BONATLA PROPERTY HOLDINGS

ANNUAL REPORT 2011

14 YEARS ON THE JSE 1997 – 2011

Bonatla Property Holdings Limited
14th Financial Report
for the year ended 31 December 2011

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 for value creation.

Acquire as part of the property 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' values.
- 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 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 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

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.)

After the board was completely restructured following the disposal, the new management team 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 shareholdings. This was achieved in 2012. Bonatla was ranked 2nd in the BEE rankings per *FM Survey*, at 26 April 2012.

In June 2011 in the *FM Top Companies Survey*, Bonatla was ranked 5th by achieving a 47% internal rate of return over the past five years.

The company has, since 2007, increased in assets to R496 million and will continue to target new investment opportunities that will contribute to long-term growth and increased headline earnings.

SALIENT RESULTS

	2011	2010	%
Earnings/(loss) per share (cents)	**1,70**	(1,41)	220,57
Headline (loss)/earnings per share (cents)	**(0,03)**	1,95	(101,54)
Total assets (R'000)	**495 284**	426 912	16,02
Net asset value per share (cents)	**31,03**	50,78	(38,89)
Number of ordinary shares (issued and to be issued)	**1 233 849 285**	834 648 934	47,83
Total debt to total assets (%)	**22,8**	21,3	

INTRODUCTION

The financial year under review marks the 14th year since the listing of the company on the JSE, and was characterised by the acquisition of additional income-producing assets which re-established the company on a more sustainable business basis in the second phase of its history following the capital return in 2005.

FINANCIAL REVIEW

The financial review was marked by the efforts to finalise the acquisition of the Bluezone portfolio. Total assets of the company increased to R495,3 million, although the net asset value per share decreased to 31,03 cents from 50,78 cents per share in 2010 mainly due to the conversion of the preference share capital to ordinary shares. At the same time the earnings per share increased to 1,70 cents per share (against a loss of 1,41 cents per share in 2010). The total debt ratio (total liabilities to total assets) remained conservative at 22,8%.

ECONOMIC CLIMATE

Further to still persisting energy constraints, the South African economy is slowly recovering from the 2008/2009 financial crisis.

In spite of the recovery of the All Share Index reaching its all time record above 34 000, the endemic weaknesses of the national economy and the tailing off of major public capital projects post the 2010 FIFA World Cup drive, render current forward PE ratios unrealistically high.

During 2011, as was the case in 2010, consumer spending showed slow signs of recovery, and retail sales increased modestly from the low bases in the previous years.

With negative pressures on manufacturing production, and signs of moderate inflationary trends, both locally and globally, it is expected that monetary policies will still be relaxed in line with the interest policies adopted in the northern hemisphere, in spite of relatively slow increase in the demand for credit. The prime overdraft rate is expected to be in a range between 9,0% and 9,5% by the end of 2012.

On a positive note, our country is still involved in a major infrastructural development drive which should somewhat compensate the impacts of the still fragile global financial and economic climate. This should position the country's economy to take advantage of conditions when the world and South Africa emerge from the current crisis. The growth rate of the economy is still modest as reflected in the poor growth in retail sales, and the increase in manufacturing and mining productions also moderated during the year. Consumer spending and business confidence are still fragile. Poor access to credit by both businesses and households still impacts on acquisition of durable assets, employment creation and general entrepreneurial activity so necessary for our unbalanced society.

As a result of the above, property values are expected to decline in the commercial sector. It is expected that market to market property valuations in the listed and unlisted property sectors will start to be under pressure during 2012 with increases in initial investment returns, and decreases in net rentals due to rising operating cost components on leases. This trend is expected to continue in tandem with the weak 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 income-producing portfolio of assets with sustainable cash flow in order to expand its operations.

The current drive to purchase moderately geared properties will continue in 2012 with a loan to value to be maintained below 40% of total assets.

DIRECTORATE CHANGE

Messrs MH Brodie and RL Rainier were re-elected to the board of directors on 21 July 2011. Mr DWB King resigned on 1 March 2012. Ms C Douglas was appointed to the board of directors on 16 August 2011 and Mr W Voigt on 26 August 2011. Mr I Dawood was appointed on 16 August 2011 and resigned on 31 January 2012.

As released 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 2012.

FUTURE PROSPECTS

The current global and local financial and economic fragile situation presents major opportunities in all sectors including the real estate industry and as a result, levels the "investment field" for expanding companies such as Bonatla. The directors and management are confident that their efforts to increase the company's investment portfolio will continue during 2012.

RECOGNITION

I wish to thank my fellow directors, and the management and professional team of Bonatla for their loyalty and their assistance in the affairs of the company during another difficult year, and hope that the 2012 financial period will see Bonatla successfully expand its operations.

MH Brodie
Chairman

12 June 2012

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.

EVENTS SUBSEQUENT TO THE REPORTING DATE

Events subsequent to the reporting date 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.

OPERATIONS REPORT

The gross lettable area of the property portfolio increased to 52 934 m^2 during the period under review with a vacancy of 9,6% at 31 December 2011 reduced from 12% in the previous year.

The property management prior to Bonatla's takeover of the properties assumed by the liquidators of the ex Bluezone group resulted in leases not being renewed or written on a short-term basis, with 67% of the gross lettable area characterised by leases expiring prior to December 2014 with property expense ratios exceeding 35% of gross rental due to under-recovery of operating expenses.

The average through rental on the portfolio is R53/m^2 with 45,8% of the leases written on space smaller than 300 m^2 which results in intensive property management requirement.

During 2011 Bonatla's management began to initiate the required renovations and maintenance projects on the property portfolio.

Enhanced lease and space management will reduce expense ratios, thus enhancing investment yield growth during 2012.

No property development activity took place during 2011 due to the economic climate and the state of the property cycle.

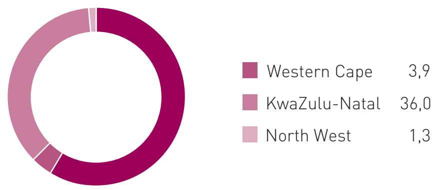
It is a strategic objective of Bonatla to improve the size and the quality of the property portfolio through acquisitions and disposal of the non-long-term holdings.

PORTFOLIO ANALYSIS AS AT 31 DECEMBER 2011

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

Province	Value R'000	Value %	GLA m^2	GLA %
Gauteng	158 560	69,1	31 119	58,8
Western Cape	21 500	9,4	2 073	3,9
KwaZulu-Natal	43 250	18,9	19 070	36,0
North West	6 000	2,6	672	1,3
Total	**229 310**	**100,0**	**52 934**	**100,0**

Gross lettable area (%)



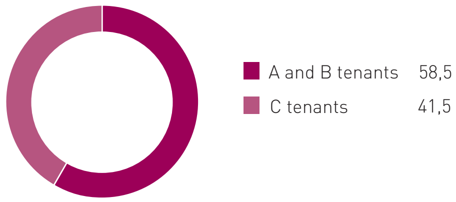
1.2 Segmental analysis by type of tenant and by space use

Analysis by type	GLA m²	GLA %
A and B tenants	30 967	58,5
C tenants	21 967	41,5
	52 934	**100,0**

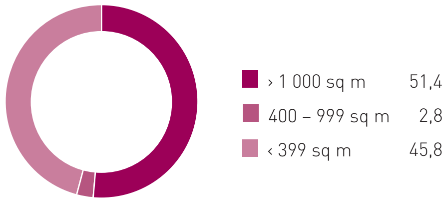
Analysis by size distribution		
> 1 000 m²	27 217	51,4
400 m² – 999 m²	1 474	2,8
< 399 m²	24 243	45,8
	52 934	**100,0**

Note: A and B tenants have been classified as large national firms and Government departments, whilst C tenants represent small and medium enterprises.

Type of tenant (%)



Size distribution



1.3 Sectoral information

Analysis by sector	Gross rental income R'000	%	GLA m²	GLA %
Commercial/Retail	27 909	88,0	35 934	67,9
Industrial	3 700	12,0	17 000	32,1
Leisure	–	–		
Total	**31 609**	**100,0**	**52 934**	**100,0**

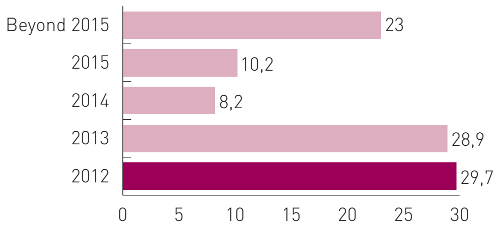
By sector (%)

1.4 Lease expiry

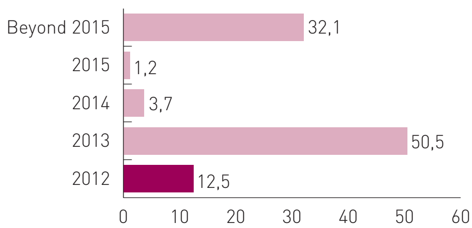
Analysis by revenue	Value R'000	Value %
2012	**8 632**	**29,7**
2013	8 402	28,9
2014	2 390	8,2
2015	2 959	10,2
Beyond 2015	6 708	23,0
	29 091	**100,0**

Analysis by area	GLA m²	GLA %
2012	**6 626**	**12,5**
2013	26 699	50,5
2014	1 983	3,7
2015	626	1,2
Beyond 2015	17 000	32,1
	52 934	**100,0**

Lease expiry — revenue (%)



Lease expiry — GLA (%)



