousing space and for storage and investing in intellectual capital and technology orientated businesses.
- To focus on development of leisure properties which cater to the burgeoning middle and upper classes that are looking for environments that suit their specific lifestyles.

CONTENTS

Vision, Mission and Strategy	ifc
Chairman's Report	2
Review of Results and Portfolio Analysis	3 – 4
Directorate and Administration	5
Corporate Governance Report	6 – 8
Approval of Financial Statements	9
Declaration by the Company Secretary	9
Report of the Independent Auditors	10
Directors' Report	11 – 12
Statements of Financial Position	13
Statements of Comprehensive Income	14
Statements of Changes in Equity	15
Statements of Cash Flow	16
Notes to the Consolidated Financial Statements	17 – 58
Analysis of Shareholders	59
Shareholders' Calendar	60
Notice of Annual General Meeting	61 – 64
Form of Proxy	inserted

PROFILE

Bonatla was listed on the JSE on 17 October 1997. Between 1997 and 2001 it accumulated a prime industrial and commercial portfolio valued at R1 billion.

During 2003/2004 it disposed of its entire portfolio, and in February 2004 distributed 50 cents in cash per ordinary share thus delivering an 89% return on equity over five years to shareholders. (INet Bridge JSE Survey 2006 rated Bonatla 7th in terms of ROE and 17th in terms of Return on Shareholders' Funds over five years.)

Management commenced the property investment acquisition process in 2007 together with a drive towards achieving the BEE objective of an overall 2 rating and a broad based BEE ordinary shareholding.

The company has since 2007 increased in assets to R427 million and will continue to target new investment opportunities that will contribute to long term growth and increased headline earnings.

SALIENT RESULTS

	2010	2009	%
Headline earnings per share (cps)	1,95	[0,70]	+378,6
Total assets (R'000)	426 912	175 592	+143,1
NAV per share (cps)	50,78	31,45	+61,5
Total debt to total assets (%)	21,3	14,4	+47,9

INTRODUCTION

The financial year under review marks the 13th year since the listing of the company on the JSE and was characterised by the acquisition of income producing assets which re-established the company on a sound and sustainable business basis for the second time in its history.

FINANCIAL REVIEW

The financial review was marked by the efforts to finalise the acquisition of the Bluezone portfolio. The net asset value per share increased from 31,45 cents per share to 50,78 cents per share in 2010, while the headline earnings per share increased markedly to 1,95 cents per share (against a loss of 0,70 cents per share in 2009).

ECONOMIC CLIMATE

Further to the energy constraints, the South African economy is slowly recovering from the worst financial crisis since the 1930s which has already impacted upon the JSE and the national economy.

In spite of the recovery of the All Share Index, thereby regaining in 2010 most of the loss incurred in 2008, the endemic weaknesses of the national economy and the tailing off of major public capital projects post the 2010 World Cup drive, render current forward PE ratios unrealistically high.

During 2010 consumer spending showed slow signs of recovery and retail sales increased from the low base in the previous year.

With negative pressures on manufacturing production, and signs of inflationary trends both locally and globally, it is expected that monetary policies will be less relaxed in line with the interest policies adopted in the northern hemisphere. The prime overdraft rate is expected to be in a range between 9,0% and 9,5% by the end of 2011.

On a positive note, our country is still involved in a major infrastructural development drive which should somewhat cushion the impacts of the global financial and economic disarray. This will position the country's economy to take advantage of conditions when the world and South Africa emerge from the current crisis. The rate of increase in manufacturing and mining productions was also moderate during the year and passenger and commercial vehicle sales showed further growth, encouraged by a partial recovery in consumer spending and business confidence. Poor access to credit by both businesses and households still impacts on acquisition of durable assets, employment creation and entrepreneurial activity so necessary for our unbalanced society.

As a result of the above, property values have been eroded in the commercial sector. It is expected that, contrary to the common opinion, market to market property valuations in the listed and unlisted property sectors will continue to decline during 2011 with pressure on capitalisation rates, net rentals and operating cost component on leases. This trend is expected to continue in spite of a moderate recovery in the residential market. The financial markets' recovery is not sustainable in light of the general weaknesses in the world economies.

STRATEGY

Against the backdrop of the difficult current market conditions the company continues in its endeavours to acquire a quality non-speculative portfolio of assets with sustainable cash flow in order to sustain the expansion of its operations.

The current drive to purchase moderately geared properties will continue in 2011.

DIRECTORATE CHANGE

DA Johnston resigned on 28 April 2010 and DWB King resigned as Chief Operating Officer on 30 September 2010. DA Scott and DWB King were re-elected to the Board of Directors.

As announced on SENS in February 2011, the Board and management of the company will be restructured at the time of the acquisition circular in June/July 2011.

FUTURE PROSPECTS

The current global financial and economic crisis presents major opportunities in all sectors including the real estate industry and as a result, levels the "investment field" for most players. The directors and management are confident that their efforts to increase and consolidate the company's investment portfolio will materialise during 2011.

RECOGNITION

I wish to thank my fellow directors, the management and the professional team of Bonatla for their loyalty and their assistance in the affairs of the company during another difficult year and hope that the 2011 financial period will see Bonatla successfully expand its operations.



MH Brodie
Chairman

26 May 2011

REVIEW OF RESULTS AND PORTFOLIO ANALYSIS

RESULTS

The results for the period under review are set out in the attached financial statements.

OPERATIONS

The entire financial year under review was focused on the establishment and the expansion of a suitable property portfolio.

PROPERTY INVESTMENT PORTFOLIO

The company took possession of the Bluezone investment properties on 22 October 2010. The analysis of the Property Investment portfolio is shown below.

Table 1.1 Analysis by area as per gross lettable area (GLA)

Province	Value R'000	% by value	GLA m ²	% by GLA
Gauteng	165 060	71,8	32 915	60,00
Western Cape	21 500	9,4	2 883	5,25
KZN	43 250	18,8	19 070	34,75
Total	229 810	100,0	54 868	100,00

Table 1.2 Segmental analysis by type of tenant and by space use

Analysis by type

Type	m ²	% GLA
Banks	398	0,7
Corporates	27 749	50,6
Government	21 151	36,6
S&ME	5 570	12,1
Total	54 868	100,0

Size distribution

Type	m ²	%
>1 000 sq m	42 868	78,13
400 – 999 sq m	7 663	13,97
<399 sq m	4 337	7,90
Total	54 868	100,00

EVENTS SUBSEQUENT TO THE REPORTING DATE

All post statements of financial position events are reflected in the notes to the consolidated financial statements.

RELATED PARTY TRANSACTIONS

All related party transactions are reflected in the notes to the consolidated financial statements.

REVIEW OF RESULTS AND PORTFOLIO ANALYSIS (continued)

Table 1.3 Salient details of the property portfolio

Property	Fair value R'000	GLA m ²	Vacancy %	Annualised yield on fair value %
1 CPTECH Land and Buildings, Estcourt, KZN	20 750	17 000	Nil	34,70
2 Africard, Cleveland, Johannesburg	18 000	2 674	Nil	13,50
3 Milestone Place, Route 21, Irene	12 500	1 284	Nil	8,55
4 Property 259, Ferndale, Johannesburg	12 500	1 485	Nil	4,95
5 Prospect Close, Route 21, Irene	22 000	5 098	7,29	10,34
6 TUT The Heights, Philip Nel Park, Pretoria	70 560	19 081	Nil	6,86
7 Bishops Court, Hillcrest, Durban	22 500	2 070	Nil	13,42
8 Celtis Plaza, Hatfield, Pretoria	29 500	3 293	22,77	6,17
9 Chambers Ground Floor Block E, Tyger Valley, Bellville	8 500	854	14,05	9,16
10 Chambers 2 & 3, Tyger Valley, Bellville	13 000	2 029	47,38	6,30
Total	229 810	54 868	4,02	10,82

DIRECTORATE AND ADMINISTRATION

BOARD OF DIRECTORS

MH Brodie	Independent Non-Executive Chairman
RL Rainier	Executive
SST Ngcobo	Non-Executive
DA Scott	Executive Financial Director
DWB King	Executive
CF de Lange	Alternative
NG Vontas	Executive CEO

REGISTERED OFFICE

623 Prince George Avenue, Brenthurst, Brakpan, 1541

REGISTRATION NUMBER

1996/014533/06

TELEPHONE & FAX NUMBERS

Phone: +27 11 442-4944

Fax: +27 11 442-4943

Email: david@bonatla.co.za
niki@bonatla.com

LISTING DETAILS

Listed in the Real Estate Sector of the JSE Securities Exchange South Africa. Listed since 17/10/1997

COMPANY SECRETARY

Gold Equity Registrars CC

COMMERCIAL BANKERS

Standard Bank, Nedbank
and First National Bank

SPONSORS

Arcay Moela Sponsors (Pty) Limited

AUDITORS

Nolands Inc

TRANSFER SECRETARIES

Computershare Investor Services (Pty) Limited

The Board of Directors endorses and has addressed and, where applicable, has applied the Code of Corporate Practices and Conduct ("the Code") and is fully committed to complying with the recommendation of the third King Report as well as the Listings Requirements of the JSE Limited ("JSE").

In supporting the Code, the directors recognise the need to conduct the business of the group with transparency, integrity and in accordance with generally accepted corporate practices.

The directors continually review the group's policies and procedures to enhance corporate governance and to ensure that the group continues to be managed under the highest ethical standards.

STATEMENT OF COMPLIANCE

The directors believe that the group has applied good corporate governance in terms of the third King Report and the Listings Requirements of the JSE.

BOARD OF DIRECTORS

At financial year end, the Board of Directors consisted of four executive and two non-executive directors, one of which is independent.

The composition of the Board ensures the necessary professional skills and experience needed to provide objective judgement in terms of the strategic and business direction of the group.

All directors are subject to retirement by rotation and re-election at the general meeting of the members.

ROLE AND FUNCTION OF THE BOARD OF DIRECTORS

The Board of Directors is responsible for the proper management and ultimate control of the group and is ultimately responsible to maintain a strong control environment. To enable the directors to meet these responsibilities, the Board is responsible to set standards for internal controls aimed at reducing risk in error, to set strategic objectives for the company, to approve all acquisitions, disposals and funding of developments, and to manage the company with fairness, while operating with the highest levels of ethics.

Directors are entitled, in consultation with the chairman, to seek independent professional advice about the affairs of the group, at the group's expense.

COMPANY SECRETARY AND PROFESSIONAL ADVICE

The company secretarial function has been outsourced to Gold Equity Registrars CC.

All directors have access to the advice and services of the Company Secretary, whose responsibilities are set out in Section 88 (2) (e) of the Companies Act, including (but not restricted to) providing guidance to the directors as to their duties, responsibilities and powers, induction of new directors, liaising with the JSE Limited, STRATE, the Transfer Secretaries, Registrar of Companies, and ensuring that minutes are kept of meetings of directors and shareholders and making directors aware of relevant changes in law.

The Board of Directors meets at least four times per year, with additional meetings being convened when necessary. The directors have accordingly established systems and policies that are appropriate to the business risks of the group and that will ensure compliance with the principles of responsible corporate governance and the continuing reassessment of the quality of the group's corporate governance practices.

BOARD COMMITTEES

To assist the Board in discharging its collective responsibility for corporate governance, three committees have been established, to which certain of the Board responsibilities have been delegated.

COMBINED AUDIT AND RISK COMMITTEE

In light of the King Report on Corporate Governance which requires an independent director as chairman of the Audit Committee, the current Board of Directors has appointed Mr MH Brodie as chairman of the committee and Mr DWB King, due to his expertise in risk management and skills in financial matters, as a member of this committee.

The committee ensures integrity of the group's accounting, audit and financial reporting process and the maintenance of sound risk management and internal control systems.

The committee is responsible for the review of the financial statements and accounting policies, the effectiveness of management information, the overall risk profile of the group, compliance with statutory and regulatory requirements, interim and final reports and profit announcements, and the effectiveness and findings of the internal audit function.

It recommends to the Board the appointment and selection of the company's external auditors, their proposed audit fee and scope of the audit for the following financial year end and ensures that financial statements are prepared according to International Financial Reporting Standards and the Companies Act of South Africa.

The committee met twice during the year. The Company Secretary and the external auditors (when available) attend these meetings to assist the committee in effectively carrying out its mandate.

The members of the committee are:

MH Brodie
DWB King CA (SA)

The following parties attend the meetings at the request of the Audit and Risk Committee:

NG Vontas (CEO)
DA Scott CA (SA)
C Douglas

The Audit and Risk Committee is satisfied that the financial director has the relevant expertise and experience.

INVESTMENT COMMITTEE

The committee has been established to review all proposed property acquisitions and disposals and other matters which may be specifically delegated to it. The committee operates within a clearly defined mandate and authority levels.

The members of the Investment Committee are:

DA Scott
DWB King
C Douglas
SST Ngcobo

REMUNERATION AND NOMINATION COMMITTEE

The Remuneration and Nomination Committee has been established to determine the remuneration and terms of employment of directors and senior management and the nomination of further directors to the Board.

Two committee meetings were held during the year.

The members of the Remuneration and Nomination Committee are:

MH Brodie (Chairman)
SST Ngcobo

AFFIRMATIVE ACTION POLICY

The current Board has fully subscribed to the South African Property Charter and is in negotiations to introduce a significant BBBEE group during 2011.

DIRECTORS' REMUNERATION

The only directors with a contract of employment as at the financial year end were RL Rainier, DA Scott and NG Vontas. RL Rainier received R120 000, DA Scott received R680 000 and NG Vontas received R65 000 as director's salaries.

DA Johnston received R40 000 in director's fees.

ETHICS

The Board of Directors and the management of the company are committed to the exercise of the highest ethical standards. A culture of compliance with the highest ethical standards has been developed and flourishes.