1.5 Property details

	Property	Fair value R'000	GLA m^2	Vacancy	Annualised yield
1	CPTECH Land and Buildings, Escourt KZN	20 750	17 000	Nil	30,5%
2	Milestone Place Route 21, Irene	12 500	1 284	Nil	8,02%
3	Property 259 Ferndale, Johannesburg	12 500	1 485	Nil	6,08%
4	TUT, The Heights, Philip Nel Park, Pretoria	70 560	19 081	24,1%	8,22%
5	Bishops Court, Hillcrest, Durban	22 500	2 070	Nil	10,01%
6	Chambers, Ground Floor, Block E, Tyger Valley, Bellville	8 500	854	Nil	5,13%
7	Chambers 2 and 3, Tyger Valley, Bellville	13 000	2 029	Nil	5,03%
8	Austin Crossing, Wilkoppies Ext 18, Klerksdorp	6 000	672	Nil	6,51%
9	Flextronics, Ferndale, Johannesburg	50 000	5 479	12,0%	5,95%
10	Madeline Street, Florida, Johannesburg	13 000	2 980	Nil	11,47%
Total		**229 310**	**52 934**	**9,9%**	**9,9%**

DIRECTORATE AND ADMINISTRATION

BOARD OF DIRECTORS

MH Brodie	– Independent Non-Executive Chairman
RL Rainier	– Executive
SST Ngcobo	– Independent Non-Executive
DA Scott	– Executive Financial Director
C Douglas	– Executive
W Voigt	– Independent Non-Executive
NG Vontas	– Executive CEO

REGISTERED OFFICE

623 Prince George Avenue, Brenthurst, Brakpan, 1541

REGISTRATION NUMBER

1996/014533/06

TELEPHONE AND FAX NUMBERS

Telephone:	+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 since 22 October 1997

COMPANY SECRETARY

Gold Equity Registrars CC
623 Prince George Avenue, Brenthurst, Brakpan, 1541

COMMERCIAL BANKERS

Standard Bank, Nedbank
and First National Bank

SPONSOR

Arcay Moela Sponsors (Pty) Limited

AUDITORS

Nolands Inc.

TRANSFER SECRETARIES

Computershare Investor Services (Pty) Limited

INTRODUCTION

The directors of Bonatla are pleased to present the company's first integrated sustainability and corporate governance report to stakeholders. This is the first step in what will be a continuous process to move closer to the goals of sustainable development and to demonstrate Bonatla's commitment to those goals. As can be expected this is a major task and for this reason Bonatla has decided to adopt a staggered approach. Over the next few years the Board will strive to broaden and deepen the contents of this report. This will be done in conjunction with the company's stakeholders to ensure that meaningful, understandable and useful information is available on a timely basis, thereby achieving true transparency and facilitating the building of a trusted relationship with all stakeholders.

The company endorses the principles contained in the King III Report on Corporate Governance ("King III") and confirms its commitment to the principles of fairness, accountability, responsibility and transparency as advocated therein. The Board strives to ensure that the company is being ethically managed according to prudently determined risk parameters and in compliance with generally accepted corporate practices and conduct, and the Listings Requirements of the JSE. However, due to Bonatla's limited financial and human capital resources, not all the principles contained in the King III have been met (see the table commencing on page 13) and full compliance with King III remains a primary objective for the Board.

THE BOARD

Structure and Independence

Bonatla retains a unitary board structure and is assisted in fulfilling its duties by an Audit and Risk Committee (ARC), an Investment Committee and a Remuneration and Nomination Committee. The directors of the company are set out on page 6.

The Board is chaired by an Independent Non-Executive Director, Mackie Brodie and the position of Chief Executive Officer is held by Niki Vontas. The rest of the Board is constituted of both executive and non-executive directors in order to maintain a balance of power and provide for independent, unbiased decision-making. There are currently seven directors, three independent non-executive directors and four executive directors.

The Board recognises that it currently has a predominance of executive directors and it is intended that additional non-executive directors will be appointed in 2012 as the Board strives to fully comply with the principles of King III. This will also strengthen the Board and contribute towards maintaining a balance of power and ensuring independent decision-making.

Directors are expected to maintain their independence when deciding on matters relating to strategy, performance, resources and standards of conduct. If there is an actual or potential conflict of interest, the director (executive or non-executive) concerned, after declaring his or her interest in terms of the Companies Act, is excluded from the related decision-making process.

ROLE AND FUNCTION OF THE BOARD

The Board is ultimately responsible for the company's performance and affairs, which includes protecting and enhancing the company's wealth and resources, timely and transparent reporting and acting at all times in the best interests of the company and its stakeholders. The Board furthermore determines the company's purpose and values and ensures that it complies with codes of sound business practice. In order to assist it in fulfilling its functions, the Board has unrestricted right of access to all company information, records, documents and property, and independent legal advice when required. The appointment of additional independent non-executive directors during the current financial year will enhance the Board's efforts to retain full and effective control over the company and to provide strategic direction, notwithstanding the advantages that a strong, entrepreneurial Chief Executive Officer brings to the company.

The Board is responsible for ensuring that controls and procedures are in place to ensure the accuracy and integrity of accounting records so that they provide reasonable assurance that the assets are safeguarded from loss or unauthorised use, and that the financial records may be relied upon for maintaining accountability for assets and liabilities and preparing the financial statements. The day-to-day management of the company is vested in the executive directors. The executive directors are responsible for identifying, analysing, reporting and managing risk which forms part of their everyday functions.

Management supplies the Board with the relevant information needed to fulfil its duties. Directors make further enquiries where necessary, and thus have unrestricted access to all company information, records, documents and property. Not only does the Board look at the quantitative performance of the company, but also at issues such as customer satisfaction, market share, environmental performance and other relevant issues.

Directors have the authority to delegate certain of their duties, either externally or internally, in order to assist them to perform their duties, but the responsibility and liability for fulfilling their duties remains with them individually and the Board as a whole.

APPOINTMENTS TO AND RE-ELECTION OF THE BOARD

Appointments to the Board are currently based on the needs of the company as assessed from time to time. No formal procedure exists for the appointment of new directors to the Board and any new appointments are considered by the Board as a whole, taking into account the qualifications of the prospective directors. On appointment, all directors are provided with information on the business and are expected to familiarise themselves with the company's strategic plans and objectives, and other relevant laws and regulations. Going forward, updating and training will be provided on an ongoing basis to ensure that directors remain abreast of changes in regulations and the commercial environment.

New directors appointed to the Board during the year are appointed in accordance with the casual vacancy provisions of the company's Memorandum of Incorporation, automatically retire at the next annual general meeting of the company and their re-appointment is subject to the approval of shareholders at such annual general meeting. In line with this, a resolution providing for the election of C Douglas and W Voigt, who were appointed as directors in 2011, is included in the Notice of Annual General Meeting. The *curricula vitae* of Ms Douglas and Mr Voigt are set out on pages 82 and 83 of this annual report.

In accordance with the provisions of the company's Memorandum of Incorporation, one-third of the directors retire by rotation each year and are eligible for re-election by shareholders acting in general meeting. In line with this, N Vontas and DA Scott retire at the forthcoming annual general meeting, but being eligible, offer themselves for re-election and their re-election is included in the Notice of Annual General Meeting. The *curricula vitae* of Messrs Vontas and Scott are set out on page 82.

To date, no formal evaluation of the Board has taken place as a result of the company's limited financial and human capital resources. This will be addressed once the necessary resources are in place.

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's responsibilities have been delegated. The Audit and Risk Committee, the Investment Committee and the Remuneration and Nomination Committee all report to the Board of Directors.

A Social and Ethics Committee will be appointed during 2012 in accordance with the requirements of the Companies Act, 2008, and in order to guide the Board in its quest to ensure that the company becomes and remains a committed, socially responsible corporate citizen. The functions of this committee will be to enhance the company's contribution to the enterprise, social development and environmental goals as well as ensuring that the company complies with codes of sound business practice.

THE AUDIT AND RISK COMMITTEE (ARC)

The composition of the ARC consists of two independent non-executive members, namely Wilfried Voigt (the Chairman) and Mackie Brodie. This composition does not currently comply with the Companies Act, 2008, which requires the committee to comprise at least three non-executive directors, but the committee will be enlarged during 2012 in order to rectify this.

King III recommends that the Chairman of the Board should not be the Chairman of the Audit Committee – the company complies with this requirement. The ARC intends to meet at least three times a year and a partner of the external auditor will be invited to attend meetings. During the year under review, two ARC meetings were held. All the members of the ARC are financially literate.

The Board of Directors of Bonatla has unrestricted access to the ARC.

The mandate of the ARC provides for, *inter alia*, the reviewing of financial information, the effectiveness of the internal controls, considering the expertise and competency of the Financial Director, the reviewing of the risks relating to the business and industry, accounting policies, the code of ethics, compliance procedures, auditor independence, audit fees and reporting thereon to the Board. The above mandate is an ongoing process.

The expertise and competency of the Financial Director is reviewed annually and the committee is satisfied that the Financial Director has the relevant expertise and experience.

It is also required to provide the Board with additional assurance regarding the efficacy and reliability of the financial information used by the directors, to assist them in discharging their duties. The committee is required to provide comfort to the Board that adequate and appropriate financial and operating controls are in place, that significant business, financial and other risks have been identified, and are being suitably managed, and that satisfactory standards of governance, reporting and compliance are in operation.

THE INVESTMENT COMMITTEE

This committee's responsibilities are to review all proposed property acquisitions and disposals and other matters which may be specifically delegated to it. A clear mandate and authority levels have been defined.

During the year under review, however, certain acquisitions and disposals were ratified after the event due to timing constraints.

The members of the Investment Committee are:

DA Scott, C Douglas and SST Ngcobo. DWB King was a member of the committee until his resignation on 1 March 2012.

Consideration is being given to restructuring this committee during 2012 pursuant to the resignation of DWB King and in line with the expected growth in the group.

THE REMUNERATION AND NOMINATION COMMITTEE

The Remuneration and Nomination Committee consists of two non-executive directors: Mackie Brodie (Chairman) and Themba Ngcobo.

The committee is responsible for considering the nomination of new directors and the remuneration of the executive directors and making recommendations to the Board in this regard. In determining the remuneration of directors, the committee takes heed of issues such as market norms, staff retention, the performance of directors, balanced scorecard issues, share incentive scheme considerations and incentives, and has access to outside consultation if necessary. The Chief Executive Officer is also consulted. The committee intends on meeting at least once a year. The committee did not meet during the year under review as the nominations and approval of new directors were discussed and agreed upon at the Board meetings and the remuneration of the executive directors was not varied from the previous financial year.

Bonatla has entered into a written service contract with DA Scott, the Financial Director and verbal service agreements exist between NG Vontas, the Chief Executive Officer, RL Rainier, an Executive Director and the company. All directors are subject to retirement by rotation and re-election by Bonatla shareholders at least once every three years in accordance with the Memorandum of Incorporation.

The company has no share incentive scheme in place.

BOARD AND COMMITTEE MEETINGS AND ATTENDANCE THEREAT

The Board intends to meet on a regular basis, being at least every three months, whilst the sub-committees meet as and when required. During the year under review, however, the Board only met three times. This will be addressed going forward, with four Board meetings being scheduled for the current financial year and more will be held if the directors believe circumstances warrant it. On a sub-committee level, two ARC meetings, one Investment Committee meeting and no Remuneration and Nomination Committee meeting were held.

The directors are briefed in respect of special business and information is provided to them to enable them to consider the matters under discussion. The directors do make further enquiries where necessary. Where it is considered necessary, special sub-committees are formed to address areas of focus. Meeting packs are distributed for each Board and sub-committee meeting and minutes of all Board and sub-committee meetings are duly recorded.

The attendances of the directors at Board and sub-committee meetings for the year ended 31 December 2011, taking into account their dates of appointment, are set out in the table below.

COMPANY SECRETARY AND PROFESSIONAL ADVICE

The company secretarial function has been outsourced to Gold Equity Registrars CC, whose address is set out on page 6 of this annual report

The Company Secretary is required to provide the members of the Board with guidance and advice regarding their responsibilities, duties and powers and to ensure that the Board is aware of all legislation relevant to or affecting the company. The Company Secretary is also responsible for ensuring that the company complies with all applicable legislation regarding the affairs of the company, including the necessary recording of the Board, sub-committee and shareholders meetings. It requires a decision of the Board as a whole to remove the Company Secretary.

All directors have access to the advice and services of the Company Secretary and are entitled, in consultation with the Company Secretary, to seek independent professional advice about the affairs of the group, at the group's expense.

The Board is of the opinion that Gold Equity Registrars CC has the requisite attributes, qualifications and experience necessary to fulfil its responsibilities effectively.

AFFIRMATIVE ACTION POLICY

The current Board has fully subscribed to the South African Property Charter and the company is a level 2 contributor per the Qualifying Small Enterprise ("QSE") scorecard.

The company will endeavour to promote a culture that will provide employees with opportunities to advance to optimal levels of career development.

The company upholds and supports the objectives of the Employment Equity Act and intends implementing various initiatives that provide opportunities for all levels of staff as they become established and will seek to position itself as an employer of choice, whilst at the same time enhancing its participation in making South Africa more internationally competitive.

The company's employment policies are designed to provide equal opportunities, without discrimination, to all employees.

	Directors		Audit and Risk		Investment		Remuneration	
	Attended	Total	Attended	Total	Attended	Total	Attended	Total
MH Brodie	3	3	1	2	–	–	0	0
RL Rainier	2	3	–	–	–	–	–	–
DA Scott	3	3	–	–	1	1	–	–
SST Ngcobo	1	3	–	–	–	1	0	0
NG Vontas	3	3	–	–	–	–	–	–
DWB King	2	3	1	2	–	1	–	–
C Douglas	–	–	–	–	1	1	–	–
CF de Lange (Alt)	2	3	–	–	–	–	–	–
I Dawood	–	–	–	–	–	–	–	–
W Voigt	–	–	1	1	–	–	–	–

FEES PAID TO NON-EXECUTIVE DIRECTORS

No fees were payable to the non-executive directors during the period under review.

The following fees are proposed for the forthcoming financial year, commencing 1 January 2012:

	Chairman	Other directors and members of committees
Fee per meeting attended	**R8 000**	**R4 000**

In addition, in the event that any non-executive director is requested to perform additional assignments over and above the normal requirements, such work is proposed to be remunerated at an hourly rate of R500,00.

INTERESTS OF DIRECTORS AND OFFICERS

The register of interests of directors in contracts is available to members of the public on request. A record of the interests (direct and indirect) of the directors in the company's securities, as at 31 December 2011, is set out in the Directors' Report on page 20.

EXTERNAL AUDIT AND THE AUDITORS

The auditor of the company is Nolands Inc. Nolands performs an independent and objective audit of the company's financial statements. The financial statements are prepared in terms of the International Financial Reporting Standards ("IFRS"). The ARC reviews the audit fees for the audit. The auditor has unrestricted access to the ARC and is invited to all meetings of the ARC. The re-appointment of the auditor or the appointment of a new auditor is considered by the ARC, before being put to shareholders for approval at the annual general meeting.

One of the ARC's primary objectives is to ensure that the auditor is considered independent. In line with this, the committee has set principles for recommending the use of the external auditor for non-audit services. No non-audit services were performed by the auditor during the year under review.

Following receipt of confirmation from the auditors that none of their staff has any conflict of interest with regard to the company, the ARC is satisfied as to the independence of the auditor.

ACCOUNTING AND INTERNAL CONTROLS

The Board is responsible for the company's systems of internal financial and operational control, as well as for maintaining an appropriate relationship with the company's auditor. The Board is responsible for presenting a balanced and understandable assessment of the company's financial position with respect to all financial and price sensitive reports on the company.

The Board has established controls and procedures to ensure the accuracy and integrity of the accounting records and monitors the company's businesses and its performance. The controls are designed to provide reasonable assurance that assets are safeguarded from loss or unauthorised use and that the financial records may be relied upon for maintaining accountability for assets and liabilities and preparing the financial statements.

AUDIT OPINION

The company received an unqualified audit opinion.

The statement of directors' responsibility is set out on page 17.

INTERNAL AUDIT

Due to the size and nature of the company, and the fact that the collection of rentals is outsourced to a management company, there is no internal audit function. The consideration of the requirement for internal audit is a matter that will be continuously considered and monitored by the ARC under a standing agenda item at each meeting.

NON-FINANCIAL MATTERS

Bonatla subscribes to the highest ethical standards and behaviour in the conduct of its business and related activities, and requires total honesty and integrity from its directors and employees. Bonatla expects its shareholders, suppliers and partners to subscribe to the same high ethical standards.

COMMUNICATION WITH STAKEHOLDERS

The company is committed to ongoing and effective communication with stakeholders. It subscribes to a policy of open and timeous communication in line with JSE guidelines, sound corporate governance and is considering an investor relations programme going forward once the company has settled in its growth.

SUSTAINABILITY, SOCIAL AND ETHICAL REPORTING

The company is committed to high moral, ethical and legal standards and expects all representatives of the company to act in accordance with the highest standards of personal and professional integrity in all aspects of their activities and to comply with all applicable laws, regulations and the company's policies.

The Board believes that the company has implemented ethical standards during the year under review.

Subsequent to year-end, the company is pleased to report that it came second overall in the *Financial Mail Top Empowerment Companies 2012 Survey*, ahead of Nedbank Group (3) and Standard Bank Group (6), which came third and first, respectively, last year.

This has been achieved throughout the country with notable projects being in KwaZulu-Natal at its Umsuluzi and Amahlubi properties and at The Heights property, where it assisted with the establishment of a new black-owned business, offering a contract for 2012, lodging and free rent on a newly renovated kitchen whilst the entrepreneur established himself in business. As a result of this and other efforts, Bonatla received the full complement of points for socio-economic development. Bonatla is seeking to ensure that it continues with its efforts in this area, as well as at a shareholder level.

In the *Financial Mail Survey on Top Companies* in June 2011, Bonatla was ranked number 5 in terms of the Internal Rate of Return (IRR) survey between 2006 and 2011.

In the coming year, the company will be concentrating on expanding its property portfolio as well as its charcoal and activated carbon business, which has been commissioned after year-end and is expected to be contributing profits to the group during the year ending 31 December 2012.

The environmental impact of the manufacturing plant will be looked at in greater detail in the coming year.

Principles contained in King III which the company has not complied with and the reasons for non-compliance

Ethical Leadership and Corporate Citizenship	**Apply**	**Partially apply**	**Under review/Do not apply**
Effective leadership based on an ethical foundation	✓		
Responsible corporate citizen	✓		
Effective management of company's ethics	✓		
Assurance statement on ethics in integrated annual report	✓		
Boards and Directors			
The Board is the focal point for, and custodian of, corporate governance		✓2	
Strategy, risk, performance and sustainability are inseparable		✓3	
Directors act in the best interest of the company	✓		
The Chairman of the Board is an independent non-executive director	✓		
Framework for the delegation of authority has been established		✓4	
The Board comprises a balance of power, with a majority of non-executive directors, the majority of whom are independent			✓5
Directors are appointed through a formal process	✓		
Formal induction and ongoing training of directors is conducted			✓6
The Board is assisted by a competent, suitably qualified and experienced Company Secretary	✓		
Regular performance evaluation of the Board, its committees and the individual directors			✓7
Appointment of well-structured committees and oversight of key functions	✓		✓8
An agreed governance framework between the group and its subsidiary boards is in place			✓9
Directors and executives are fairly and responsibly remunerated		✓22	
Remuneration of directors and senior executives is disclosed	✓		
The company's remuneration policy is approved by its shareholders	✓		
Audit Committee			
Effective and independent		✓	
Suitably skilled and experienced independent non-executive directors		✓10	
Chaired by an independent non-executive director	✓		
Oversees integrated reporting			✓
A combined assurance model is applied to improve efficiency in assurance activities		✓11	
Satisfies itself on the expertise, resources and experience of the company's finance functions	✓		
Oversees internal audit			✓
Integral to the risk management process	✓12		
Oversees the external audit process		✓	
Reports to the Board and shareholders on how it has discharged its duties			✓13