CORPORATE GOVERNANCE REPORT (continued)

Analysis of Directors', Audit and Risk, Investment and Remuneration and Nomination Committee meetings attendance

	Directors		Audit and Risk		Investment		Remuneration and Nomination	
	Attended	Total	Attended	Total	Attended	Total	Attended	Total
MH Brodie	2	4	–	2	–	–	1	2
RL Rainier	3	4	–	–	–	–	–	–
DA Scott	4	4	–	–	3	3	–	–
SST Ngcobo	4	4	–	–	3	3	1	2
NG Vontas	4	4	–	–	–	–	–	–
DWB King	1	4	2	2	1	3	–	–
C Douglas	–	–	–	–	3	3	–	–
CF de Lange (Alt)	2	4	–	–	–	–	–	–

Four Directors' meetings, two Audit and Risk Committee meetings, three Investment Committee meetings and two Remuneration and Nomination Committee meetings were held during the year under review.

APPROVAL OF FINANCIAL STATEMENTS AND DECLARATION BY THE COMPANY SECRETARY

APPROVAL OF FINANCIAL STATEMENTS

The directors are required by the Companies Act of South Africa to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards and the Companies Act of South Africa. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the Board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the

company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company's cash flow forecast for the year to 31 December 2011 and, in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the company's financial statements. The financial statements have been examined by the company's external auditors and their report is presented on page 10.

These financial statements were approved by the Board of Directors on 26 May 2011 and signed on its behalf by:



MH Brodie
Chairman

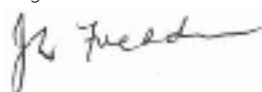


RL Rainier
Director

DECLARATION BY THE COMPANY SECRETARY

We certify, in terms of Section 88 (2) (e) of the Companies Act of South Africa, that to the best of our knowledge the company has lodged with the Registrar of Companies all such returns as are required of the company in terms of the Companies Act of South Africa, and that all such returns are true, correct and up to date.

Signed:



Gold Equity Registrars CC
Company Secretary

26 May 2011

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF BONATLA PROPERTY HOLDINGS LIMITED

REPORT ON THE ANNUAL FINANCIAL STATEMENTS

We have audited the accompanying annual financial statements and group financial statements of Bonatla Property Holdings Limited, which comprise the directors' report, the statements of financial position as at 31 December 2010, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 11 to 58.

DIRECTORS' RESPONSIBILITY FOR THE ANNUAL FINANCIAL STATEMENTS

The company's directors are responsible for the preparation and fair presentation of these annual financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITORS' 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 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 auditors' 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 the 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 annual financial statements present fairly, in all material respects, the financial position of Bonatla Property Holdings Limited and its subsidiaries as at 31 December 2010, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa.

The logo for Nolands, featuring the word "Nolands" in a stylized, handwritten-style font.

Nolands Inc
Registered Auditors
per **A Mundell** CA (SA) RA

Practice number: 900583e

Cape Town
26 May 2011

DIRECTORS' REPORT

The directors submit their report for the year ended 31 December 2010.

NATURE OF BUSINESS

Bonatla Property Holdings Limited is an investment company.

GENERAL REVIEW OF OPERATIONS AND FINANCIAL REPORTS

Efforts during the financial period under review were focused mainly on the re-establishment of the group's affairs and the acquisition of assets.

The group's revenue was R24 266 000 (2009: R2 163 000) against operating costs of R11 702 000 (2009: R4 403 000).

During 2010, the group acquired 100% of the shares and claims in the Business combinations as per note 9 to the financial statements.

The details of the property portfolio are contained in tables 1.1, 1.2 and 1.3 in the Review of the results and portfolio analysis.

The group has R74,2 million (2009: R21,2 million) of borrowings of which R44,1 million (2009: R21,2 million) is secured.

SHARE CAPITAL

The authorised share capital consists of 2 000 000 000 shares of one cent each (2009: 2 000 000 000), 28 730 140 compulsory convertible preference shares of one cent each (2009: 28 730 140) and 200 000 000 non-participating, non-redeemable, non-cumulative compulsory convertible preference shares (2009: 200 000 000).

500 209 728 ordinary shares of one cent each were in issue at the end of the year under review (2009: 456 101 978).

28 730 140 compulsory convertible preference shares of one cent and with a share premium of 99 cents were in issue at the end of the year under review (2009: 28 730 140).

SECRETARY

Gold Equity Registrars CC
623 Prince George Avenue, Brenthurst, Brakpan, 1541
PO Box 2413, Brakpan, 1540

SUBSIDIARY COMPANIES

Details of the company's principal subsidiaries are set out on page 36 of the financial statements.

DIRECTORATE AND MANAGEMENT

The names of the current directors appear on page 5. Two out of six of the current directors are non-executive directors, namely MH Brodie and SST Ngcobo.

The company currently has a staff of two and an executive officer.

EVENTS SUBSEQUENT TO THE REPORTING DATE

Details of post statements of financial position events are set out in note 32 to the consolidated financial statements.

DIRECTORS' SHAREHOLDING

The following reflects the number of shares held by directors.

DIRECTORS' REPORT (continued)

Directors' shareholding as at 31 December 2010

	Beneficial holdings		Non-beneficial holdings		% of all ordinary shares
	Direct	Indirect	Direct	Indirect	
RL Rainier	–	80 440 000	–	–	16,1
NG Vontas	489 442	–	–	–	0,1
SST Ngcobo	–	26 000 000	–	–	5,2
DWB King	2 325 584	–	–	–	0,5
CF de Lange	2 558 139	–	–	–	0,5
Total	5 373 165	106 440 000	–	–	22,4

There have been no changes in the directors' shareholdings between the year end and the date of this report, and the above table reflects the directors' holdings at the last applicable date.

CORPORATE GOVERNANCE AND INTERNAL CONTROLS

The company's position in regard to corporate governance and internal controls is set out in a separate statement on pages 6 to 8.

DIVIDEND

No dividend was declared during the year under review.

NON-CURRENT ASSETS

Non-current assets increased substantially from R157 596 000 to R324 629 000 as a result of the acquisition of the nine Bluezone Investment properties.

Details of the movements in non-current assets are set out in notes 6 – 14. There has been no change in the accounting policy regarding non-current assets.

GOING CONCERN

The directors are satisfied that the group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going-concern basis in preparing the financial statements,

STATEMENTS OF FINANCIAL POSITION

at 31 December 2010

	Notes	Group		Company	
		2010 R'000	2009 R'000	2010 R'000	2009 R'000
Non-current assets		324 629	157 596	360 725	167 608
Property, plant and equipment	6	24 702	24 904	-	-
Investment property	7	189 810	20 750	-	-
Goodwill	8	3 261	4 411	-	-
Other intangible assets	10	1 193	1 286	-	-
Investment in subsidiaries	11	-	-	5 776	5 776
Loans to subsidiaries	12	-	-	354 949	161 832
Prepayments	13	55 663	56 245	-	-
Deposit	14	50 000	50 000	-	-
Current assets		62 283	3 296	297	762
Trade and other receivables	15	60 546	2 170	195	233
Prepayments – current portion	13	582	582	-	-
Cash and cash equivalents	16	1 155	544	102	529
Non-current assets held for sale	17	40 000	14 900	-	-
Total assets		426 912	175 592	361 022	168 370
EQUITY AND LIABILITIES					
Equity capital and reserves		335 880	150 577	360 957	168 306
Share capital	18.4	254 570	250 510	254 570	250 510
Shares to be issued	18.5	190 491	1 900	190 491	1 900
Accumulated loss		(109 181)	(101 833)	(84 104)	(84 104)
Non-current liabilities		46 325	20 055	-	-
Borrowings – long-term	19	36 676	19 208	-	-
Deferred taxation	20	9 649	847	-	-
Current liabilities		44 707	5 160	65	64
Borrowings – short-term	19	37 594	2 034	-	-
Trade and other payables	21	6 002	3 126	65	64
Taxation	30.2	1 111	-	-	-
Total equity and liabilities		426 912	175 792	361 022	168 370
		cents	cents	% change	
Net asset value per share		50,78	31,45	61,46	
Net tangible asset value per share		50,11	30,26	65,60	
Shares in issue (including shares to be issued)		661 377 814	478 851 978		
Diluted asset value per share		40,24	31,45	27,95	
Diluted tangible asset value per share		39,71	30,26	31,23	
Total shares (ordinary shares and non-participating, non-redeemable, non-cumulative compulsory convertible preference shares) including shares to be issued		834 648 934	478 851 978		

STATEMENTS OF COMPREHENSIVE INCOME

for the year ended 31 December 2010

	Notes	Group		Company	
		2010 R'000	2009 R'000	2010 R'000	2009 R'000
Revenue	23	24 266	2 163	-	-
Other income	24	20	54	-	-
Operating costs		(11 702)	(4 403)	-	-
Goodwill – impairment	8	(38 432)	-	-	-
Bargain purchase	9	21 840	-	-	-
Results from operating activities	25	(4 008)	(2 186)	-	-
Investment revenue	26	591	19	-	-
Finance charges	27	(3 417)	(909)	-	-
(Loss) before taxation		(6 834)	(3 076)	-	-
Taxation	22.1	(514)	732	-	-
(Loss) for the year		(7 348)	(2 344)	-	-
Other comprehensive income		-	-	-	-
Total comprehensive income/(loss) for the year		(7 348)	(2 344)	-	-
		cents	cents	% change	
Loss per share	29	(1,41)	(0,70)	(101,4)	
Diluted loss per share	29	(1,33)	(0,70)	(90,0)	

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 December 2010

	Share capital R'000	Convertible preference share capital R'000	Share premium R'000	Shares to be issued R'000	Retained earnings/ (accumulated loss) R'000	Total R'000
GROUP	Note 18.1	Note 18.2	Note 18.3	Note 18.5		
Balance at 31 December 2008	1 853	287	81 786	46 700	(99 489)	31 137
Total comprehensive income/ (loss) for the year	–	–	–	–	(2 344)	(2 344)
New shares issued (199 505 024)	1 995	–	117 889	–	–	119 884
Liability in respect of shares to be issued						
– now issued (71 250 000)	713	–	45 987	(46 700)	–	–
Ordinary shares to be issued	–	–	–	1 900	–	1 900
Balance at 31 December 2009	4 561	287	245 662	1 900	(101 833)	150 577
Total comprehensive income/ (loss) for the year	–	–	–	–	(7 348)	(7 348)
New shares issued (44 107 750)	441	–	3 619	–	–	4 060
Liability in respect of shares to be issued						
– now issued (22 750 000)	–	–	–	(1 900)	–	(1 900)
Ordinary shares to be issued	–	–	–	190 491	–	190 491
Balance at 31 December 2010	5 002	287	249 281	190 491	(109 181)	335 880
COMPANY						
Balance at 31 December 2008	1 853	287	81 786	46 700	(84 104)	46 522
Total comprehensive income/ (loss) for the year	–	–	–	–	–	–
Shares issued (199 505 024)	1 995	–	117 889	–	–	119 884
Liability in respect of shares to be issued	713	–	45 987	(46 700)	–	–
– now issued (71 250 000)	–	–	–	1 900	–	1 900
Ordinary shares to be issued	–	–	–	190 491	–	190 491
Balance at 31 December 2009	4 561	287	245 662	1 900	(84 104)	168 306
Total comprehensive income/ (loss) for the year	–	–	–	–	–	–
New shares issued (44 107 750)	441	–	3 619	–	–	4 060
Liability in respect of shares to be issued	–	–	–	(1 900)	–	(1 900)
– now issued (22 750 000)	–	–	–	190 491	–	190 491
Balance at 31 December 2010	5 002	287	249 281	190 491	(84 104)	360 957

STATEMENTS OF CASH FLOW

for the year ended 31 December 2010

	Note	Group		Company	
		2010 R'000	2009 R'000	2010 R'000	2009 R'000
CASH (OUTFLOWS)/INFLOWS FROM OPERATING ACTIVITIES		(37 662)	(2 667)	39	(347)
Cash utilised in operations	30.1	(34 068)	(1 718)	39	(347)
Interest paid		(3 417)	(909)	-	-
Income taxes paid	30.2	(177)	(40)	-	-
CASH INFLOWS/(OUTFLOWS) FROM INVESTING ACTIVITIES		10 882	19	(466)	(1 024)
Interest received		591	19	-	-
Acquisition of interest in subsidiaries	9	2 737	-	-	-
Advances to subsidiaries		-	-	(466)	(1 024)
Sale of investment property		7 574	-	-	-
Goodwill on acquisition of subsidiaries	8	(7)	-	-	-
Payments for property, plant and equipment and computer software		(13)	-	-	-
CASH INFLOWS FROM FINANCING ACTIVITIES		27 391	3 015	-	1 900
Proceeds from equity shares to be issued		-	1 900	-	1 900
Payment of bond by purchaser		6 426	-	-	-
Increase in borrowings		16 965	1 115	-	-
Shares to be issued – charged to Bluezone holding company		4 000	-	-	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		611	367	(427)	529
Cash and cash equivalents at the beginning of the period		544	177	529	-
Cash and cash equivalents at the end of the period		1 155	544	102	529

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2010

1. GENERAL INFORMATION

Bonatla Property Holdings Limited ("the company") is a limited company incorporated in South Africa. The addresses of its registered office and principal place of business are disclosed in the introduction to the annual report.

2. ADOPTION OF NEW AND REVISED STANDARDS

The annual financial statements have been prepared in accordance with International Financial Reporting Standards on a basis consistent with the prior year, except where otherwise stated.

Early adoption of standards

IAS 12, *Income Taxes* (annual periods beginning on or after 1 January 2012) – A rebuttable presumption introduced that an investment property will be recovered in its entirety through sale. This resulted in deferred tax being raised on fair value adjustments for investment properties at 14% and not the standard rate of 28%.

Issued, not yet effective

At the date of authorisation of these financial statements, other than the Standards and interpretations adopted by the group in advance of their effective dates, the following interpretations were in issue but not yet effective.