Ethical Leadership and Corporate Citizenship	Apply	Partially apply	Under review/Do not apply
Compliance with laws, codes, rules and standards			
The Board ensures that the company complies with relevant laws		✓14	
The Board and directors have a working understanding of the relevance and implications of non-compliance	✓		
Compliance risk forms an integral part of the company's risk management process			✓15
The Board has delegated to management the implementation of an effective compliance framework and processes			✓16
Governing Stakeholder Relationships			
Appreciation of stakeholders' relationships	✓		
There is an appropriate balance between its various stakeholder groupings	✓		
Equitable treatment of stakeholders	✓		
Transparent and effective communication to stakeholders		✓17	
Disputes are resolved effectively and timeously		✓18	
The Governance of Information Technology			
The Board is responsible for information technology (IT) governance		✓19	
IT is aligned with the performance and sustainability objectives of the company			✓20
Management is responsible for the implementation of an IT governance framework			✓20
The Board monitors and evaluates significant IT investments and expenditure			✓20
IT is an integral part of the company's risk management			✓20
IT assets are managed effectively			✓20
The Risk Management Committee and Audit Committee assist the Board in carrying out its IT responsibilities			✓20
The Governance of Risk			
The Board is responsible for the governance of risk and setting levels of risk tolerance		✓	
The Risk Management Committee assists the Board in carrying out its risk responsibilities		✓21	
The Board delegates the process of risk management to management	✓		
The Board ensures that risk assessments and monitoring are performed on a continual basis		✓21	
Frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks			✓1
Management implements appropriate risk responses			✓1
The Board receives assurance on the effectiveness of the risk management process			✓1
Sufficient risk disclosure to stakeholders	✓		
Integrated Reporting and Disclosure			
Ensures the integrity of the company's integrated annual report		✓1	
Sustainability reporting and disclosure is integrated with the company's financial reporting	✓		
Sustainability reporting and disclosure is independently assured			✓1

✓1 This will be considered by the Board in the following years.
✓2 The Board will concentrate in greater detail on better corporate governance being applied in 2012.
✓3 The main strategy is to acquire cash-generating assets through the issue of shares or a combination of shares and cash. Lesser emphasis has been placed on risk and meeting the objectives of acquisition criteria.
✓4 Whilst the Limits of Power matrix has been approved and put in place, it is not always adhered to.
✓5 Executive directors are in the majority. Additional independent non-executive directors will be appointed in 2012.
✓6 Whilst directors are provided with the relevant information on the business on their appointment, formal ongoing training for non-executive directors has not been introduced. This will be considered by the Board for all future appointments.
✓7 The Board will be considering the evaluation of the Board, the various committees and individuals during the coming year.
✓8 Committees have been appointed, but there is no oversight by the Board of the key functions. This will be considered in 2012.
✓9 Will be implemented in 2012.
✓10 An additional independent non-executive director will be appointed in 2012.
✓11 Done informally at the moment – will be formalised in 2012.
✓12 Not all risks identified and assessed – will be done in 2012.
✓13 Will be done in 2012.
✓14 Left to the executive directors to ensure compliance.
✓15 No compliance testing done to date. Will be done when internal audit function is introduced.
✓16 Will be done when internal audit function is introduced.
✓17 The improvement of transparent and effective communication to stakeholders will be improved in 2012.
✓18 Lengthy disputes relate mainly to legal matters.
✓19 Delegated to the executive directors.
✓20 Due to the size of the company, there currently is no focus on IT reporting and sustainability. This will be considered by the Board as the group's IT requirements expand.
✓21 Will be done formally and expanded upon in future years.
✓22 Will be addressed when better returns are made. Also, no directors fees were paid in 2011.

CLOSED AND PROHIBITED PERIODS

A closed period is implemented by the company's directors from the date of the end of the reporting period until the company's results are released on SENS. Additional closed or prohibited periods are enforced as required in terms of any corporate activity or when directors are in possession of price-sensitive information. All the directors are aware of the legislation regulating insider trading. A record of dealings by directors in the company's securities is retained by the Company Secretary at the registered office of the company.

TRANSFER OFFICE

Computershare Investor Services (Pty) Limited acts as Transfer Secretary to the company.

SUSTAINABLE DEVELOPMENT STRATEGY

The company intends establishing a sustainable development strategy which will be a work in progress and will be more detailed in the next report.

However, the following principles have been identified to start the process of establishing this strategy:

- To consider environmental impacts.
- To form strong, sustainable and fair relationships with stakeholders.
- To uplift communities in which it operates.
- To assist previously disadvantaged individuals in starting and growing their businesses.

RISKS

Risk assessments will be prepared by management and reviewed at each meeting of the ARC. The main risk facing the company during the year under review was the need to acquire further cash-generating assets in order to ensure a sustainable business and meet the JSE Listings Requirements for continued listing on its stock exchange.

STAKEHOLDERS

Stakeholder engagement methods will be identified and implemented in 2012 to establish more open relationships with stakeholders.

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 judgements 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 pre-determined 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 2012 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 18.

These financial statements were approved by the Board of Directors on 15 June 2012 and signed on its behalf by:

MH Brodie	**NG Vontas**
Chairman	*CEO*

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, 2008 (No. 71 of 2008), as amended, and that all such returns are true, correct and up to date.

Signed:

Gold Equity Registrars CC
Company Secretary

15 June 2012

REPORT ON THE ANNUAL FINANCIAL STATEMENTS

To the shareholders of Bonatla Property Holdings Limited and its subsidiaries

We have audited the annual financial statements of Bonatla Property Holdings Limited and its subsidiaries, which comprises the Directors' Report, the consolidated and separate statements of financial position as at 31 December 2011, the consolidated and separate statements of comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes as set out on pages 19 to 79.

Directors' responsibility for the financial statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, No. 71 of 2008, 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 annual 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 annual 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 directors, 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 consolidated and separate financial position of Bonatla Property Holdings Limited as of 31 December 2011, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by Companies Act, No. 71 of 2008, of South Africa.

Nolands

Nolands Inc.
Registered Auditors
Practice number 900583e

Per: Allan Mundell
Chartered Accountant (SA)
Registered Auditor
Cape Town

The directors submit their report for the year ended 31 December 2011.

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 R40 591 000 (2010: R24 266 000) against operating costs of R25 141 000 (2010: R9 968 000).

During 2011, the group acquired 100% of the shares and claims in the three Business combinations and 51% of the shares and claims in Carbon Processing and Technologies (Pty) Limited as per note 9 to the financial statements.

The details of the property portfolio are contained on pages 40 to 42 in 5.1, 5.2 and 5.3 under Operating segments, and on pages 44 to 46 under Investment property.

The group has R71,9 million (2010: R74,2 million) of borrowings of which R52,6 million (2010: R44,1 million) is secured.

SHARE CAPITAL

The authorised share capital consists of 2 000 000 000 ordinary shares of one cent each (2010: 2 000 000 000), and nil compulsory convertible preference shares of one cent each (2010: 28 730 140) and 200 000 000 non-participating, non-redeemable, non-cumulative compulsory convertible preference shares of one cent each (2010: 200 000 000).

500 209 728 ordinary shares of one cent each were in issue at the end of the year under review (2010: 500 209 728).

Nil 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 (2010: 28 730 140).

No shares were issued during the year under review.

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 commencing on page 52 of the financial statements.

DIRECTORATE AND MANAGEMENT

The names of the current directors appear on page 6. Three out of seven of the current directors are non-executive directors, namely MH Brodie, SST Ngcobo and W Voigt.

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

EVENTS SUBSEQUENT TO THE REPORTING DATE

Details of events subsequent to the reporting date are set out in note 42 to the consolidated financial statements.

Aerial picture of Carbon Processing and Technologies' property and plant.

DIRECTORS' SHAREHOLDING

The following reflects the number of shares held by directors:

Directors' shareholding as at 31 December 2011

	Beneficial holdings		Non-beneficial holdings		Percentage of issued ordinary
	Direct	Indirect	Direct	Indirect	shares
RL Rainier	–	80 440 000	–	–	16,1
NG Vontas	489 442	–	–	–	0,1
SST Ngcobo	–	26 000 000	–	–	5,2
DWB King (Resigned 1 March 2012)	2 325 584	–	–	–	0,5
CF de Lange (Resigned 1 March 2012)	2 558 139	–	–	–	0,5
I Dawood (Resigned 31 January 2012)	–	18 000 000	–	–	3,6
C Douglas	775 198	19 250 000	–	–	4,0
MH Brodie	–	–	–	–	–
DA Scott	–	–	–	–	–
W Voigt	–	–	–	–	–
Total	**6 148 363**	**143 690 000**	**–**	**–**	**30,0**

There have been no changes in the directors' shareholdings between the 31 December 2010 and 31 December 2011.

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 7 to 16.

DIVIDEND

No dividend was declared during the year under review.

NON-CURRENT ASSETS

Non-current assets increased substantially from R324 629 000 to R404 554 000 as a result of the acquisition of the final three Bluezone investment properties.

Details of the movements in non-current assets are set out in notes 6 to 15. 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 2011

	Notes	Group 2011 R'000	Group 2010 R'000	Company 2011 R'000	Company 2010 R'000
ASSETS					
Non-current assets		**404 554**	324 629	**446 060**	360 725
Property, plant and equipment	6	**50 063**	24 702	**–**	–
Investment property	7	**195 560**	189 810	**–**	–
Goodwill	8	**48 261**	3 261	**–**	–
Other intangible assets	10	**1 102**	1 193	**–**	–
Investment in subsidiaries	11	**–**	–	**5 776**	5 776
Loans to subsidiaries	12	**–**	–	**440 284**	354 949
Investments	13	**1 548**	–	**–**	–
Prepayments	14	**55 178**	55 663	**–**	–
Deferred taxation	24	**2 361**	–	**–**	–
Deposits	15	**50 481**	50 000	**–**	–
Current assets		**77 730**	62 283	**62**	297
Inventories	16	**487**	–	**–**	–
Trade and other receivables	17	**75 444**	60 546	**–**	195
Prepayments – current portion	14	**582**	582	**–**	–
Cash and cash equivalents	18	**1 217**	1 155	**62**	102
Non-current assets held for sale	19	**13 000**	40 000	**–**	–
Total assets		**495 284**	426 912	**446 122**	361 022
EQUITY AND LIABILITIES					
Equity capital and reserves		**382 903**	335 880	**446 057**	360 957
Share capital	20.4	**225 840**	254 570	**225 840**	254 570
Shares to be issued	20.5	**249 687**	190 491	**304 321**	190 491
Accumulated loss		**(92 624)**	(109 181)	**(84 104)**	(84 104)
Minority interests	22	**–**	–	**–**	–
Non-current liabilities		**54 157**	46 325	**–**	–
Borrowings – long-term	23	**36 883**	36 676	**–**	–
Deferred taxation	24	**17 274**	9 649	**–**	–
Current liabilities		**58 224**	44 707	**65**	65
Borrowings – short-term	23	**35 044**	37 594	**–**	–
Trade and other payables	25	**12 676**	6 002	**65**	65
Bank overdraft	26	**5 361**	–	**–**	–
Taxation	27	**5 143**	1 111	**–**	–
Total equity and liabilities		**495 284**	426 912	**446 122**	361 022
				% change	
Net asset value per share (cents)		**31,03**	50,78	**(38,9)**	
Net tangible asset value per share (cents)		**27,03**	50,11	**(46,1)**	
Shares in issue (including shares to be issued)		**1 233 849 285**	661 377 814		
Diluted asset value per share (cents)		**31,03**	40,24	**(22,9)**	
Diluted tangible asset value per share (cents)		**27,03**	39,71	**(31,9)**	
Total shares (ordinary shares and non participating, non-redeemable, non-cumulative compulsory convertible preference shares) including shares to be issued		**1 233 849 285**	834 648 934		

STATEMENTS OF COMPREHENSIVE INCOME

for the year ended 31 December 2011

		Group		Company	
		2011	2010	**2011**	2010
	Notes	**R'000**	R'000	**R'000**	R'000
Revenue	28	**40 591**	24 266	**–**	–
Cost of sales	29	**(17 234)**	(1 734)	**–**	–
Gross margin		**23 357**	22 532	**–**	–
Other income	30	**17 240**	20	**–**	–
Operating costs	31	**(25 141)**	(9 968)	**–**	–
Goodwill – impairment	8	**(36)**	(38 432)	**–**	–
Bargain purchase	9	**16 927**	21 840	**–**	–
Profit/(loss) from operations	32	**32 347**	(4 008)	**–**	–
Investment revenue	33	**2 803**	591	**–**	–
Finance charges	34	**(8 773)**	(3 417)	**–**	–
Profit/(loss) before taxation		**26 377**	(6 834)	**–**	–
Taxation	35	**(9 820)**	(514)	**–**	–
Profit/(loss) for the year		**16 557**	(7 348)	**–**	–
Other comprehensive income		**–**	–		
Total comprehensive income/(loss) for the year		**16 557**	(7 348)	**–**	–
Represented by:					
Ordinary shareholders		**16 557**	(7 348)	**–**	–
Minority shareholders		**–**	–	**–**	–
Total comprehensive income/(loss) for the year		**16 557**	(7 348)	**–**	–
		Cents	Cents	**% change**	
Earnings/(loss) per share	36	**1,70**	(1,41)	**220,57**	
Diluted earnings/(loss) per share	36	**1,70**	(1,33)	**227,82**	

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 December 2011

	Share capital R'000	Convertible preference share capital R'000	Share premium R'000	Treasury shares R'000	Shares to be issued R'000	Retained earnings/ (accumulated loss) R'000	Minority interests R'000	**Total R'000**
GROUP	Note 20.1	Note 20.2	Note 20.3	Note 21	Note 20.5		Note 22	
Balance at 31 December 2009	4 561	287	245 662	–	1 900	(101 833)	–	**150 577**
Total comprehensive (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 to settle vendor liability	–	–	–	–	190 491	–	–	**190 491**
Balance at 31 December 2010	5 002	287	249 281	–	190 491	(109 181)	–	**335 880**
Total comprehensive income for the year	–	–	–	–	–	16 557	–	**16 557**
Preference shares converted	–	(287)	(28 443)	–	28 730	–	–	**–**
Treasury shares	–	–	–	(17 461)	–	–	–	**(17 461)**
Ordinary shares to be issued to settle vendor liability	–	–	–	–	47 927	–	–	**47 927**
Balance at 31 December 2011	**5 002**	**–**	**220 838**	**(17 461)**	**267 148**	**(92 624)**	**–**	**382 903**
COMPANY								
Balance at 31 December 2009	4 561	287	245 662	–	1 900	(84 104)	–	**168 306**
Total comprehensive income for the year	–	–	–	–	–	–		**–**
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 to settle vendor liability	–	–	–	–	190 491	–	–	**190 491**
Balance at 31 December 2010	5 002	287	249 281	–	190 491	(84 104)	–	**360 957**
Total comprehensive income for the year	–	–	–	–	–	–		**–**
Preference shares converted	–	(287)	(28 443)	–	28 730	–	–	**–**
Ordinary shares to be issued to settle vendor liability	–	–	–	–	85 100	–	–	**85 100**
Balance at 31 December 2011	**5 002**	**–**	**220 838**	**–**	**304 321**	**(84 104)**	**–**	**446 057**

STATEMENTS OF CASH FLOW

for the year ended 31 December 2011

	Notes	Group 2011 R'000	Group 2010 R'000	Company 2011 R'000	Company 2010 R'000
CASH (OUTFLOWS)/INFLOWS FROM OPERATING ACTIVITIES		**(31 501)**	(37 662)	**195**	39
Cash (utilised)/generated by operations to maintain operating capacity	37.1	**(22 728)**	(34 068)	**195**	39
Interest paid		**(8 773)**	(3 417)	**–**	–
Income taxes paid	37.2	**–**	(177)	**–**	–
CASH INFLOWS/(OUTFLOWS) FROM INVESTING ACTIVITIES		**32 025**	10 882	**(235)**	(466)
Interest received		**2 803**	591	**–**	–
Acquisition of investments		**(7 680)**	–	**–**	–
Acquisition of interest in subsidiaries	9	**(3 019)**	2 737	**–**	–
Advance to subsidiaries		**–**	–	**(235)**	(466)
Sale of investment property		**40 000**	7 574	**–**	–
Goodwill on acquisition of subsidiaries	8	**–**	(7)	**–**	–
Payments for property, plant and equipment and computer software		**(79)**	(13)	**–**	–
CASH (OUTFLOWS)/INFLOWS FROM FINANCING ACTIVITIES		**(5 823)**	27 391	**–**	–
Decrease in borrowings		**(14 748)**	–	**–**	–
Increase in borrowings		**8 925**	23 391	**–**	–
Receipts from shares issued		**–**	4 000	**–**	–
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(5 299)**	611	**(40)**	(427)
Cash and cash equivalents at the beginning of the year		**1 155**	544	**102**	529
Cash and cash equivalents at the end of the year	38	**(4 144)**	1 155	**62**	102
Cash and cash equivalents at the end of the year is reflected on the Statements of Financial Position as follows:					
Cash and cash equivalents		**1 217**	1 155	**62**	102
Bank overdraft		**(5 143)**	–	**–**	–
Total per above		**(4 144)**	1 155	**62**	102

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 on page 6 of the annual report.

2. ADOPTION OF NEW AND REVISED STANDARDS

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

Standards and Interpretations affecting amounts reported in the current period and/or prior periods

No Standards and Interpretations adopted in the current period have materially affected the amounts reported in these financial statements.

Standards and Interpretations affecting presentation and disclosure

No Standards and Interpretations adopted in the current period have materially affected the presentation and disclosure in these financial statements.

Standards and Interpretations adopted with no effect on the financial statements

The following new and revised Standards and Interpretations have also been adopted in these financial statements. Their adoption has not had any significant impact on the amounts reported in these financial statements, but may affect the accounting for future transactions or arrangements.

IFRS 1 First-time Adoption of International Financial Reporting Standards
- Amendment relieves first-time adopters of IFRS from providing the additional disclosures introduced through Amendments to IFRS 7 in March 2009.
- Amendment clarifies that change in accounting policies in the year of adoption fall outside 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 operations subject to rate regulation.

IFRS 3 Business Combinations
- 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 unreplaced and voluntarily replaced share-based payment awards.

IFRS 7 Financial Instruments: Disclosures
- Amendment clarifies the intended interaction between qualitative and quantitative disclosures of the nature and extent of risks arising from financial instruments and removed some disclosure items which were seen to be superfluous or misleading.

IAS 1 Presentation of Financial Statements
- Clarification of statement of changes in equity.

IAS 21 The Effects of Changes in Foreign Exchange Rates
- Consequential amendments from changes to IAS 27, Consolidated and Separate Financial Statements. (Clarification on the transition rules in respect of the disposal or partial disposal of an interest in a foreign operation.)

2. ADOPTION OF NEW AND REVISED STANDARDS (continued)

Standards and Interpretations adopted with no effect on the financial statements (continued)

IAS 24 Related Party Disclosures
- Simplification of the disclosure requirements for government-related entities.
- Clarification of the definition of a related party.

IAS 27 Consolidated and Separate Financial Statements
- Transition requirements for amendments arising as a result of IAS 27, Consolidated and Separate Financial Statements.

IAS 28 Investments in Associates
- Consequential amendments from changes to IAS 27, Consolidated and Separated Financial Statements. (Clarification on the transition rules in respect of the disposal or partial disposal of an interest in a foreign operation.)

IAS 31 Interests in Joint Ventures
- Consequential amendments from changes to IAS 27, Consolidated and Separated Financial Statements. (Clarification on the transition rules in respect of the disposal or partial disposal of an interest in a foreign operation.)

IAS 32 Financial Instruments: Presentation
- 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 Interim Financial Reporting
- Clarification of disclosure requirements around significant events and transactions including financial instruments.