IFRS Standard	Annual periods beginning on or after	
IFRS 1, <i>First-time Adoption of International Financial Reporting Standards</i>	1 July 2010	Amendment relieves first-time adopters of IFRS from providing the additional disclosures introduced through Amendments to IFRS 7 in March 2009
	1 January 2011	Amendment clarifies that changes in accounting policies in the year of adoption fall outside of the scope of IAS 8 Amendment permits the use of revaluation carried out after the date of transition as a basis for deemed cost Amendment permits the use of carrying amount under previous GAAP as deemed cost for operations subject to rate regulation
	1 July 2011	Standard amended to provide guidance for entities emerging from severe hyperinflation and resuming presentation of IFRS compliant financial statements, or presenting IFRS compliant financial statements for the first time
	1 July 2011	Standard amended to remove the fixed date of 1 January 2004 relating to the retrospective application of the derecognition requirements of IAS 39, and relief for first-time adopters from calculating day 1 gains on transactions that occurred before the date of adoption

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2010

2. ADOPTION OF NEW AND REVISED STANDARDS (continued)

IFRS Standard	Annual periods beginning on or after	
IFRS 3, <i>Business Combinations</i>	1 January 2011	Amendments to transition requirements for contingent consideration from a business combination that occurred before the effective date of the revised IFRS Clarification on the measurement of non-controlling interests Additional guidance provided on un-replaced and voluntarily replaced share based payment awards
IFRS 7, <i>Financial Instruments: Disclosures</i>	1 January 2011	Amendment clarifies the intended interaction between qualitative and quantitative disclosures of the nature and extent of risks arising from financial instruments and removes some disclosure items which were seen to be superfluous or misleading
	1 July 2011	Amendments require additional disclosure on transfer transactions of financial assets, including the possible effects of any residual risks that the transferring entity retains. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period
IFRS 9, <i>Financial Instruments</i>	1 January 2013	New standard that forms the part of a three-part project to replace IAS 39, <i>Financial Instruments: Recognition and Measurement</i>
IAS 1, <i>Presentation of Financial Statements</i>	1 January 2011	Clarification of statement of changes in equity
IAS 21, <i>The Effects of Changes in Foreign Exchange Rates</i>	1 July 2010	Consequential amendments from changes to IAS 27, <i>Consolidated and Separate Financial Statements</i> (Clarification on the transition rules in respect of the disposal or partial disposal of an interest in a foreign operation)
IAS 24, <i>Related Party Disclosures</i>	1 January 2011	Simplification of the disclosure requirements for government-related entities Clarification of the definition of a related party
IAS 27, <i>Consolidated and Separate Financial Statements</i>	1 July 2010	Transition requirements for amendments arising as a result of IAS 27, <i>Consolidated and Separate Financial Statements</i>
IAS 28, <i>Investments in Associates</i>	1 July 2010	Consequential amendments from changes to IAS 27, <i>Consolidated and Separate Financial Statements</i> (Clarification on the transition rules in respect of the disposal or partial disposal of an interest in a foreign operation)
	1 July 2010	Consequential amendments from changes to IAS 27, <i>Consolidated and Separate Financial Statements</i> (Clarification on the transition rules in respect of the disposal or partial disposal of an interest in a foreign operation)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2010

2. ADOPTION OF NEW AND REVISED STANDARDS (continued)

IFRS Standard	Annual periods beginning on or after	
IAS 32, <i>Financial Instruments: Presentation</i>	1 February 2010	Accounting for rights issues (including rights, options or warrants) that are denominated in a currency other than the functional currency of the issuer
IAS 34, <i>Interim Financial Reporting</i>	1 January 2011	Clarification of disclosure requirements around significant events and transactions including financial instruments
IFRIC 13, <i>Customer Loyalty Programmes</i>	1 January 2011	Clarification on the intended meaning of the term "fair value" in respect of award credits

The directors anticipate that all of the above Standards and Interpretations will be adopted in the group's financial statements for the periods commencing on or after the respective effective date above and the adoption of those Standards and Interpretations will have no material impact on the financial statements of the group in the period of initial application.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards and the Companies Act of South Africa.

3.2 Basis of preparation

The financial statements have been prepared on the historical cost basis except for the revaluation of certain investment properties. The principal accounting policies are set out below and are consistent with the previous year. The wording of some of the notes has been simplified and the changes will not result in a change in the accounting applied.

3.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the company (its subsidiaries). Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

3.4 Prior year adjustments

The 2008 and 2009 annual financial statements have been subject to a Gaap Monitoring Panel review, which may or may not result in a restatement of the results for 2009 and 2010.

3.5 Business combinations

Goodwill and bargain purchase

The purchase method of accounting is used when an entity is acquired. On acquisition date, fair values are attributed to the identifiable assets, liabilities and contingent liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2010

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 Business combinations (continued)

Goodwill and bargain purchase (continued)

Fair values of the identifiable assets and liabilities are deemed by return to market value of those for similar items, where available, or by discounting expected future cash flows to achieve present values.

The cost of acquisition is the fair value of the group's contribution in the form of assets transferred, shares issued and liabilities assumed at the acquisition date plus costs attributable to the acquisition.

At acquisition date, goodwill is recognised when the cost of the acquisition exceeds the fair value of the group's interest in the net identifiable assets of the entity acquired.

The interest of non-controlling interest shareholders in the acquiree is initially measured at the non-controlling interest's proportion of the net fair value of the recognised assets, liabilities and contingent liabilities.

When the group's interest in the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities recognised, exceeds the cost of the business combination, the excess is recognised immediately in profit and loss as a bargain purchase.

3.6 Impairment of goodwill

For the purpose of impairment testing, goodwill is allocated to each of the group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss

is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

3.7 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

Interest revenue

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Rendering of services

Revenue from management services provided is recognised as and when the service is provided.

Rental income

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

3.8 Other income

Other income, which excludes the above, is recognised as and when the group has an unconditional right thereto.

3.9 Leasing

The group as lessee

Assets held under finance leases are initially recognised as assets of the group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statements of financial position as a finance lease obligation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2010

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.9 Leasing (continued)

The group as lessee (continued)

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the group's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

The group as lessor

The group is party to numerous leasing contracts as the lessor of property. All leases are operating leases, which are those leases where the group retains a significant portion of the risks and rewards of ownership.

An adjustment is made to contractual rental income earned to bring to account in the current period the difference between the rental income that the group is currently entitled to and the rental for the period calculated on a smoothed, straight-line basis over the period of the lease term.

3.10 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that

necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.11 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The charge for current tax is based on the results for the year adjusted for items which are tax exempt or are not tax deductible. Tax is calculated using rates that have been enacted or substantively enacted by the reporting date.

Deferred tax

Deferred tax is provided on the comprehensive basis computed as the difference between the tax base and the carrying amounts of assets and liabilities. Deferred tax liabilities are recognised for all temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2010

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11 Taxation (continued)

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity and other comprehensive income, in which case the tax is also recognised directly in equity and other comprehensive income, or where they arise from the initial accounting for a business combination.

In the case of a business combination, the tax effect is taken into account in calculating goodwill or in determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the business combination.

3.12 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided on all office equipment, computer equipment, plant and equipment and furniture and fittings to write down the cost by equal instalments over their useful lives, using the straight-line method, as follows:

Office equipment – 6 years
Computer equipment – 3 years
Plant and equipment – 10 years
Furniture and fittings – 6 years

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Where the residual value of an item of property, plant and equipment exceeds its carrying value, no depreciation is recognised on that item.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3.13 Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

3.14 Intangible assets

An intangible asset is recognised when:

- It is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- The cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost. Computer software is amortised over three years so as to write off the cost or valuation over its estimated useful lives, using the straight-line method.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows.

Amortisation is not provided for these intangible assets. For all other intangible assets, amortisation is provided on a straight-line basis over their useful life.

The carrying value of intangible assets is reviewed for impairment annually.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2010

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.15 Impairment of assets

The carrying amounts of the assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such impairment exists, or when annual impairment testing for an asset is required, the recoverable amount is estimated as the higher of the net selling price and value in use.

In assessing value in use, the expected future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset. An impairment loss is recognised whenever the carrying amount exceeds the recoverable amount. Impairment losses and reversal of impairment losses are separately disclosed in the statement of comprehensive income, above the profit before tax subtotal.

For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs. An impairment loss is recognised whenever the carrying amount of the cash-generating unit exceeds its recoverable amount.

A previously recognised impairment loss is reversed if there has been a change in the estimate used to determine the recoverable amount. However, the reversal is limited to the amount that would have been determined as the carrying amount (net of applicable depreciation) had no impairment loss been recognised in prior years.

3.16 Provisions

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required

to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the statements of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flow to settle the present obligation, its carrying amount is the present value of those cash flows.

3.17 Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

3.18 Financial instruments

Financial assets

Financial assets are recognised in the financial statements on the contractual commitment date. Regular way purchases of financial assets are accounted for at settlement date. Financial assets are initially measured at their cost; which is the fair value of the consideration given, plus the transaction costs, except in the case of financial assets carried at fair value through profit or loss where transaction costs are immediately expensed. Subsequent to initial recognition, these instruments are measured as follows:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2010

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.18 Financial instruments (continued)

Financial assets (continued)

- Loans and receivables and held to maturity investments are measured at amortised costs using the effective interest rate method.
- Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, are measured at cost.
- Cash and cash equivalents comprise cash on hand, deposits held on call with banks, other short-term liquid investments that are readily convertible (within three months) to a known amount of cash and are subject to an insignificant risk of change in value. Cash and cash equivalents are initially recognised at fair value and subsequently recorded at amortised cost.
- Any gain or loss arising from a change in a financial asset is recognised as follows:
 - A gain or loss on a financial asset classified as fair value through profit or loss is recognised in profit or loss;
 - A gain or loss on an available-for-sale financial asset is recognised directly in other comprehensive income, through the statement of comprehensive income; and
 - Financial assets carried at amortised cost; a gain or loss is recognised in profit or loss when the financial asset is derecognised or impaired, and through the amortisation process.

Financial liabilities

Financial liabilities are recognised in the financial statements on the contractual commitment date.

Financial liabilities are initially measured at their cost; which is the fair value of the consideration given, less the transaction costs. Subsequent to initial recognition, these instruments are measured as follows:

- Financial liabilities at fair value through profit or loss, including derivatives that are liabilities, are measured at fair value.
- Other financial liabilities are measured at amortised cost using the effective interest method.
- Any gain or loss arising from a change in a financial liability is recognised as follows:
 - A gain or loss on a financial liability classified at fair value through profit or loss is recognised in profit or loss; and
 - Financial liabilities carried at amortised cost; a gain or loss is recognised in profit or loss when the financial liability is derecognised or impaired, and through the amortisation process.

Set-off of financial assets and liabilities

If a legally enforceable right to set off recognised amounts of financial assets and liabilities exists and the company intends to settle the amounts on a net basis or to realise the asset and liability simultaneously, all related financial effects are netted.

3.19 Share capital and equity

An equity instrument is any contract that evidences residual interest of the asset of an entity after deducting all of its liabilities.

3.20 Prepayments

A prepayment, initially recognised at fair value and subsequently at fair value, relates to long-term leases and the operating lease payments are recognised as an expense on a straight-line basis over the lease term.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2010

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.21 Deposit

This comprises:

- Deposits given to a landlord to secure the rental of premises. When the lease expires, the deposit is set off against the last month's rental charge.
- Deposits given to secure an acquisition. When the acquisition is finalised, the amount of the deposit is transferred to the cost of the acquisition. Deposits are initially recognised at fair value and subsequently at fair value.

3.22 Share-based payments

Equity-settled share-based payments to employees and others providing services are measured at the fair value of the equity instrument at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, if applicable.

Equity-settled share-based payment transactions with other parties are measured at the fair value of the goods and services received, except where the fair value cannot be estimated reliably, in which case they are measured at the date the entity obtains the goods or the counter party renders the service.

For cash-settled share-based payment transactions, the entity shall measure the goods or services acquired and the liability incurred at the fair value of the liability. Until the liability is settled, the entity shall re-measure the fair value of the liability at the end of each reporting period and at the date of settlement, with any changes in fair value recognised in profit or loss for the period.

4. CRITICAL ACCOUNTING JUDGEMENTS

In the application of the group's accounting policies, which are described in note 3, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4.1 Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the statements of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

The carrying amount of goodwill at the statements of financial position date was R3,261 million (2009: R4,411 million).

The assumptions made are that the economy will continue to grow albeit at a slow pace and that there will be no major recession in the next five years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2010

4. CRITICAL ACCOUNTING JUDGEMENTS (continued)

4.1 Key sources of estimation uncertainty (continued)

Useful lives and residual value of property, plant and equipment

As described in 3.11 above, the group reviews the estimated useful lives and the residual value of property, plant and equipment at the end of each annual reporting period. During the year the directors decided that there would be no change in the useful life of all the categories of assets. This is based on the assumptions that the suppliers of the equipment will continue to support the property, plant and equipment.

Revaluation of investment properties

The group values the investment properties with reference to current market conditions, recent sales transactions of similar geographical locations and the present value of future rental income.

Trade and other receivables

The group assesses the trade and other receivables for impairment at each statements of financial position date. In determining whether an impairment loss should be recorded on the statements of comprehensive income the group makes judgements as to the recoverability.

The assumptions made are that there will be no major recession in the next few years which may affect the ability of the tenants to pay their rentals.

Carrying amount of other non-current assets and financial assets

As described above in the accounting policies, the directors review the carrying amount of other non-current assets and all financial assets and are of opinion that the carrying value is fairly stated and that no impairment is necessary.

Contingent liabilities

Management applies its judgement to advice it receives from its attorneys, advocates and other advisors in assessing if an obligation is probable, more likely than not, or remote. This judgement application is used to determine if the obligation is recognised as a liability in the form of a provision or disclosed as a contingent liability.

Besides the above, there are no other sources of estimation uncertainty that were considered in drafting the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2010

5. SEGMENT INFORMATION

Operating segments

For management purposes, the group is organised into five major operating divisions – Industrial, Leisure, Commercial and Retail, Document Storage and a Head Office Division. These divisions are the basis on which the group reports its segment information. All segment assets are located within South Africa.

No revenue is earned from outside South Africa and no revenues are earned from transactions with other operating segments of the same entity.

	Assets		Liabilities	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
5.1 Segment assets and liabilities				
Investment Property – Industrial	94 331	66 032	769	8 017
Investment Property – Leisure	56 245	56 818	–	–
Investment Property – Commercial and Retail	245 379	50 000	43 553	–
Document Storage	5 472	–	5	–
Head Office	25 485	3 942	46 705	17 198
Consolidated	426 912	175 792	91 032	25 215
			2010 R'000	2009 R'000
5.2 Segment revenue				
Investment Property – Industrial			10 242	2 163
Investment Property – Leisure			–	–
Investment Property – Commercial and Retail			6 023	–
Document Storage			48	–
Head Office			7 953	–
Consolidated			24 266	2 163

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2010

	Leisure	Industrial	Com- mercial & Retail	Document Storage	Head Office	Total 2010 R'000	Total 2009 R'000
5. SEGMENT INFORMATION (continued)							
5.3 Segment results							
Results from operating activities before items detailed below	(249)	9 591	5 285	54	8 722	23 403	1 521
Assessment rates	–	(212)	(290)	–	–	(502)	(172)
Audit fees	–	–	–	–	(487)	(487)	(435)
Commissions	–	(808)	(123)	–	–	(931)	–
Consulting fees	–	(29)	(100)	–	(2574)	(2 703)	–
Depreciation	–	–	–	(305)	(3)	(308)	(6)
Directors' salaries and fees	–	–	–	–	(905)	(905)	(695)
JSE compliance costs	–	–	–	–	(724)	(724)	(1 332)
Lease payments	(583)	–	–	–	–	(583)	(463)
Legal costs	–	–	–	–	(861)	(861)	(302)
Securities transfer tax	–	–	–	–	(581)	(581)	–
Security costs	(51)	(290)	(76)	–	(3)	(420)	(302)
Travel – local	–	–	–	–	(291)	(291)	–
Water and electricity	–	(12)	(611)	–	–	(623)	–
Results from operating activities	(883)	8 240	4 085	(251)	2 293	13 484	(2 186)
Investment revenue	–	149	442	–	–	591	19
Finance charges	–	(543)	(555)	–	(2 319)	(3 417)	(909)
Headline profit/(loss) before tax	(883)	7 846	3 972	(251)	(26)	10 658	(3 076)
Fair value adjustment						(900)	–
Impairment – goodwill						(38432)	–
Bargain purchase						21 840	–
(Loss) before tax						(6 834)	(3 076)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2010

	Group		Company	
	2010	2009	2010	2009
	R'000	R'000	R'000	R'000
6. PROPERTY, PLANT AND EQUIPMENT				
Cost				
– Office equipment	7	7	–	–
– Computer equipment	648	638	–	–
– Plant and equipment	24 250	24 250	–	–
– Furniture and fittings	52	52	–	–
Total	24 957	24 947	–	–
Accumulated depreciation				
– Office equipment	6	5	–	–
– Computer equipment	240	38	–	–
– Plant and equipment	–	–	–	–
– Furniture and fittings	9	–	–	–
Total	255	43	–	–
Carrying amount				
– Office equipment	1	2	–	–
– Computer equipment	408	600	–	–
– Plant and equipment	24 250	24 250	–	–
– Furniture and fittings	43	52	–	–
Total	24 702	24 904	–	–
Movement for the year				
Net book value at the beginning of the year	24 904	3	–	–
Additions through business combinations at fair value:				
– Computer equipment	–	600	–	–
– Plant and equipment	–	24 250	–	–
– Furniture and fittings	–	52	–	–
Additions – normal course of business	10	–		
– Depreciation charge for the year	(212)	(1)	–	–
Net book value at end of year	24 702	24 904	–	–

No depreciation has been provided on the plant and equipment as the estimated residual value exceeds the carrying value of R24 250 000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2010

	2010 R'000	2009 R'000
7. INVESTMENT PROPERTY		
Karbotek building – Estcourt, KwaZulu-Natal		
Balance at beginning of year	20 750	–
Additions	–	20 750
Balance at end of the year	20 750	20 750
Milestone Place Building – Route 21, Irene, Gauteng		
Balance at beginning of year	–	–
Additions	12 500	–
Balance at end of the year	12 500	–
Property 259 Building – Ferndale, Johannesburg, Gauteng		
Balance at beginning of year	–	–
Additions	12 500	–
Balance at end of the year	12 500	–
TUT – The Heights building – Philip Nel Park, Tshwane, Gauteng		
Balance at beginning of year	–	–
Additions	70 560	–
Balance at end of the year	70 560	–
Bishops Court Building – Hillcrest, Durban, KwaZulu-Natal		
Balance at beginning of year	–	–
Additions	22 500	–
Balance at end of the year	22 500	–
Celtis Plaza Building – Hatfield, Pretoria, Gauteng		
Balance at beginning of year	–	–
Additions	29 500	–
Balance at end of the year	29 500	–
Chambers Building – Ground Floor – Block E – Bellville, Western Cape		
Balance at beginning of year	–	–
Additions	8 500	–
Balance at end of the year	8 500	–
Chambers Building – Floors 2 & 3 – Bellville, Western Cape		
Balance at beginning of year	–	–
Additions	13 000	–
Balance at end of the year	13 000	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2010

	2010 R'000	2009 R'000
7. INVESTMENT PROPERTY (continued)		
Prospect Close Building – Stand 925, Irene Ext 30, Tshwane		
Balance at beginning of year	–	–
Additions	22 000	–
Balance at end of the year	22 000	–
Africard Building – Stand 173, Cleveland Ext 5, Johannesburg		
Balance at beginning of year	–	–
Additions	18 000	–
Balance at end of year	18 000	–
Total	229 810	20 750
<i>Less: transferred to non-current assets held for sale</i>		
Prospect Close Building	(22 000)	–
Africard Building	(18 000)	–
Total	(40 000)	–
Total at year end	189 810	20 750
	Group	Company
	2010	2009
	R'000	R'000
Balance at beginning of year	20 750	14 900
Acquisitions through business combinations	209 060	20 750
Transferred to non-current assets held for sale	(40 000)	(14 900)
Balance at end of the year	189 810	20 750

Surety bonds have been given to Nedbank over the Milestone Place and the Property 259 Buildings.

The fair value of the investment property at 31 December 2010 has been arrived at on the basis of a valuation carried out in October 2010 by Messrs JD Malakou, an independent valuer who is not related to the group. JD Malakou is a member of the Property Valuers Profession and has appropriate qualifications and recent experience in the valuation of properties in the relevant location. The valuation, which conforms to International Valuation Standards, 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. The capitalised yield method (varying between 9% and 11%) of valuation 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 currently substantially let and thus did not require assumptions in regards to vacancy levels and time delays to complete refurbishments for existing new tenants. The directors, in their opinion, decided that there was no change in the value of these investment properties from October 2010 to 31 December 2010.

The investment properties are held under freehold interest and the details thereof are disclosed above.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2010

	Cost of business combination R'000	Value of assets and liabilities R'000	Goodwill carrying amount R'000
8. GOODWILL			
Subsidiary companies acquired during the year			
Makeover Investments (Pty) Limited	–*	(5)	5
M & P Boating (Pty) Limited	–*	(2)	2
	–*	(7)	7
Business combinations acquired during year			
Property 259 Properties (Pty) Limited	15 230	12 066	3 164
Mystic Blue Trading 511 (Pty) Limited	42 950	24 492	18 458
Copper Moon Trading 249 (Pty) Limited	17 627	16 509	1 118
Chambers Ground Floor (Pty) Limited	8 048	5 506	2 542
Tropical Paradise Trading 320 (Pty) Limited	14 458	2 465	11 993
	98 313	61 038	37 275
Total	98 313	61 031	37 282
Less impairments during the year			
Morgan Creek Properties Ten (Pty) Limited			(1 150)
Makeover Investments (Pty) Limited			(5)
M & P Boating (Pty) Limited			(2)
Property 259 Properties (Pty) Limited			(3 164)
Mystic Blue Trading 511 (Pty) Limited			(18 458)
Copper Moon Trading 249 (Pty) Limited			(1 118)
Chambers Ground Floor (Pty) Limited			(2 542)
Tropical Paradise Trading 320 (Pty) Limited			(11 993)
Total			(38 432)
		2010	2009
		R'000	R'000
Opening balance of goodwill		4 411	1 150
Goodwill on acquisition of business combinations during year		37 275	3 261
Goodwill on acquisition of subsidiaries		7	–
Impairment of goodwill		(38 432)	–
Carrying amount after impairment		3 261	4 411

* = investments are less than R1 000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2010

9. BUSINESS COMBINATIONS

The consolidated results for the year ended 31 December 2010 include the trading results of the nine Bluezone Property companies since the effective date, as well as the trading results of the Bonatla Group for the entire period under review.

Bonatla took effective control of the nine Bluezone Property companies as from 22 October 2010, being the effective date. 100% of the voting equity interests were acquired in respect of the nine acquisitions.

	Fair value of property R'000	Fair value of other assets and liabilities acquired R'000	Purchase conside- ration R'000	(Bargain purchase)/ goodwill R'000	Profit/(loss) after tax prior bargain purchase/ impairment R'000
Property 259 Properties (Pty) Limited	12 500	(434)	15 230	3 164	19
Mystic Blue Trading 511 (Pty) Limited	22 000	2 492	42 950	18 458	274
Copper Moon Trading 249 (Pty) Limited	29 500	(12 992)	17 627	1 118	64
Chambers Ground Floor (Pty) Limited	8 500	(2 995)	8 048	2 543	40
Tropical Paradise Trading 320 (Pty) Limited	13 000	(10 534)	14 458	11 992	(50)
Total goodwill				37 275	
Quick Leap Investments 461 (Pty) Limited	18 000	516	18 270	(246)	316
Milestone Place Properties (Pty) Limited	12 500	(730)	9 830	(1 940)	93
Nungu Trading 472 (Pty) Limited	70 560	(4 635)	46 986	(18 939)	627
Bishops Court Properties (Pty) Limited	22 500	(7 813)	13 972	(715)	313
Total Bargain purchase				(21 840)	
Total	209 060	(37 125)	187 371	15 435	1 696
See below					
Shares to be issued			183 971	(note 18.5)	
Cash to be paid			3 400		
Total acquisition price			187 371		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2010

	Cash R'000	Trade and other receivables R'000	Trade and other payables R'000	Deferred tax R'000	Bonds R'000
9. BUSINESS COMBINATIONS (continued)					
Assets and liabilities					
Quick Leap – Africard building	388	3 993	(3 165)	(700)	–
Milestone – Milestone Place building	173	2 945	(2 884)	(964)	–
Property 259 – Property 259 building	63	4 065	(3 862)	(700)	–
Mystic Blue – Prospect Close building	239	5 365	(4 874)	1 762	–
Nungu – TUT, The Heights building	834	8 373	(7 604)	(6 238)	–
Bishops Court – Bishops Court Section 3 – 6	471	2 031	(2 478)	(938)	(6 899)
Copper Moon – Celtis Plaza building	290	3 128	(2 601)	(1 127)	(12 682)
Chambers Ground Floor – Block E	64	2 773	(2 505)	147	(3 474)
Tropical Paradise – Chambers Floors 2 & 3	215	2 477	(2 800)	(818)	(9 608)
Total	2 737	35 150	(32 773)	(9 576)	(32 663)
Total assets and liabilities – see above				note 20	(37 125)
Cash paid	–				
Cash received	2 737				
Net cash received	2 737				

The costs of the business combinations were agreed upon in October 2009, based on a 10% yield. Subsequently Bluezone Investments (Pty) Limited, a major tenant in two of the buildings, was placed in liquidation and a number of tenants did not renew their leases. The fair value of the buildings of Mystic Blue Trading 511 (Pty) Limited and Tropical Paradise Trading 320 (Pty) Limited decreased substantially, resulting in the cost of these two business combinations far exceeding the fair value of the assets and liabilities.

The value of The Heights building increased as a result of a better rental and a longer renewal period.

These business combinations were accounted for by applying the acquisition method in which the assets acquired and the liabilities assumed were done at fair value.

The Prospect Close building has been sold subsequent to the reporting date and the Africard building is in the process of being sold, the details of which will be included in a separate announcement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2010

	Group		Company	
	2010	2009	2010	2009
	R'000	R'000	R'000	R'000
10. OTHER INTANGIBLE ASSETS				
Valuation				
– Computer software	363	359	–	–
– Intellectual property	1 000	1 000	–	–
Total	1 363	1 359	–	–
Accumulated amortisation				
– Computer software	170	73	–	–
– Intellectual property	–	–	–	–
Total	170	73	–	–
Carrying amount				
– Computer software	193	286	–	–
– Intellectual property	1 000	1 000	–	–
Total	1 193	1 286	–	–
Movement for the year				
Cost at beginning of year	1 359	73	–	–
Additions through business combinations				
– Computer software	–	286	–	–
– Intellectual property	–	1 000	–	–
Additions through normal business	4	–	–	–
At end of the year	1 363	1 359	–	–
Movement for the year				
Accumulated amortisation at the beginning of the year	73	68	–	–
Charge for the year – computer software	97	5	–	–
At end of the year	170	73	–	–

Computer software relates to the running of the accounting, the property management system and the management of the document storage and retrieval systems.

The intellectual property (R1 000 000) relates to the value placed on the developed documented systems for the document storage and retrieval operations and the franchise operations. The directors are of the opinion that the intellectual property has an indefinite useful life as the systems are continuously improved, modified and upgraded. The intellectual property has been reviewed for impairment during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2010

11. INVESTMENT IN SUBSIDIARIES

The company has control over the companies listed below. The effective shareholding at 2009 for the companies listed below, with the exception of M & P Boating (Pty) Limited and Makeover Investments (Pty) Limited, which were only acquired in 2010, was also 100%.