Standards and Interpretations in issue, but not yet effective

The following Standards and Interpretations have been issued, but are not yet effective as at 31 December 2011:

IFRS 1 First-time Adoption of International Financial Reporting Standards
- Standard amended to provide guidance for entities emerging from severe hyperinflation and resuming presentation of IRFS-compliant financial statements, or presenting IFRS-compliant financial statements for the first time (effective 1 July 2011).
- Standard amended to remove the fixed date of 1 January 2004 relating to the retrospective application of the de-recognition requirements of IAS 39, and relief for first-time adopters from calculating day 1 gains on transactions that occurred before the date of adoption (effective 1 July 2011).
  - Amendments add an exception to the retrospective application of IFRSs to require that first-time adopters apply the requirements in IFRS 9 Financial Instruments and IAS 20 Accounting for Government Grants and Disclosure of Government Assistance prospectively to government loans existing at the date of transition to IFRSs (effective date 1 January 2013).
  - Annual Improvements 2009-2011 Cycle: Amendments clarify the options available to users when repeated application of IFRS 1 is required and to add relevant disclosure requirements (effective 1 January 2013).
  - Annual Improvements 2009-2011 Cycle: Amendments to borrowing costs (effective 1 January 2013).

IFRS 7 Financial Instruments: Disclosures
- 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 (effective 1 July 2011).
- Amendments require entities to disclose gross amounts subject to rights of set-off, amounts set-off in accordance with the accounting standards followed, and the related net credit exposure. This information will help investors understand the extent to which an entity has set-off in its statement of financial position and the effects of rights of set-off on the entity's rights and obligations (effective 1 January 2013).

IFRS 9 Financial Instruments
- New standard that forms the first part of a three-part project to replace IAS 39, Financial Instruments: Recognition and Measurement (effective 1 January 2015).

2. ADOPTION OF NEW AND REVISED STANDARDS (continued)

Standards and Interpretations in issue, but not yet effective (continued)

IFRS 10 Consolidated Financial Statements

- New standard that replaces the consolidation requirements in SIC-12 Consolidation – Special Purpose Entities and IAS 27, Consolidated and Separate Financial Statements. Standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company and provides additional guidance to assist in the determination of control where this is difficult to assess (effective 1 January 2013).

IFRS 11 Joint Arrangements

- New standard that deals with the accounting for joint arrangements and focuses on the rights and obligations of the arrangement, rather than its legal form. Standard requires a single method for accounting for interest in jointly controlled entities (effective 1 January 2013).

IFRS 12 Disclosures of Interests in Other Entities

- New and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off-statement of financial position vehicles (effective 1 January 2013).

IFRS 13 Fair Value Measurement

- New guidance on fair value measurements and disclosure requirements (effective 1 January 2013).

IAS 1 Presentation of Financial Statements

- New requirements to group together items within OCI that may be reclassified to the profit or loss section of the income statement in order to facilitate the assessment of their impact on the overall performance of an entity (effective 1 July 2012).
- Annual Improvements 2009-2011 Cycle: Amendments clarifying the requirements for comparative information including minimum and additional comparative information required (effective 1 January 2013).

IAS 12 Income Taxes

- Rebuttable presumption introduced that an investment property will be recovered in its entirety through sale (effective 1 January 2012).

IAS 16 Property, Plant and Equipment

- Annual Improvements 2009-2011 Cycle: Amendments to the recognition and classification of servicing equipment (effective 1 January 2013).

IAS 19 Employee Benefits

- Amendments to the accounting for current and future obligations resulting from the provision of defined benefit plan (effective 1 January 2013).

IAS 27 Consolidation and Separate Financial Statements

- Consequential amendments resulting from the issue of IFRS 10, 11 and 12 (effective 1 January 2013).

IAS 28 Investments in Associates

- Consequential amendments resulting from the issue of IFRS 10, 11 and 12 (effective 1 January 2013).

IAS 32 Financial Instruments: Presentation

- Amendments require entities to disclose gross amounts subject to rights set-off, amounts set-off in accordance with the accountings standards followed and the related net credit exposure. This information will help investors understand the extent to which an entity has set-off in its statement of financial position and the effects of rights of set-off on the entity's rights and obligations (effective 1 January 2013).
- Annual Improvements 2009-2011 Cycle: Amendments to clarify the tax effect of distribution to holders of equity instruments (effective 1 January 2013).

IAS 34 Interim Financial Reporting

- Annual Improvements 2009-2011 Cycle: Amendments to improve the disclosures for interim financial reporting and segment information for total assets and liabilities (effective 1 January 2013).

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 dates 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, the Companies Act of South Africa and the JSE Listings Requirements.

3.2 Basis of preparation

The financial statements have also been prepared on the accrual basis of accounting, except for cash flow information. Investment properties are measured at fair value. The principal accounting policies are set out below and are consistent with the previous year.

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 year-ends of the subsidiaries are the same as that of the holding company.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statements 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 Business combinations

Goodwill and bargain purchase

The acquisition 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.

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. Transaction or acquisition costs are expensed in the periods in which the costs are incurred and the services received. However, the costs to issue debt or equity securities shall be recognised in accordance with IAS 32 and IAS 39.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Business combinations (continued)

Goodwill and bargain purchase (continued)

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.

Non-controlling interests that are present ownerships, interest and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation, may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Where a business combination is achieved in stages, the previously held equity interest at its acquisition date fair value shall be remeasured and the resulting gain or loss, if any, shall be recognised in profit or loss or other comprehensive income, as appropriate.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, 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* based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated statement of comprehensive income. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

3.6 Revenue recognition

Revenue (net of value-added tax) is measured at the fair value of the consideration received or receivable and comprises amounts invoiced (excluding value-added tax) to customers for goods and services. Revenue is net of returns and allowances, trade discounts and volume rebates.

Sale of goods

Revenue from the sale of goods is recognised when the amount of the revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the company, the costs incurred or to be incurred in respect of the transaction can be measured reliably, significant risks and rewards of ownership of goods are transferred to the buyer, recovery of the consideration is considered probable, the associated costs and possible return of the goods can be estimated reliably and there is no continuing management involved with the goods.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue is associated with the transaction by reference to the stage of completion of the transaction at the end of the reporting period.

The outcome of a transaction can be measured reliably when all the following conditions are satisfied when:
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity;
- the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses recognised that are recoverable.

Rental income

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7 Other income

Other income, which excludes the above, is recognised as and when the group has an unconditional right thereto, it is probable that the economic benefits associated with the transaction will flow to the entity and the amount of the revenue can be measured reliably.

The revenue is recognised in profit or loss.

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.

3.8 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 statement of financial position as a finance lease obligation.

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.

3.9 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. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.10 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.

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.

3.11 Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the company; and
- the cost of the item can be measured reliably.

Property, plant and equipment are initially measured at cost and subsequently carried at cost, less accumulated depreciation and impairment.

The cost of an item of property, plant and equipment comprises:

- its purchase price, including import duties and non-refundable purchase taxes after deducting trade discounts and rebates; and
- any costs directly attributable to bringing the asset to the location and the condition necessary for it to be capable of operating in the manner intended by management.

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	6 years
Furniture and fittings	6 years

The estimated useful lives, residual values and depreciation method are reviewed at each year-end. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11 Property, plant and equipment (continued)

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 when the item is derecognised.

3.12 Inventories

Raw materials are valued at weighted average cost. Finished goods are at raw material cost plus labour costs and a proportion of manufacturing overhead expenses based on normal capacity.

Subsequent to the above initial measurement, inventories are subsequently written down to the lower of cost and estimated net realisable value. Any write-down is recognised in profit or loss. When inventories are sold, the carrying amount of these inventories is recognised as an expense in the period in which the related revenue is recognised.

3.13 Treasury shares

Shares in the company, held by its subsidiaries, are classified in the group's shareholders' interest as treasury shares. These shares are treated as a deduction from the issued and weighted average number of shares. The cost price of the shares is presented as a deduction from total equity. Distributions received on treasury shares are eliminated on consolidation.

3.14 Investment property

Investment property shall be recognised as an asset when it is probable that the future economic benefits that are associated with the investment property will flow to the entity and the cost of the investment can be measured reliably.

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 as determined on an annual basis by an independent registered valuer. The valuations are done on an open-market basis and valuers use either the discounted cash flow method or the capitalisation of net income method, or a combination of both.

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.

Gains or losses on the disposal of investment properties are recognised in profit or loss and are calculated as the difference between the net selling price and the fair value of the property, as reported on the previous year's statement of financial position.

3.15 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 life, using the straight-line method. Useful lives, the residual values and the amortisation methods are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.15 Intangible assets (continued)

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.

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

An intangible asset shall be derecognised on disposal or when no future economic benefits are expected from its use or disposal.

The gain or loss arising from the derecognition of an intangible asset shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset. It shall be recognised in profit or loss when the asset is derecognised.

3.16 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 sub-total.

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.

3.17 Contingencies

Provisions are recognised when:
- the group has a present obligation (legal or constructive) as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.17 Contingencies (continued)

A constructive obligation to restructure arises only when an entity has a detailed formal plan for the restructuring, identifying at least:

- the business or part of a business concerned;
- the principal locations affected;
- the location, function and approximate number of employees who will be compensated for terminating their services;
- the expenditures that will be undertaken;
- when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

After their initial recognition, contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised, less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 43.

3.18 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.

An asset classified as held for sale or included within a disposal group that is classified as held for sale, is not depreciated.

The assets or disposal groups that are classified as held for sale are carried at the lower of carrying amount and fair value, less costs to sell.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are reflected under discontinued operations, if applicable.

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.

3.19 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:

- Loans and receivables and held to maturity investments are initially measured at their cost which is the fair value of their consideration, less the transaction costs. They are subsequently measured at amortised costs using the effective interest rate method, less any impairment.
- 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.

Investments are recognised and derecognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.19 Financial instruments (continued)

Financial assets (continued)

These investments are measured initially and subsequently at fair value. Gains or losses arising from changes in fair value are recognised directly in other comprehensive income until the security is disposed of or is determined to be impaired.