Name of company	Nature of business	Effective 2010 %	Shares at cost 2010 R'000	Shares at cost 2009 R'000
Bonatla Properties (Pty) Limited	Management	100	—*	—*
Codify Investments (Pty) Limited	Investment Property – Leisure	100	—*	—*
Stand 11 Corporate Park (Pty) Limited	Investment Property – Leisure	100	—*	—*
Morgan Creek Properties Ten (Pty) Limited	Investment Property – Industrial	100	5 776	5 776
New Adventure Investments 72 (Pty) Limited	Investment Property – Document Storage	100	—*	—*
Cambridge Park Mall (Pty) Limited	Investment Property – Industrial	100	—*	—*
VLC Commercial and Industrial Properties (Pty) Limited	Investment Property – Commercial and retail		—*	—*
M & P Boating (Pty) Limited	Dormant company	100	—*	—
Makeover Investments (Pty) Limited	Dormant company	100	—*	—
Total investment			5 776	5 776
Investment in subsidiaries – beginning of the year			5 776	5 776
Acquisitions through business combinations			—*	—*
Investment in subsidiaries – end of the year			5 776	5 776

* = investments are less than R1 000

Bonatla Properties (Pty) Limited, a wholly owned subsidiary of Bonatla Property Holdings Limited, acquired 100% of the issued share capital in the companies listed below. The payment for these acquisitions will be done through the issue of shares by Bonatla Property Holdings Limited, the holding company and these obligations are reflected in the inter-company loan accounts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2010

11. INVESTMENT IN SUBSIDIARIES (continued)

Name of company	Nature of business	Effective 2010 %	Shares at cost 2010 R'000	Shares at cost 2009 R'000
Mystic Blue Trading 511 (Pty) Limited	Investment Property – Industrial	100	42 950	–
Quick Leap Investments 461 (Pty) Limited	Investment Property – Industrial	100	18 270	–
Milestone Place Properties (Pty) Limited	Investment Property – Commercial and retail	100	9 830	–
Property 259 Properties (Pty) Limited	Investment Property – Commercial and retail	100	15 230	–
Nungu Trading 472 (Pty) Limited	Investment Property – Commercial and retail	100	46 986	–
Bishops Court Properties (Pty) Limited	Investment Property – Commercial and retail	100	13 972	–
Copper Moon Trading 249 (Pty) Limited	Investment Property – Commercial and retail	100	17 627	–
Chambers Ground Floor Properties (Pty) Limited	Investment Property – Commercial and retail	100	8 048	–
Tropical Paradise Trading 320 (Pty) Limited	Investment Property – Commercial and retail	100	14 458	–
Total acquisitions through business combinations			187 371	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2010

Name of company	Loans to subsidiaries 2010 R'000	Loans to subsidiaries 2009 R'000
12. LOANS TO SUBSIDIARIES		
Bonatla Properties (Pty) Limited	195 086	2 024
Codify Investments (Pty) Limited	33 300	33 300
Stand 11 Corporate Park (Pty) Limited	24 439	24 384
Morgan Creek Properties Ten (Pty) Limited	1 924	1 924
New Adventure Investments 72 (Pty) Limited	5 200	5 200
Cambridge Park Mall (Pty) Limited	45 000	45 000
VLC Commercial and Industrial Properties (Pty) Limited	50 000	50 000
Total loans to subsidiaries	354 949	161 832

All the above loans are unsecured, interest free and there are no fixed repayment dates.

These loans to the subsidiary companies arose on the issue of shares to the sellers for the acquisition of shares and claims in these companies, which own the properties and the assets. The loan of R195 086 000 has been subordinated until the assets of the subsidiary company, fairly valued, exceeds its liabilities, fairly valued.

The directors are of the opinion that no impairment of the loans is required.

13. PREPAYMENTS

The company entered into two ninety-nine year leases during the year ended 31 December 2007 with the Amahlubi Land Trust and the Matiwane Community Trust for the use and development of land in the KwaZulu-Natal Midlands.

	Group		Company	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
Shown under non-current assets – prepayments	55 663	56 245	–	–
Shown under current assets – prepayments	582	582	–	–
Total	56 245	56 827	–	–

14. DEPOSIT

Non-refundable deposit	50 000	50 000	–	–
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A non-refundable deposit, relating to the acquisition of 200 000 square metres of bulk land and containing two buildings thereon, has been approved by the shareholders.

The transfer of the 200 000 square metres of bulk land, and buildings thereon, has been held up by litigation relating to the zoning and to the Environmental Impact Assessment ("EIA").

The directors are confident that there will be a satisfactory resolution to the pending litigation and that the transaction will proceed. Consequently, no impairment is required and this is supported by a legal opinion which indicates that this transaction will proceed on the successful completion of the EIA and the waiving of the objections.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2010

	Group		Company	
	2010	2009	2010	2009
	R'000	R'000	R'000	R'000
15. TRADE AND OTHER RECEIVABLES				
Trade receivables	10 722	–	–	–
Bebinchand Seevnarayan Trust – down payment	1 500	1 500	–	–
Amahlubi Land Trust and Sibuyelo Matwane Community Trust – advance payment	195	232	195	232
Bluezone Holding companies	40 633	–	–	–
Rental equalisation reserve	261	135	–	–
Prepayments – Income plan distribution	506	–	–	–
Loans	5 727	–	–	–
Other	1 002	303	–	1
Gross receivables	60 546	2 170	195	233
Impairment	–	–	–	–
Total	60 546	2 170	195	233

Trade receivables

Trade receivables are rentals invoiced out and these will be recovered in the normal course of business. The fair value of the trade receivables is deemed to be the same as the carrying value.

The ageing of the trade receivables is as follows:

	R'000
Current and 30 days	10 550
60 days	172
Total	10 722

All the above amounts are considered recoverable and no impairment is required.

In most of the rentals, one month's rental deposit has been given together with surety from the legal entity/person who signs the lease agreement as the tenant.

Bebinchand Seevnarayan Trust

See note 32 for details on the down payment – Bebinchand Seevnarayan Trust. A court case is set for 2011 and management is confident that the amount of R1 500 000 will be recovered.

Amahlubi Land Trust and Sibuyelo Matwane Community Trust

The advance payment of R195 000 will be recovered out of the proceeds of the game sales in 2011 in which the Sibuyelo Matwane Community Trust has a percentage shareholding.

Bluezone Holding companies

This relates to costs incurred by Bonatla in getting the nine Bluezone Property companies out of judicial management. A sufficient number of preference and ordinary shares, to be issued to the nine Bluezone Holding companies, will be held as security for this debt. The amount owing will be settled through a combination of ordinary and preference shares.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2010

15. TRADE AND OTHER RECEIVABLES (continued)

Rental equalisation reserve

This relates to the smoothing of the leases over the signed lease period.

Prepayments – Income Plan distribution

In terms of the agreement for the acquisition of the nine Bluezone companies, Bonatla has agreed to make 24 distributions over a two year period, once the shares are issued to the Income Plan investors. These distributions will be market related and will be covered by the existing cash flows. The R506 000 represents one distribution, made in advance.

Loans

These loans are unsecured, are interest free and have no fixed date of repayment.

Other

Out of the R1 002 000, R521 000 has been paid after the year end, R319 000 will be deducted from the amounts owing on the adjustment accounts relating to the future sale of the Africard and Prospect Close buildings and the balance of R162 000 will be collected.

16. CASH AND CASH EQUIVALENTS

The components of cash and cash equivalents are only bank balances. The group does not have any financing facilities or overdraft facilities from the banking institutions.

	Group		Company	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
Bank balances	1 155	544	102	529
17. NON-CURRENT ASSETS HELD FOR SALE				
Investment properties held for sale	40 000	14 900	–	–

The company intends to dispose of the land and buildings situated at Stand 173, Cleveland Ext 5, Johannesburg and Stand 925, Irene Ext 30, Tshwane during the first half of 2011 (value R40 million).

The land and buildings situated at 7 Joule Crescent, Pinetown were disposed of during 2010 (value R14 900 000). A loss of R900 000 was made on the sale of this property.

Assets pledged as security

Non-current assets held for sale with a carrying amount of R nil (2009: R14 900 000) have been pledged as security on borrowings of the company (see note 19).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2010

	Group		Company	
	2010	2009	2010	2009
	R'000	R'000	R'000	R'000
18. SHARE CAPITAL AND PREMIUM				
18.1 Share capital				
Authorised				
2 000 000 000 (2009: 2 000 000 000) ordinary shares of 1 cent each	20 000	20 000	20 000	20 000
28 730 140 (2009: 28 730 140) convertible "B" preference shares of 1 cent each	287	287	287	287
200 000 000 (2009: 200 000 000) non-participating non-redeemable, non-cumulative compulsory convertible preference shares of 1 cent each	2 000	2 000	2 000	2 000
Issued				
Balance at beginning of the year				
456 101 978 (2009: 185 346 954) ordinary shares of 1 cent each	4 561	1 853	4 561	1 853
Issued during the year				
44 107 750 (2009: 270 755 024) ordinary shares of 1 cent each	441	2 708	441	2 708
Balance at end of the year				
500 209 728 (2009: 456 101 978) ordinary shares of 1 cent each	5 002	4 561	5 002	4 561
18.2 Convertible preference share capital				
28 730 140 (2009: 28 730 140) convertible "B" preference shares of 1 cent each	287	287	287	287
18.3 Share premium				
At the beginning of the year	245 662	81 786	245 662	81 786
Shares issued during the year	3 619	163 876	3 619	163 876
At the end of the year	249 281	245 662	249 281	245 662
18.4 Total share capital and premium	254 570	250 510	254 570	250 510
18.5 Shares to be issued				
Bluezone acquisition				
77 168 086 ordinary shares of 1 cent each at a premium of 69 cents per share (2009: 4 000 000 ordinary shares of 1 cent each at a premium of 9 cents per share and 18 750 000 ordinary shares of 1 cent each at a premium of 7 cents per share).	54 018	1 900	54 018	1 900
In addition, 173 271 120 preference shares of 1 cent each at a premium of 74 cents per share, convertible into ordinary shares in two years, will also be issued.	129 953	–	129 953	–
Note 9	183 971	1 900	183 971	1 900
64 000 000 ordinary shares of 1 cent each at a premium of 7 cents per share and 20 000 000 ordinary shares of 1 cent each at a premium of 6 cents per share, will be issued in 2011.	6 520	–	6 520	–
Total	190 491	1 900	190 491	1 900

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2010

18. SHARE CAPITAL AND PREMIUM (continued)

18.5 Shares to be issued (continued)

The compulsory convertible "B" preference shares will be converted into ordinary shares in 2011 at the share price ruling at the date of the conversion as per the subscription agreement signed between Bonatla Property Holdings Limited and Depfin (Pty) Limited. These preference shares were issued to Depfin (Pty) Limited, a subsidiary of Nedbank Limited, in respect of the obligations which arose on an interest swap agreement. Refer to note 32 "Litigation".

At the date of this report, 1 499 790 272 ordinary shares (2009: 268 045 296) are under the control of the directors in terms of a resolution of members passed at the last annual general meeting. This authority remains in force until the next annual general meeting.

	Group		Company	
	2010	2009	2010	2009
	R'000	R'000	R'000	R'000
19. BORROWINGS				
Unsecured				
Loan from Gemini Moon Trading 177 (Pty) Limited	-	47	-	-
Loan from Genfin Properties (Pty) Limited	3 758	-	-	-
This loan is unsecured, bears interest at the prime overdraft rate and will be repaid in 2011 out of the proceeds from the sale of the two properties (See note 17).				
Loan from Hail Investments	3 400	-	-	-
This loan is unsecured, bears interest at the prime overdraft rate plus 4% and will be repaid in 2011 out of the proceeds from the sale of the two properties (See note 17).				
Loan from Globus Investments (Pty) Limited	22 305	-	-	-
This loan is unsecured, interest free and will be repaid in 2011 out of the proceeds from the sale of the two properties. (See note 17).				
Loan from Rara Avis Property Investments (Pty) Limited	710	1 388	-	-
This loan is unsecured, bears interest at prime plus 4% and will be repaid in 2011 out of cash generated from operating activities.				

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2010

	Group		Company	
	2010	2009	2010	2009
	R'000	R'000	R'000	R'000
19. BORROWINGS (continued)				
Secured				
Loans from:				
CDA Property Consultants (Pty) Limited	11 983	13 021	-	-
This loan is secured by a pledge of the shares and loan accounts of Bonatla Properties (Pty) Limited, Stand 11 Corporate Park (Pty) Limited and Codify Investments (Pty) Limited, bears interest at the prime rate plus 2% as from 1 November 2008 and at prime plus 4% as from 1 July 2010. CDA Consultants (Pty) Limited has agreed that the loan does not have to be repaid before 1 January 2012 provided that Bonatla Property Holdings Limited does not commit any breach in terms of Clause 10 of the Memorandum of Agreement signed on 28 February 2008 and the addendum dated 28 November 2008. The loan is also secured by a pledge of the proceeds and/or benefits of the Broll/Catalyst litigation, should this litigation be successfully won or settled out of court.				
Imperial Bank	-	6 786	-	-
Secured by a mortgage over the non-current asset held for sale (Morgan Creek Properties Ten (Pty) Limited). Interest is charged at 1% below the prime lending rate and is repayable over 10 years. Value – Nil (2009: R14 900 000).				
Nedbank	32 114	-	-	-
Secured by a mortgage over the following Investment properties: See note 7 for description of investment properties.				
Bishops Court – loan bearing interest at prime, repayable in monthly instalments of R127 110 over the next 68 months. Secured over Investment property with a value of R22 500 000 (2009: Nil)	6 778	-	-	-
Celtis Plaza – loan bearing interest at prime, repayable in monthly instalments of R257 900 over the next 61 months. Secured over Investment property with a value of R29 500 000 (2009: Nil)	12 453	-	-	-
Chambers Ground Floor – loan bearing interest at prime, repayable in monthly instalments of R68 570 over the next 62 months. Secured over Investment property with a value of R8 500 000 (2009: Nil)	3 407	-	-	-
Chambers 2 & 3 – loan bearing interest at prime, repayable in monthly instalments of R164 801 over the next 75 months. Secured over Investment property with a value of R13 000 000 (2009: Nil)	9 476	-	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2010

	Group		Company	
	2010	2009	2010	2009
	R'000	R'000	R'000	R'000
19. BORROWINGS (continued)				
Disclosed as follows:				
Shown under non-current liabilities				
Imperial Bank – bond	–	6 187	–	–
CDA Property Consultants (Pty) Limited	11 983	13 021	–	–
Nedbank limited – bonds	24 693	–	–	–
	36 676	19 208	–	–
Shown under current liabilities				
Imperial Bank	–	599	–	–
Gemini Moon Trading 177 (Pty) Limited	–	47	–	–
Rara Avis Property Investments (Pty) Limited	710	1 388	–	–
Nedbank – current portion	7 421	–	–	–
G Prokas	3 758	–	–	–
Globus Investments	22 305	–	–	–
Hail Investments	3 400	–	–	–
	37 594	2 034	–	–
20. DEFERRED TAXATION				
Deferred taxation liability/(asset)				
Investment property	9 576	1 619	–	–
Straight-line rental	73	37	–	–
Non-current assets held for sale	–	(809)	–	–
Total	9 649	847	–	–
Balance at beginning of the year	847	1 619	–	–
Deferred tax on fair value adjustment (note 9)	9 576	–	–	–
Deferred tax on straight-line rental accrual	35	37	–	–
Deferred tax on non-current asset held for sale (rate change from 28% to 14%) – now sold	(809)	(809)	–	–
Balance at end of the year	9 649	847	–	–
Non-current asset	–	–	–	–
Non-current liability	9 649	847	–	–
Total	9 649	847	–	–
Deferred tax per Statements of Comprehensive Income is reconciled as follows:				
Deferred tax on straight-line rental accrual	35	37	–	–
Deferred tax on non-current asset held for sale (rate change from 28% to 14%) – now sold	(809)	(809)	–	–
Total	(774)	(772)	–	–

The early adoption of the revision of IAS 12 has had no impact on prior years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2010

20. DEFERRED TAXATION (continued)

Deferred tax liabilities arise from the fair value adjustment of the Investment property and on the straight-line rental accrual. Deferred tax on the revaluation of investment property was changed from 28% to 14% as the investment property has been re-classified to non-current assets held for sale during 2009.

The nine Bluezone properties were brought in at fair value and the difference between the fair values and the original cost, at 14%, is reflected above (R9 576 000) as the deferred tax on fair value adjustment.

A deferred tax asset will only be recognised when net rental income or net taxable income is generated in the subsidiaries which presently have assessed losses.

The South African Revenue Services have issued assessments for certain companies in the group and objections have been raised. Once these items (in dispute) are resolved, South African Revenue Services will issue revised assessments and Bonatla will then know what the exact assessed losses (for both the revenue and the capital) are. It is estimated that the assessed losses, on which no deferred tax has been provided, will be around R30 million.

The above matters will be resolved in 2011.

	Group		Company	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
21. TRADE AND OTHER PAYABLES				
Trade payables	3 904	2 921	–	–
Customer prepayments	728	–	–	–
Value added tax	544	–	–	–
Sundry accruals	656	21	–	–
Shareholders for dividends	64	64	65	64
Others	52	–	–	–
PAYE, UIF and SDL	54	120	–	–
Total	6 002	3 126	65	64

Trade payables are normally settled within 60 days from statement date, unless other terms have been agreed upon.

Customer prepayments relate to tenants paying their January 2011 rentals in December 2010.

Sundry accruals relate to the Securities transfer tax payable on the acquisition of the nine Bluezone properties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2010

	Group		Company	
	2010	2009	2010	2009
	R'000	R'000	R'000	R'000
22. TAXATION				
22.1 SA normal taxation				
– Current year	1 288	40	–	–
Deferred taxation				
– Current year – refer to note 20	(774)	(772)	–	–
Total	514	(732)	–	–
22.2 Reconciliation of tax expenses				
Accounting (loss)	(6 834)	(3 076)	–	–
Tax at the applicable rate of 28%	(1 913)	(861)	–	–
Tax effect of adjustments on taxable income				
Effect of revenue that is exempt from taxation	–	(38)	–	–
Effect of Bargain purchase	(6 115)	–	–	–
Expenses not allowed for taxation	54	1	–	–
Effect of impairment losses on goodwill	10 761	–	–	–
Effect of revaluation of assets	252	–	–	–
Capital gains tax on sale of property	683	–	–	–
Assessed loss utilised	(2 770)	(41)	–	–
Adjustment in rate from 28% to 14%				
Deferred tax on non-current assets held for sale	(809)	(809)	–	–
Tax loss carried forward	371	1 016	–	–
	514	(732)	–	–
Income tax expense recognised in profit or loss	514	(732)	–	–
23. REVENUE				
Rental and recoveries	16 139	2 028	–	–
Straight-line rental accrual	126	135	–	–
Fees	8 001	–	–	–
Total	24 266	2 163	–	–
The fees relate to a risk and performance fee charged to the Bluezone Holding companies for getting the nine Bluezone Property companies out of judicial management.				
24. OTHER INCOME	20	54	–	–
Proceeds from insurance policy (2010) and net proceeds from sale of a parking lot, which had been written off in 2004 (2009)				

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2010

	Group		Company	
	2010	2009	2010	2009
	R'000	R'000	R'000	R'000
25. OPERATING LOSS				
Operating (loss) for the period is stated after accounting for the following	(4 008)	(2 186)	-	-
Expenditure				
Auditors' remuneration	487	411	-	-
- Fees	487	411	-	-
Capital raising costs	200	-	-	-
Commissions	770	-	-	-
Consulting fees	2 702	25	-	-
Depreciation and amortisation	308	6	-	-
- Office equipment	1	1	-	-
- Computer equipment	202	-	-	-
- Computer software	96	5	-	-
- Furniture and fittings	9	-	-	-
Loss on sale of non-current assets held for sale	900	-	-	-
Impairment – goodwill	38 432	-	-	-
Legal fees	861	302	-	-
Listing related costs	724	1 329	-	-
Management fees – asset and property management	84	72	-	-
Securities transfer tax	581	-	-	-
Operating lease rentals	583	463	-	-
Staff costs	18	10	-	-
Travel – local	291	60	-	-
Security	293	302	-	-
Gain on bargain purchase	(21 840)	-	-	-
26. INVESTMENT REVENUE				
Interest – other mainly relates to the interest charged to the nine Bluezone Holding companies (R567 000)				
Interest – banks	23	6	-	-
Interest – other	568	13	-	-
Total investment revenue	591	19	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2010

	Group		Company	
	2010	2009	2010	2009
	R'000	R'000	R'000	R'000
27. FINANCE CHARGES				
Interest paid				
– Mortgage and other liabilities	3 417	909	–	–
Total	3 417	909	–	–
Interest paid				
– Mortgage	1 080	–	–	–
– Related parties	2 176	82	–	–
– Other	161	1	–	–
Total	3 417	909	–	–

The interest rates on the mortgage bonds vary between prime and prime less 1%.

The interest rates charged by the related parties vary between prime and prime plus 4%.

CDA Property Consultants (Pty) Limited, a related party, did not charge interest in 2009.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2010

28. 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 between the company and its subsidiaries, which are related parties of the company, have been eliminated on consolidation and are not disclosed in this note. For details of the inter-company balances, see note 12.

	Group		Company	
	2010	2009	2010	2009
	R'000	R'000	R'000	R'000
Details of transactions between the group and other related parties are disclosed below:				
CDA Property Consultants (Pty) Limited				
– Asset and property management fee	84	72	–	–
– Commission	770	–	–	–
– Interest on loan account	2 019	–	–	–
– Loan account balance (see note 19)	(11 983)	(13 521)	–	–
Rara Avis Property Investments (Pty) Limited				
– Interest on loan account balance	155	37	–	–
– Loan account balance	(701)	(1 388)	–	–
Gemini Moon Trading 177 (Pty) Limited				
– Interest on loan account	1	16	–	–
– Loan account balance	2 285	(47)	–	–
Scottwaal Beleggings (Pty) Limited				
– Loan account balance	–	283	–	–
Hail Investments (Pty) Limited				
– Loan account balance	(3 400)	–	–	–

C Douglas is a director and shareholder of CDA Property Consultants (Pty) Limited, a shareholder of Rara Avis Property Investments (Pty) Limited, Scottwaal Beleggings (Pty) Limited, Gemini Moon Trading 177 (Pty) Limited and Hail Investments (Pty) Limited. She is the life partner of the CEO, N Vontas and is also a cheque signatory on the Bonatla Property Holdings Limited's bank account.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2010

28. RELATED PARTY TRANSACTION (continued)

28.1 Compensation of key personnel

The remuneration of key personnel for the year ended 31 December 2010 was as follows:

	Salary R'000	Bonus R'000	Other benefits including directors' fees R'000	Total 2010 R'000
Executive directors				
– RL Rainier	120	–	–	120
– DA Scott	680	–	–	680
– NG Vontas	65	–	–	65
– DWB King	–	–	–	–
Total	865	–	–	865

The remuneration of key personnel for the year ended 31 December 2009 was as follows:

Executive directors				
– RL Rainier	120	–	–	120
– DA Scott	575	–	–	575
– NG Vontas	–	–	–	–
– DWB King	–	–	–	–
Total	695	–	–	695

	Appointed	Resigned	2010 Fees R'000	2009 Fees R'000
Fees paid to non-executive directors				
– MH Brodie	01/10/1997		–	–
– DA Johnston	03/02/2007	28/04/2010	40	–
– SST Ngcobo	01/02/2007	–	–	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2010

	Group		Company	
	2010	2009	2010	2009
29. (LOSS)/EARNINGS PER SHARE AND HEADLINE EARNINGS/(LOSS) PER SHARE (CENTS)				
Reconciliation of headline earnings				
(Loss) after taxation (R'000)	(7 348)	(2 344)	–	–
Headline profit/(loss) (R'000)	10 144	(2 344)	–	–
(Loss) per share	(1,41)	(0,70)	–	–
Diluted (loss) per share	(1,33)	(0,70)	–	–
Headline earnings/(loss) per share	1,95	(0,70)	–	–
Diluted headline earnings/(loss) per share	1,83	(0,70)	–	–
Weighted average shares (000s) in issue for basic and headline earnings/(loss) per share	519 934	332 789	519 934	332 789
Weighted average shares (000s) in issue for basic and diluted earnings/(loss) per share	553 639	332 789	553 639	332 789
The weighted average number of shares includes the number of shares in issue and the number of shares to be issued, weighted by the number of days applicable.				
Weighted number of shares				
Shares in issue	456 102	185 347	456 102	185 347
Weighted shares issued 28 Feb 2010 – 307 days (2 000)	1 682	–	1 682	–
Weighted shares issued 19 April 2010 – 257 days (42 108)	29 649	–	29 649	–
Shares to be issued 01 Oct 2010 – 92 days (20 000)	5 041	–	5 041	–
Shares to be issued 22 Oct 2010 – 71 days (141 168)	27 460	–	27 460	–
Weighted shares issued in 2009	–	147 442	–	147 442
Total weighted issued shares and to be issued (ordinary)	519 934	332 789	519 934	332 789
Diluted number of shares				
Preference shares to be issued 22 Oct 2010 – 71 days (173 271)	33 705	–	33 705	–
Total ordinary and preference shares	553 639	332 789	553 639	332 789
Reconciliation of headline earnings/(loss) (R'000)				
(Loss) after taxation	(7 348)	(2 344)	–	–
Loss on sale of non-current assets held for sale	900	–	–	–
Impairment – goodwill	38 432	–	–	–
Bargain purchase	(21 840)	–	–	–
Headline earnings/(loss)	10 144	(2 344)	–	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2010

30. CASH FLOW STATEMENT

The following convention applies to figures other than adjustments: outflows of cash are represented by figures in brackets and inflows of cash are represented by figures without brackets.

30.1 Reconciliation of loss before taxation to cash generated from operations

	Group		Company	
	2010	2009	2010	2009
	R'000	R'000	R'000	R'000
(Loss) on ordinary activities before taxation	(6 834)	(3 076)	-	-
Adjustments	23 728	1 360	-	-
- Depreciation	308	7	-	-
- Investment income	(591)	(19)	-	-
- Finance charges	3 417	909	-	-
- Lease payments	582	463	-	-
- Loss on sale of non-current assets held for sale	900	-	-	-
- Goodwill impairment	38 432	-	-	-
- Bargain purchase	(21 840)	-	-	-
- Shares to be issued	2 520	-	-	-
Operating profit/(loss) before changes in working capital	16 894	(1 716)	-	-
- (Increase)/decrease in working capital	(50 962)	(2)	39	(347)
- (Increase)/decrease in trade and other receivables	(23 228)	96	38	(233)
- (Decrease)/increase in trade and other payables	(29 894)	(1 098)	1	-
- Adjustment – trade creditors paid in shares	2 160	1 000	-	-
- Repayment of loan from subsidiary	-	-	-	(114)
Cash utilised in operations	(34 068)	(1 718)	39	(347)

30.2 Taxation

Opening balance	-	-	-	-
Charge to the statements of comprehensive income	(1 288)	(40)	-	-
Closing balance	1 111	-	-	-
Movements for the year	177	40	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2010

31. RISK MANAGEMENT

The group's activities exposed it to a variety of financial risks: market risk (including fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance. The Board of Directors provides principles for overall risk management, as well as policies covering specific areas, such as interest rate risk, credit risk and investment of excess liquidity.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketing securities and the availability of funding through the adequate amount of committed credit facilities and internally generated funds.

The group's exposure to liquidity risk arises as a result of funds not being available to cover future commitments. The group manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and management monitors the internal cash generated and considers the raising of bonds on the un-bonded properties to ensure that future commitments will be met.

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. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Total liabilities R'000	Less than 1 year R'000	Between 1 and 2 years R'000	Between 2 and 5 years R'000	Over 5 years R'000
At 31 December 2010					
Assets					
Cash and cash equivalents	1 155	1 155			
Trade receivables	60 546	5 016	5 456	50 074	
Non-current assets held for sale	40 000	40 000			
Liabilities					
Borrowings – bonds	(32 114)	(4 834)	(4 834)	(14 502)	(7 944)
Borrowings – loans	(42 156)	(32 173)	(2 000)	(6 000)	(1 983)
Trade and other payables	(6 002)	(6 002)			
Taxation	(1 111)	(1 111)			
	20 318	2 051	(1 378)	29 572	(9 927)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2010

	Total liabilities R'000	Less than 1 year R'000	Between 1 and 2 years R'000	Between 2 and 5 years R'000	Over 5 years R'000
31. RISK MANAGEMENT (continued)					
At 31 December 2009					
Assets					
Cash and cash equivalents	544	544			
Trade receivables	2 170	670	1 500		
Non-current assets held for sale	14 900	14 900			
Liabilities					
Borrowings – bonds	(6 786)	(6 786)			
Borrowings – loans	(14 456)	(1 763)	(2 710)	(2 000)	(7 983)
Trade and other payables	(3 126)	(3 126)			
Taxation	–	–			
	(6 754)	4 439	(1 210)	(2 000)	(7 983)

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and trade receivables and other receivables. The group only deposits cash with major banks with high-quality credit standing and limits exposure to any one counterparty.