- 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.

The group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire or if the group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset.

- 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; and
- 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.

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.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

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. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.20 Share capital and equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences residual interest of the asset of an entity after deducting all of its liabilities. Equity instruments issued by the group are recognised at the proceeds received, net of direct issue costs.

Ordinary shares are classified as equity. Repurchase of the company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the company's own equity instruments.

3.21 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.

3.22 Deposits

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 measured at amortised cost.

3.23 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, based on the group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit and loss, such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

The policy described above is applied to all equity-settled share-based payment transactions that were granted and vested after 1 January 2005. No amounts have been recognised in the consolidated financial statements in respect of other equity-settled share-based payments.

Equity-settled share-based payment transactions with other parties, other than employees, 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 fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

For cash-settled share-based payment transactions, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured with any changes in fair value recognised in profit or loss for the year.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.24 Translation of foreign currencies

Foreign currency transactions

Functional and presentation currency
The group's annual financial statements are presented in South African Rand, which is the group's functional and presentation currency.

Transactions and balances
Transactions in foreign currencies are initially recorded in the functional currency at the rate ruling at the date of the transaction. At the reporting date, monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at exchange rates ruling at that date. Exchange differences arising on the settlement of transactions at rates different from those at the date of the transaction and unrealised foreign exchange differences on unsettled foreign currency monetary assets and liabilities, are recognised in profit or loss for the period.

3.25 Cost of sales

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The cost of sales, relating to rentals and recoveries charged to tenants occupying the Investment properties, comprises the direct property and building expenses. Interest paid on bonds and other finance is not included.

3.26 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care and pension and provident fund) is recognised in the period in which the service is rendered and is not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit-sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

3.27 Investment in subsidiaries

Company annual financial statements

In the company's separate annual financial statements, investment in subsidiaries are carried at cost less any accumulated impairment.

The cost of an investment in a subsidiary is the aggregate of:
- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the company; plus
- any costs directly attributable to the purchaser of the subsidiary.

An adjustment to the cost of a business combination contingent on future events is included in the cost of the combination if the adjustment is probable and can be measured reliably.

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 statement 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 R48 261 million (2010: R3 261 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.

Useful lives and residual value of property, plant and equipment

As described in note 3.11, 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 statement of financial position date. In determining whether an impairment loss should be recorded on the statement 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.

4. CRITICAL ACCOUNTING JUDGEMENTS (continued)

4.1 Key sources of estimation uncertainty (continued)

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.

Investments

The group reflects its held-for-trade and available-for-sale investments at fair value. The directors' value of unlisted investments was determined using a combination of discounted cash flow, net asset value and price earning methods.

Inventories

Impairment allowances are raised against inventory when it is considered that the amount realisable from such inventory's sale is considered to be less than its carrying amount. The impairment allowance is made with reference to an inventory age analysis.

Deferred taxation

Deferred taxation assets are recognised to the extent that it is probable that the taxable income will be available against which they can be utilised. Future taxable profits are estimated based on business plans which include estimates and assumptions regarding economic growth, interest, inflation, taxation rates and competitive forces.

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

5. SEGMENT INFORMATION

Operating segments

For management purposes, the group is organised into six major operating divisions by sectoral spread, based on the utilisation of the Investment property – Industrial, Leisure, Commercial and Retail, Document Storage, Manufacturing 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. Inter-segmental revenues are reflected below and have been eliminated:

	2011 R'000	2010 R'000	**2011 R'000**	2010 R'000
5.1 Segment assets and liabilities				
Investment Property – Leisure	**55 877**	56 245	**–**	–
Investment Property – Industrial	**58 188**	94 331	**27 793**	769
Investment Property – Commercial and Retail	**303 800**	245 379	**35 970**	43 553
Document Storage	**6 160**	5 472	**764**	5
Head Office	**18 769**	25 485	**34 245**	46 705
Manufacturing	**52 490**	–	**13 609**	–
Consolidated	**495 284**	426 912	**112 381**	91 032

5. SEGMENT INFORMATION (continued)

Operating segments (continued)

5.1 Segment assets and liabilities (continued)

Manufacturing segment

Bonatla acquired a 51% interest in the business of Carbon Processing and Technologies (Pty) Limited through a business combination – see note 9.

Investment Property – Industrial

The Prospect Close and Africard buildings (reflected at R40 000 000 under Non-current assets held-for-sale as at 31 December 2010) were sold in 2011.

Additional plant of R5 216 000 was purchased through an instalment sale agreement to increase the production capacity of activated carbon.

Investment Property – Commercial and Retail

An additional three buildings were purchased in 2011 at a fair value of R69 000 000 through business combinations – see note 9.

The Madeline Street building (R13 000 000) has been moved to Non-current assets held-for-sale.

5.2 Segment revenue

Continuing operations	**2011 R'000 Total segment revenue**	**2011 R'000 *Less* inter-segment revenue**	**2011 R'000 Net segment revenue**	2010 R'000 Total segment revenue	2010 R'000 *Less* inter-segment revenue	2010 R'000 Net segment revenue
Property Investment – Leisure	**–**	**–**	**–**	–	–	–
Property Investment – Industrial	**4 695**	**(3 700)**	**995**	10 242	–	10 242
Property Investment – Commercial and Retail	**25 598**	**–**	**25 598**	6 023	–	6 023
Document Storage	**2 938**	**–**	**2 938**	48	–	48
Head Office	**7 134**	**(848)**	**6 286**	8 373	(420)	7 953
Manufacturing	**4 774**	**–**	**4 774**	–	–	–
From continuing operations	**45 139**	**(4 548)**	**40 591**	24 686	(420)	24 266

The Investment Property – Industrial segments revenue is derived from rental income and recoveries of certain property expenses.

The Investment Property – Commercial and Retail segments revenue is derived from rental income and recoveries of certain property expenses.

The Document Storage segment revenue is derived from storage, scanning and consulting services.

The Head Office segment revenue is derived from fees charged to non-group companies.

The Manufacturing segment revenue is derived from the sale of charcoal and husks.

5. SEGMENT INFORMATION (continued)

5.3 Segment results

	Head Office	Leisure	Industrial	Commercial and Retail	Document Storage	Manu-facturing	**Total 2011**	Total 2010
Results from operating activities before items diluted below	(7 330)	47	(4 850)	(14 862)	(1 391)	(15 214)	**(43 600)**	(23 823)
Inter-segmental rental revenue	–	–	3 700	–	–	–	**3 700**	–
Inter-segmental management fees	848	–	–	–	–	–	**848**	420
Results from operating activities before items detailed below:	(6 482)	47	(1 150)	(14 862)	(1 391)	(15 214)	**(39 052)**	(23 403)
Accounting fees	–	–	18	154	–	–	**172**	–
Assessment rates	–	–	–	–	–	–	**–**	502
Audit fees	525	–	–	–	–	–	**525**	487
Commissions	–	–	–	88	–	–	**88**	931
Consulting fees	802	131	44	976	5	424	**2 382**	2 703
Depreciation	9	–	88	2	308	–	**407**	308
Directors' salaries and fees	2 520	–	–	–	398	–	**2 918**	905
Forex loss	–	–	296	–	–	–	**296**	–
Guarantees	–	–	–	–	–	168	**168**	–
Impairment – Investments	548	–	–	–	–	–	**548**	–
Insurances	8	–	12	234	37	453	**744**	–
JSE compliance costs	1 601	–	–	–	–	–	**1 601**	724
Lease payments	–	582	–	–	18	–	**600**	583
Management fees – inter-segmental	–	–	48	800	–	–	**848**	420
Legal costs	3 470	301	–	43	12	92	**3 918**	861
Pension fund contributions	–	–	–	–	–	703	**703**	–
Rent	202	–	–	–	222	3 700	**4 124**	–
Repairs plus maintenance	–	22	(75)	–	3	1 616	**1 566**	–
Salaries and wages	206	60	–	–	718	4 723	**5 707**	–
Securities transfer tax	–	–	–	–	7	–	**7**	581
Secretarial fees	180	–	2	52	2	–	**236**	–
Security costs	3	29	–	–	4	155	**191**	420
Travel local	190	4	–	3	7	32	**236**	291
Valuation fees	135	–	–	–	–	–	**135**	–
Water and electricity	4	–	–	–	20	–	**24**	623
Results from operating activities	3 921	1 176	(717)	(12 510)	370	(3 148)	**(10 908)**	(13 064)
Inter-segmental rental expense						(3 700)	**(3 700)**	–
Inter-segmental management fee expenses	–	–	(48)	(800)	–	–	**(848)**	(420)
Net results from operating activities	3 921	1 176	(765)	(13 310)	370	(6 848)	**(15 456)**	(13 484)
Investment revenue	–	–	–	–	–	–	**(2 803)**	(591)
Finance charges	–	–	–	–	–	–	**8 773**	3 417
Headline profit before adjustments	–	–	–	–	–	–	**(9 486)**	(10 658)
Fair value adjustment	–	–	–	–	–	–	**–**	900
Impairment – Goodwill	–	–	–	–	–	–	**36**	38 432
Bargain purchase	–	–	–	–	–	–	**(16 927)**	(21 840)
(Profit)/loss before tax	–	–	–	–	–	–	**(26 377)**	6 834
Taxation							**9 820**	514
Total comprehensive (income)/loss							**(16 557)**	7 348