The group has stringent credit policies in place and does not expect any losses from non-performance of the parties.

Financial assets exposed to risk at year end were as follows:

	Group 2010 R'000	Group 2009 R'000
First National Bank	1 047	–
Standard Bank	108	544
Trade and other receivables	59 779	2 035
Trade and other receivables – note 15	60 546	2 170
Less: prepayments – Income Plan	(506)	–
Less: rental equalisation reserve	(261)	(135)
Balance per above	59 779	2 035

The quality of the trade receivables which are neither past due nor impaired is considered to be good due to the wide spread tenant base which reduces the credit risk.

The quality of the loans which are neither past due nor impaired is considered to be good because of the security given by the companies to which the loans were made.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2010

31. RISK MANAGEMENT (continued)

(a) Market risk

The group's interest rate risk arises from long-term and short-term borrowings. Borrowings issued at variable rates expose the group to cash-flow interest-rate risk. There are no borrowings issued at fixed rates. During 2009 and 2010, the group's borrowings were denominated in Rand.

The group analyses its interest rate exposure on a dynamic basis through simulating various scenarios which take into consideration refinancing, renewal of existing positions, alternate financing and hedging. Based on these scenarios, the group calculates the impact on profit and loss of a defined interest rate increase or decrease.

As part of the process of managing the group's interest rate risk, interest rate characteristics of new borrowings and the refinancing of existing borrowings are positioned according to expected movements in interest rates.

At year end, the group had interest-bearing borrowings of R74 270 000 (2009: R21 242 000) at variable interest rates for the year ended 31 December 2010. Refer to note 19.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the group's loss for the year ended 31 December 2010 would increase/decrease by around R298 000 (2009: R82 000).

(b) Currency risk

The group is not exposed to any currency risk

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board also seeks to maintain a balance between the higher returns that might be possible with higher levels of gearing and the advantages and security afforded by a sound equity position.

Neither the company nor any of its subsidiaries are subject to externally imposed capital requirements. The group has principally a target debt/equity ratio of 45%.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2010

32. EVENTS SUBSEQUENT TO THE REPORTING DATE

Acquisitions announced

Bonatla has purchased 100% of the shares and claims in a further three property owning companies totalling R85 million. Special resolutions relating to the sale have been registered by the Sellers and the required number of Bonatla's shareholders have given unconditional and irrevocable undertakings to vote in favour of the acquisitions.

None of the three properties have bonds. Section 311 of the Companies Act of South Africa (scheme of arrangement whereby all liabilities and claims are established and a compromise made with these creditors as to what will be paid in full and final settlement) is presently being concluded and these acquisitions will be included in the circular, which is presently being prepared.

Disposal of Investment properties

The group has after the year end disposed of the Prospect Close building in Irene and is in the process of disposing of the Africard building.

Authorisation of financial statements

These financial statements were approved by the Board of Directors for issue on 26 May 2010. The shareholders will have to approve these financial statements at the annual general meeting to be held on 21 July 2010.

Litigation

Litigation against Catalyst (Pty) Limited ("Catalyst")

Bonatla Property Holdings Limited has instituted litigation against Catalyst (Pty) Limited, who were the portfolio managers of Bonatla Property Holdings Limited at the time the interest swap agreement with Nedcor was entered into. The interest swap agreement was not disclosed to the directors of Bonatla Property Holdings Limited, the Audit Committee nor to the auditors of Bonatla Property Holdings Limited by Catalyst. This interest rate swap resulted in substantial diminution of shareholder value and Bonatla Property Holdings Limited is claiming R30 million from Catalyst.

Summons has been issued and a court date is expected to be allocated in 2011. The status of this matter has not changed substantially from the previous year due to the cumulative backlog of cases resulting from the trial process.

Saxum Re

As a result of the conditions precedent as set out in the Saxum acquisition agreement not being fulfilled, Bonatla Property Holdings Limited ("Bonatla") became liable for a penalty owing to Saxum Group (Pty) Limited ("Saxum") amounting to R5 million. Bonatla paid R2 million of this in 2007 and security of 20 million shares was pledged by Dreamworld 158 (Pty) Limited ("Dreamworld"), a company 100% owned by RL Rainier, the chief executive officer at the time, as security for the balance of the penalty. On 2 October 2007, Saxum obtained an unopposed judgment against Bonatla for an amount of R4 million.

There are no loan agreements in place with regard to the pledged shares, but an agreement is in place between Bonatla and Dreamworld whereby should the case against Saxum be unsuccessful, Dreamworld has no recourse against Bonatla for the 20 million shares pledged as security. In addition, R3 500 000 of funds in the Scottwaal Beleggings (Pty) Limited's bank account has been frozen and R337 000 has been placed in an attorney's trust account. Should this amount be paid to Saxum, Scottwaal Beleggings (Pty) Limited will have no recourse against the company. Saxum has undertaken to return the 20 million shares to Dreamworld should Bonatla be successful in the rescission application.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2010

32. EVENTS SUBSEQUENT TO THE REPORTING DATE (continued)

Saxum Re (continued)

Bonatla has applied for the rescission of the judgment granted to Saxum.

The legal proceedings are in progress and are expected to be resolved in 2011. Bonatla's attorneys are confident of the positive resolution of the matter.

The status of this matter has not changed substantially from the previous year due to the cumulative backlog of cases resulting from the trial process.

Litigation re the Durban Point waterfront acquisition

Litigation relating to the zoning and to the Environmental Impact Assessment has been instituted by various parties which impacts on the ultimate transfer of the 200 000 square metres to Bonatla. Management is confident that the transaction will proceed and this is supported by a legal opinion which has been obtained.

The status of this matter has not changed substantially from the previous year due to the cumulative backlog of cases resulting from the trial process.

The Bebinchand Seevnarayan Trust

The Bebinchand Seevnarayan Trust undertook to advance an amount of R35 million to Bonatla as a bridging loan during 2007. Bonatla was liable for both interest and a fee of R3 million, of which R1,5 million was to be paid in advance. Subsequent to the payment of the fee by Bonatla, to date no amount has been paid to Bonatla in terms of the loan agreement. Bonatla is consequently suing the Bebinchand Seevnarayan Trust for the return of the R1,5 million due to non-performance by the Bebinchand Seevnarayan Trust. The court case should take place in 2011.

The status of this matter has not changed substantially from the previous year due to the cumulative backlog of cases resulting from the trial process.

The attorneys of Bonatla are confident of a favourable conclusion to this matter.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2010

33. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Categories of financial assets and liabilities

The carrying amounts and fair values of each category of financial assets and liabilities are as follows:

	Loans and receivables R'000	Liabilities at amortised cost R'000	Other R'000	Total carrying amount R'000	Fair value R'000
Group					
2010					
Financial assets					
Trade and other receivables	60 546	–	–	60 546	60 546
Prepayments – current portion	–	–	582	582	582
Cash and cash equivalents	1 155	–	–	1 155	1 155
	61 701	–	582	62 283	62 283
Financial liabilities					
Interest-bearing borrowings	–	74 270	–	74 270	74 270
Trade and other payables	–	6 002	–	6 002	6 002
Taxation	–	1 111	–	1 111	1 111
	–	81 383	–	81 383	81 383
2009					
Financial assets					
Trade and other receivables	2 170	–	–	2 170	2 170
Prepayments – current portion	–	–	582	582	582
Cash and cash equivalents	544	–	–	544	544
	2 714	–	582	3 296	3 296
Financial liabilities					
Interest-bearing borrowings	–	21 242	–	21 242	21 242
Trade and other payables	–	3 126	–	3 126	3 126
	–	24 368	–	24 368	24 368
Company					
2010					
Financial assets					
Trade and other receivables	195	–	–	195	195
Amount due by subsidiaries	354 949	–	–	354 949	354 949
Cash and cash equivalents	102	–	–	102	102
	355 246	–	–	355 246	355 246
Financial liabilities					
Trade and other payables	–	65	–	65	65
Amount due to subsidiary	–	–	–	–	–
	–	65	–	65	65
2009					
Financial assets					
Trade and other receivables	233	–	–	233	233
Amount due by subsidiaries	161 832	–	–	161 832	161 832
Cash and cash equivalents	529	–	–	529	529
	162 594	–	–	162 594	162 594
Financial liabilities					
Trade and other payables	–	64	–	64	64
Amount due to subsidiary	–	–	–	–	–
	–	64	–	64	64

ANALYSIS OF SHAREHOLDERS

for the year ended 31 December 2010

SHAREHOLDER PROFILE as at 31 December 2010

Bonatla Property Holdings Limited: Shareholder Analysis Tables

Register date: 31 December 2010

Issued share capital: 500 209 165 units (2009: 456 101 978)

	Number of shareholders	%	Number of shares	%
UNITHOLDERS' CLASSIFICATION				
1 – 1 000 units	416	31,14	66 671	0,01
1 001 – 10 000 units	361	27,02	2 098 295	0,42
10 001 – 100 000 units	403	30,17	15 227 398	3,04
100 001 – 1 000 000 units	110	8,23	31 535 305	6,31
1 000 001 units and over	46	3,44	451 282 059	90,22
	1 336	100,00	500 209 728	100,00

DISTRIBUTION OF SHAREHOLDERS

Banks	1	0,07	100	0,00
Close corporations	135	10,10	39 055 035	7,81
Individuals	976	73,05	96 173 264	19,23
Nominees and trusts	54	4,04	150 977 445	30,18
Other corporations	55	4,12	22 350 405	4,47
Private companies	99	7,41	191 009 779	38,19
Public companies	16	1,20	643 700	0,12
	1 336	100,00	500 209 728	100,00

PUBLIC/NON-PUBLIC SHAREHOLDERS

Non-public shareholders	6	0,45	192 253 165	38,43
Directors of the company holdings (direct and indirect)	5	0,37	111 813 165	22,35
Strategic holdings (more than 10%)	1	0,08	80 440 000	16,08
Public shareholders	1 330	99,55	307 956 000	61,57
	1 336	100,00	500 209 165	100,00

BENEFICIAL SHAREHOLDERS HOLDING OF 5% OR MORE

Vukani Property Developments	26 000 000	5,20
Amahlubi Land Trust	32 512 000	6,50
I Dube Trust	36 000 000	7,20
Sibuyelo Matiwane Community Trust	44 400 000	8,88
Dreamworld Investments 158 (Pty) Limited	80 440 000	16,08

SHAREHOLDERS' CALENDAR

13th Annual General Meeting	21 July 2011
Interim Results for the half year to 30 June 2010	September 2011
Preliminary Announcement for the year ended 31 December 2010	March 2012
2011 Annual Report	May 2012

NOTICE OF ANNUAL GENERAL MEETING

BONATLA PROPERTY HOLDINGS LIMITED

Registration number 1996/014533/06

("Bonatla" or "the company")

Share code: BNT ISIN: ZAE0000013694

Notice is hereby given that the thirteenth annual general meeting of shareholders of Bonatla Property Holdings Limited will be held in the boardroom of Arcay Moela Sponsors, Arcay House, 3 Anerley Road, Parktown, at 10:00 on Thursday, 21 July 2011 for the purposes of considering and, if deemed fit, passing with or without modification, the resolutions set out below:

ORDINARY RESOLUTION NUMBER 1

"RESOLVED that the annual financial statements of the company and its subsidiaries for the year ended 31 December 2010, together with the directors' and auditors' reports thereon, be received, considered and adopted."

ORDINARY RESOLUTION NUMBER 2

"RESOLVED that Mr MH Brodie, who retires, but being eligible for re-election as a director of the company, be and he is hereby re-appointed a director of the company."

Mr MH Brodie's *curriculum vitae* is set out at the end of this notice of Annual General Meeting.

ORDINARY RESOLUTION NUMBER 3

"RESOLVED that Mr RL Rainier, who retires, but being eligible for re-election as a director of the company, be and is hereby re-appointed a director of the company."

Mr RL Rainier's *curriculum vitae* is set out at the end of this notice of Annual General Meeting.

ORDINARY RESOLUTION NUMBER 4

"RESOLVED that the appointment of Nolands Inc as the auditors of the company, with Mr A Mundell as designated auditor at partner status, be and is hereby approved and that the directors be and they are hereby authorised to determine the remuneration of the auditors."

ORDINARY RESOLUTION NUMBER 5

"RESOLVED that Mr MH Brodie be and is hereby approved to be a member of the Audit and Risk Committee."

ORDINARY RESOLUTION NUMBER 6

"RESOLVED that Mr DWB King be and is hereby approved to be a member of the Audit and Risk Committee."

ORDINARY RESOLUTION NUMBER 7

"RESOLVED that the directors' remuneration for the year ended 31 December 2010 as set out in note 28.1 of the annual report, of which this notice forms part, be and is hereby approved and confirmed."

ORDINARY RESOLUTION NUMBER 8

"RESOLVED that the Remuneration Policy, a summary of which is tabled below, be and is hereby approved."

NOTICE OF ANNUAL GENERAL MEETING (continued)

ORDINARY RESOLUTION NUMBER 9

"RESOLVED that the authorised, but un-issued ordinary shares in the capital of the company be placed under the control of the directors until the next annual general meeting of the company and that the directors be and they are hereby authorised and empowered to allot, issue and otherwise dispose of such shares, on such terms and conditions and at such times as the directors in their discretion deem fit, subject to the provisions of the Companies Act, 2008 and the JSE Listings Requirements."

ORDINARY RESOLUTION NUMBER 10

"RESOLVED that the authorised, but un-issued non-participating non-redeemable non-cumulative compulsory convertible preference shares in the capital of the company be placed under the control of the directors until the next annual general meeting of the company and that the directors be and they are hereby authorised and empowered to allot, issue and otherwise dispose of such shares, on such terms and conditions and at such times as the directors in their discretion deem fit, subject to the provisions of the Companies Act, 2008 and the JSE Listings Requirements."

ORDINARY RESOLUTION NUMBER 11

"RESOLVED that subject to the approval of 75% of the members present in person or by proxy and entitled to vote at the meeting, excluding the controlling shareholders of the company and the company's Designated Advisor, the directors of the company be and they are hereby authorised, by way of general authority, to allot and issue all or any of the authorised but unissued shares in the capital of the company as they in their discretion deem fit, subject to the following limitations:

- The shares which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such equity securities or rights that are convertible into a class already in issue;
- That this authority shall be valid until the next annual general meeting of the company, provided it shall not extend beyond fifteen months from the date that this authority is granted;
- There will be no restrictions in regard to the persons to whom the shares may be issued, provided that such shares are to be issued to public shareholders (as defined by the JSE Limited, in its listings requirements) and not to related parties;
- Upon any issue of shares which together with prior issues during any financial year, will constitute 5% or more of the number of shares of the class in issue, the company shall by way of an announcement on Securities Exchange News Service ("SENS") give full details thereof, including the effect on the net asset value of the company and earnings per share;
- The aggregate issue of a class of shares already in issue in any financial year will not exceed 50% of the number of that class of shares (including securities which are compulsorily convertible into shares of that class); and
- That, in determining the price at which an issue of shares may be made in terms of this authority, the maximum discount permitted will be 10% of the weighted average traded price determined over the 30 business days prior to the date that the price of the issue is determined or agreed by the directors. Issues at a discount greater than 10% may be undertaken subject to specific shareholder consent.

SPECIAL RESOLUTION NUMBER 1

"RESOLVED that the approval of the remuneration payable to the non-executive directors for the financial year commencing 1 January 2011 is:

Mr MH Brodie – Director's fees R8 000,00 per meeting

Mr SST Ngcobo – Director's fees R4 000,00 per meeting

NOTICE OF ANNUAL GENERAL MEETING (continued)

SPECIAL RESOLUTION NUMBER 2

"RESOLVED that in terms of Section 45 of the Companies Act, 2008, as amended, the company be and is hereby granted a general approval authorising that the company and/or any one or more of and/or its wholly-owned subsidiaries incorporated in the Republic of South Africa to enter into direct or indirect funding agreements, guarantee a loan or other obligation, secure any debt or obligation or to provide loans or financial assistance between any one or more of the subsidiaries from time to time, subject to the provisions of the JSE Limited's Listings Requirements, for funding agreements and as the directors in their discretion deem fit."

VOTING

The ordinary resolutions are subject to a simple majority of shareholders present or represented by proxy at the annual general meeting.

Every shareholder present in person or by proxy at the annual general meeting shall, on a show of hands, have one vote only, and on a poll, have one vote for each share of which he/she is the registered holder.

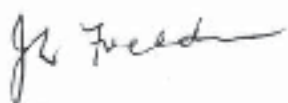
A shareholder entitled to attend, speak and vote is entitled to appoint a proxy (who need not be a shareholder of the company) to attend, speak and vote in his stead.

Shareholders which are companies or other bodies corporate may, by resolution of its directors or other governing body, authorise any person to act as its representative at the annual general meeting.

Certificated shareholders and "own name" dematerialised shareholders who are unable to attend the annual general meeting but wish to be represented thereat must complete and return the attached form of proxy in accordance with the instructions contained therein so as to be received by the transfer secretaries, Computershare Investor Services (Pty) Limited, Ground Floor, 70 Marshall Street, Johannesburg (PO Box 61051, Marshalltown, 2107) by no later than 10:00 on Tuesday, 19 July 2011.

Dematerialised shareholders, other than "own name" dematerialised shareholders, who wish to attend the annual general meeting, must request their CSDP or broker to issue them with a letter of representation to enable them to attend the annual general meeting in person. Alternatively, such dematerialised shareholders must instruct their CSDP or broker as to how they wish to vote in this regard. This has to be done in terms of the agreement entered into between the shareholder and their CSDP or broker.

By order of the Board



Gold Equity Registrars CC

Company Secretary to Bonatla Property Holdings Limited

623 Prince George Avenue
Brakpan
1541
3 June 2011

MAX HARRY BRODIE – DIRECTOR RE-APPOINTMENT

Max is a former chairman of Primedia Limited, Currie Motors Limited, Curfin, Safcor and formerly a director of Bidvest Group Limited and Malbak Limited.

He has more than 40 years' experience with various property companies and is well respected in the business community. He currently serves as the non-executive chairman of Bonatla.

ROBIN LESLIE RAINIER – DIRECTOR RE-APPOINTMENT

Robin is a former director of Information Systems at Murray and Roberts Holdings Limited and was the founder of several successful companies in the Information Systems Sector.

Robin has been involved in the property business for the past seven years with Bonatla and presently looks after the Information Systems function in the group. In addition to this function, he is involved in the drawing up of agreements relating to the acquisition and disposal of companies and properties. He brings with him years of Information Systems and technical project experience and leadership.

REMUNERATION POLICY SUMMARY

- Any change to the remuneration of the executive directors or the remuneration of new executive directors has to be considered by the Remuneration and Nomination Committee, who will make recommendations to the Board of Directors for their approval. The Board of Directors have to approve the remuneration before it is implemented.
- Any scheme of bonuses or incentive bonuses must be considered by the Remuneration and Nomination Committee who will recommend the scheme to the Board of Directors for their approval. Any bonuses, before being paid, must be approved by the Board of Directors.
- Any scheme of share options must be considered by the Remuneration and Nomination Committee who will recommend the scheme to the Board of Directors for their approval. Any share options, before being issued, must be approved by the Board of Directors.
- Any changes to the directors' fees must be considered by the Remuneration and Nomination Committee who will recommend the changes to the Board of Directors for their approval. These, before being paid, must be approved by the Board of Directors.
- Any other benefits must be considered by the Remuneration and Nomination Committee who will recommend these benefits to the Board of Directors for their approval. These, before being given, must be approved by the Board of Directors.

FORM OF PROXY



BONATLA PROPERTY HOLDINGS LIMITED

Registration No. 1996/014533/06

("Bonatla" or "the company")

Share Code: BNT ISIN: ZAE0000013694

FOR USE BY CERTIFICATED AND "OWN NAME" DEMATERIALIZED SHAREHOLDERS AT THE THIRTEENTH GENERAL MEETING OF SHAREHOLDERS TO BE HELD AT 10:00 ON 21 JULY 2011 in the boardroom of ARCA Y MOELA SPONSORS, ARCA Y HOUSE, 3 ANERLEY ROAD, PARKTOWN.

Note: Dematerialised shareholders without "own name" registration must not use this form. Dematerialised shareholders without "own name" registration who wish to vote by way of proxy at the general meeting, must provide their CSDP or broker with their voting instructions by the cut-off time and date advised by the CSDP or broker for instructions of this nature as specified in the custody agreement entered into between such shareholder and their CSDP or broker, in order for such CSDP or broker to vote in accordance with such instructions at the general meeting.

I/We

of

being the registered holder/s of ordinary shares in Bonatla, appoint (see note 1):

1. of or failing him/her
2. of or failing him/her

3. the chairman of the general meeting,

as my/our proxy to act for me/us on my/our behalf at the general meeting which will be held at 10:00 on Thursday, 21 July 2011 for the purpose of considering and, if deemed fit, for passing, with or without modification, the ordinary resolutions to be proposed thereat and at any adjournment thereof; and to vote for or against the said resolution or abstain from voting in respect of the ordinary shares registered in my/our name/s, in accordance with the following instructions [see note 2]:

	For	Against	Abstain
Ordinary resolution number 1 [Financial Statements]			
Ordinary resolution number 2 [Appointment of director]			
Ordinary resolution number 3 [Appointment of director]			
Ordinary resolution number 4 [Appointment of auditors]			
Ordinary resolution number 5 [Appointment to Audit and Risk Committee]			
Ordinary resolution number 6 [Appointment to Audit and Risk Committee]			
Ordinary resolution number 7 [Directors' remuneration]			
Ordinary resolution number 8 [Remuneration Policy]			
Ordinary resolution number 9 [Un-issued ordinary share capital]			
Ordinary resolution number 10 [Un-issued preference share capital]			
Ordinary resolution number 11 [To allot and issue shares for cash]			
Special resolution number 1 [Non-executive directors' remuneration]			
Special resolution number 2 [Authority to enter into funding agreements, provide loans or other financial assistance]			

Signed at on 2011

Signature

Each shareholder is entitled to appoint one or more proxy(ies) (who need not be shareholders of the company), to attend, speak and vote in his/her stead at the general meeting.

Please read the notes on the reverse side hereof.

Shareholders holding certificated shares or dematerialised shares registered in their own name

1. Only shareholders who hold certificated shares and shareholders who have dematerialised their shares in "own name" registrations may make use of this proxy form.
2. Each ordinary shareholder is entitled to appoint one or more proxy holders (none of whom need to be a member of the company) to attend, speak and, on a poll, vote in place of that ordinary shareholder at the general meeting, by inserting the name of a proxy or the names of two alternate proxies of the ordinary shareholder's choice in the space provided, with or without deleting 'the chairman of the meeting'. The person whose name stands first on the form of proxy and who is present at the meeting will be entitled to act as proxy to the exclusion of those whose names follow.
3. An ordinary shareholder's instructions to the proxy holder must be indicated by the insertion of the relevant number of votes exercisable by that ordinary shareholder in the appropriate box/es provided. Failure to comply with the above will be deemed to authorise the chairman of the meeting, if he is the authorised proxy holder, to vote in favour of the resolutions at the general meeting, or any other proxy to vote or to abstain from voting at the general meeting, as he deems fit, in respect of all the ordinary shareholder's votes exercisable thereat.
4. An ordinary shareholder or his proxy is not obliged to vote in respect of all the ordinary shares held or represented by him, but the total number of votes for or against the resolutions in respect of which any abstention is recorded may not exceed the total number of votes to which the ordinary shareholder or his proxy is entitled.
5. Any power of attorney and any instrument appointing a proxy or other authority (if any) under which it is signed, or a notarially certified copy of such power of attorney shall be deposited at the office of the transfer secretaries not less than 48 (forty eight) hours (excluding Saturdays, Sundays and public holidays) before the time appointed for holding the meeting.
6. The completion and lodging of this form of proxy will not preclude the relevant ordinary shareholder from attending the meeting and speaking and voting in person thereat to the exclusion of any proxy holder appointed.
7. Where there are joint holders of ordinary shares any one holder may sign the proxy form. The vote of only one holder in order of seniority (determined by sequence of names on the company register) will be accepted, whether in person or by proxy, to the exclusion of the vote(s) of other joint holders.
8. Shareholders should lodge, post or fax their completed proxy forms to Computershare Investor Services (Pty) Limited, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107; fax number (011) 688 7721) to be received by not later than 10:00 on Tuesday, 19 July 2011. Proxies not deposited timeously shall be treated as invalid.

Shareholders holding dematerialised shares

9. Shareholders who have dematerialised their shares through a Central Securities Depository Participant ("CSDP") or broker (except those shareholders who have elected to dematerialise their shares in 'own name' registrations) and all beneficial shareholders holding their shares (dematerialised or certificated) through a nominee should provide such CSDP, broker or nominee with their voting instructions in sufficient time to allow them to advise the transfer secretaries of the company of their voting instructions before the closing time set out in 8 above.
10. All such shareholders wishing to attend the meeting in person may do so only by requesting their CSDP, broker or nominee to issue the shareholder with a letter of representation in terms of the custody agreement. Such letter of representation must also be lodged with the transfer secretaries before the closing time set out in 8 above.

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")

The annual report contains a notice of annual general meeting for the company, which will be held Thursday, 21 July, 2011 at 10h00. This notice represents an amendment to, and forms part of, the Notice of Annual General Meeting which commences on page 61 of the Annual Report.

RECORD DATE

The board of directors of the company has determined that the record date for the purpose of determining which shareholders of the company are entitled to receive notice of this annual general meeting is Thursday, 30 June 2011 and the record date for purposes of determining which shareholders of the Company are entitled to participate in and vote at the annual general meeting is Friday, 15 July 2011.

Accordingly, only shareholders who are registered in the register of members of the company on Friday, 15 July 2011 will be entitled to participate in and vote at the annual general meeting.

VOTING

In addition, shareholders are advised that the voting percentage for ordinary resolution numbers 1, 2, 3, 4, 5, 6, 7, 8, 9, and 10 is 50% of those eligible shareholders present and entitled to vote at the annual general meeting. The voting percentage required for ordinary resolution number 11 and special resolution numbers 1 and 2 is 75% of those eligible shareholders present and entitled to vote at the annual general meeting.

The quorum for the Annual General Meeting is 25% of all issued shares of the company. Proxy forms may be presented to the Chairman of the Annual General Meeting up until 10 minutes before the commencement of the Annual General Meeting.

EXPLANATORY NOTES

The purpose of special resolution number 1 is to approve the remuneration payable to non-executive directors for the forthcoming year.

The purpose of special resolution number 2 is to enable the company to enter into funding arrangements with its subsidiaries and to allow intergroup loans between subsidiaries.

ELECTRONIC PARTICIPATION IN THE ANNUAL GENERAL MEETING

Please note that the company intends to make provisions for shareholders of the company, or their proxies, to participate in the annual general meeting by way of electronic communication. Should you wish to participate in the annual general meeting by way of electronic communication, you will need to contact the company at +27 11 442 4944 by Friday, 15 July 2011, so that the company can provide for a teleconference dial-in facility. Please ensure that if you are participating in the meeting via teleconference the voting proxies be sent through to the transfer secretaries, namely Computershare Investor Services (Proprietary) Limited, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) or fax number 011 688 7721 to be received by no later than 10h00 on Tuesday, 19 July 2011.

Gold Equity Registrars CC

Company Secretary to Bonatla Property Holdings Limited

623 Prince George Avenue
Brakpan
1541
29 June 2011