		Group		Company	
		2011	2010	**2011**	2010
		R'000	R'000	**R'000**	R'000
6.	**PROPERTY, PLANT AND EQUIPMENT**				
	Cost				
	Land and building				
	– reclassified from Investment Property	**20 750**	–	**–**	–
	Office equipment	**16**	7	**–**	–
	Computer equipment	**682**	648	**–**	–
	Plant and equipment	**29 113**	24 250	**–**	–
	Furniture and fittings	**66**	52	**–**	–
	Total	**50 627**	24 957	**–**	–
	Accumulated depreciation				
	Land and buildings	**–**	–	**–**	–
	Office equipment	**8**	6	**–**	–
	Computer equipment	**448**	240	**–**	–
	Plant and equipment	**89**	–	**–**	–
	Furniture and fittings	**19**	9	**–**	–
	Total	**564**	255	**–**	–
	Carrying amount				
	Land and buildings	**20 750**	–	**–**	–
	Office equipment	**8**	1	**–**	–
	Computer equipment	**234**	408	**–**	–
	Plant and equipment	**29 024**	24 250	**–**	–
	Furniture and fittings	**47**	43	**–**	–
	Total	**50 063**	24 702	**–**	–
	Movement for the year				
	Net book value at the beginning of the year	**24 702**	24 904	**–**	–
	Additions through business combinations at fair value	**–**	–	**–**	–
	Additions – normal course of business:				
	Office equipment	**9**	–	**–**	–
	Computer equipment	**34**	–	**–**	–
	Plant and equipment	**4 863**	–	**–**	–
	Furniture and fittings	**14**	–	**–**	–
	Reclassification from Investment property	**20 750**	10	**–**	–
	Depreciation charge for the year	**(309)**	(212)	**–**	–
	Net book value at the end of the year	**50 063**	24 702		

		Group 2011 R'000	Group 2010 R'000
7.	**INVESTMENT PROPERTY**		
	Karbotek building – Estcourt, KwaZulu-Natal		
	Balance at the beginning of the year	**20 750**	20 750
	Additions	**–**	–
	Transferred to property, plant and equipment	**(20 750)**	–
	Balance at the end of the year	**–**	20 750
	Milestone Place Building – Route 21, Irene, Gauteng		
	Balance at the beginning of the year	**12 500**	–
	Additions	**–**	12 500
	Balance at the end of the year	**12 500**	12 500
	Property 259 Building – Ferndale, Johannesburg, Gauteng		
	Balance at the beginning of the year	**12 500**	–
	Additions	**–**	12 500
	Balance at the end of the year	**12 500**	12 500
	TUT – The Heights Building – Philip Nel Park, Tshwane, Gauteng		
	Balance at the beginning of the year	**70 560**	–
	Additions	**–**	70 560
	Balance at the end of the year	**70 560**	70 560
	Bishops Court Building – Hillcrest, Durban, KwaZulu-Natal		
	Balance at the beginning of the year	**22 500**	–
	Additions	**–**	22 500
	Balance at the end of the year	**22 500**	22 500
	Celtis Plaza Building – Hatfield, Pretoria, Gauteng		
	Balance at the beginning of the year	**29 500**	–
	Additions	**–**	29 500
	Disposal of property	**(29 500)**	–
	Balance at the end of the year	**–**	29 500
	Chambers Building – Ground Floor – Block E – Bellville, Western Cape		
	Balance at the beginning of the year	**8 500**	–
	Additions	**–**	8 500
	Balance at the end of the year	**8 500**	8 500
	Chambers Building – Floors 2 and 3 – Bellville, Western Cape		
	Balance at the beginning of the year	**13 000**	–
	Additions	**–**	13 000
	Balance at the end of the year	**13 000**	13 000

		Group	
		2011	2010
		R'000	R'000
7.	**INVESTMENT PROPERTY (continued)**		
	Prospect Close Building – Stand 925, Irene Ext 30, Tshwane		
	Balance at the beginning of the year	**22 000**	–
	Additions	**–**	22 000
	Disposal of property	**(22 000)**	–
	Balance at the end of the year	**–**	22 000
	Africard Building – Stand 173, Cleveland Ext 5, Johannesburg		
	Balance at the beginning of the year	**18 000**	–
	Additions	**–**	18 000
	Disposal of property	**(18 000)**	–
	Balance at the end of the year	**–**	18 000
	Madeline Street Building – 20 Madeline Street, Florida, Johannesburg		
	Balance at the beginning of the year	**–**	–
	Additions	**13 000**	–
	Balance at the end of the year	**13 000**	–
	Austin Crossing Building – Stand 961, Witkoppies Ext 18, Klerksdorp		
	Balance at the beginning of the year	**–**	–
	Additions	**6 000**	–
	Balance at the end of the year	**6 000**	–
	Flextronics Building – Erf 1060, Ferndale, Randburg		
	Balance at the beginning of the year	**–**	–
	Additions	**50 000**	–
	Balance at the end of the year	**50 000**	–
	Total	**208 560**	229 810
	Less: Transferred to non-current assets held for sale:		
	Prospect Close Building	**–**	(22 000)
	Africard Building	**–**	(18 000)
	Madeline Street	**(13 000)**	–
	Total	**195 560**	189 810

		Group		Company	
		2011	2010	**2011**	2010
	Total at year-end	**R'000**	R'000	**R'000**	R'000
7.	**INVESTMENT PROPERTY (continued)**				
	Balance at the beginning of the year	**189 810**	20 750	**–**	–
	Acquisitions through business combinations	**69 000**	209 060	**–**	–
	Sold	**(29 500)**	–	**–**	–
	Transferred to non-current assets held-for-sale	**(13 000)**	(40 000)	**–**	–
	Transferred to property, plant and equipment	**(20 750)**	–	**–**	–
	Balance at the end of the year	**195 560**	189 810	**–**	–

First ranking covering mortgage bonds have been given to Nedbank over the Milestone Place, Property 259 and The Heights Buildings.

A First ranking coverage mortgage bond has been given to Merchant Factors over the Flextronics Building.

The fair value of all the above investment properties at 31 December 2011 has been arrived at on the basis of a valuation carried out in November 2011 by Mr JD Malakou, an independent valuer, who is not related to the group.

Mr 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. No straight-lined rental income has been included in arriving at the fair value of the Investment properties. The directors, in their opinion, decided that there was no change in the value of these investment properties from November 2011 to 31 December 2011.

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

8. GOODWILL

	Group	
	2011	2010
	R'000	R'000
Cost	**86 729**	41 693
Accumulated impairment losses	**(38 468)**	(38 432)
	48 261	3 261
Cost		
Balance at the beginning of the year	**41 693**	4 411
Additional amounts recognized from business combinations occurring during the year (note 9)	**45 036**	37 275
Acquisition of subsidiaries		7
	86 729	41 693
Accumulated impairment losses		
Balance at the beginning of year	**(38 432)**	–
Impairment of losses recognised in the year	**(36)**	(38 432)
Balance at the end of the year	**(38 468)**	(48 432)

	Group 2011 R'000	Group 2010 R'000
8. GOODWILL (continued)		

Allocation of goodwill to cash-generating units

Goodwill has been allocated for impairment testing purposes to the following cash-generating units:

- Investment Property – Commercial and Retail
- Investment Property – Industrial
- Manufacturing
- Document Storage

Goodwill at year-end comprises:		
Manufacturing	**45 000**	–
Document Storage	**3 261**	3 261
	48 261	3 261

The recognition of impairment losses is as follows:		
Investment Property – Commercial and Retail	**(36)**	(37 275)
Investment Property – Industrial	**–**	(1 150)
Head Office	**–**	(7)
	(36)	(38 432)

Investment Property – Commercial and Retail

The directors have decided to write off this goodwill as there is very little unoccupied space which will be able to be let in the future.

The impairment loss has been included in the "Goodwill – impairment" line in the Statement of Comprehensive Income.

Manufacturing

The recoverable amount of this cash-generating unit is determined based on a value-in-use calculation which uses cash flow projections based on financial budgets approved by the directors covering a five-year period, and a discount rate of 10% (before tax) per annum.

Cash flow projections during the budget period are based on the same expected gross margins that are achieved at similar plants, situated world-wide, producing activated carbon. The directors are of the opinion that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating unit.

The key assumptions made relating to the recoverability due to value in use are:

- Two additional kilns will be purchased, commissioned, tested and ready to start producing from 1 October 2012.
- An additional 200 tonnes of activated carbon will be produced monthly.
- The growth rate in revenue and costs of 10% has been used.

Investment Property – Industrial

The directors wrote off this goodwill in 2010 as the property was sold in 2010.

The impairment loss has been included in the "Goodwill – impairment" line in the Statement of Comprehensive Income in 2010.

8. GOODWILL (continued)

Document Storage

The recoverable amount of this cash-generating unit is determine on fair value less costs to sell. Management is confident that it will receive an offer for this cash-generating unit in excess of this amount.

The key assumptions made relating to the recoverability due to fair value less costs to sell are:
- A selling price based on a multiple of three times the forecast profit has been used.
- The forecast profit includes profits from a joint venture which became effective in 2012.
- The forecast profit includes the sale of two franchises per annum.

The directors believe that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating unit.

9. BUSINESS COMBINATIONS

The consolidated results for the year ended 31 December 2011 include the trading results of the last three Bluezone Property companies since the acquisition date, as well as the trading results of the Bonatla Group for the entire period under review.

Bonatla took effective control of the three Bluezone Property companies as from 21 June 2011, being the acquisition date; 100% of the voting equity interests were acquired in respect of the three acquisitions. These acquisitions were made in order to expand the rental-earning asset base.

Bonatla took effective control of Carbon and Processing Technologies (Pty) Limited as from 1 January 2011, being the acquisition date; 51% of the voting equity interests was acquired in respect of this acquisition. This acquisition was made because the business in this company is expected to contribute greatly to the results in 2012 and thereafter. The overseas supplier of the activator has guaranteed to take all the plant's production at favourable prices for the next five years. The minority shareholders have guaranteed that the business will not make any losses during 2011.

For all of the above acquisitions, there are no contingent consideration arrangements and indemnification assets.

	Fair value of property R'000	Fair value of other assets and liabilities acquired R'000	Purchase con-sideration R'000	(Bargain purchase)/ goodwill R'000	Profit/ (loss) after tax R'000	Revenue R'000
Carbon and Processing Technologies (Pty) Limited	–	(45 000)	–	45 000	–	4 774
The minority shareholders have guaranteed that the business will not make any losses in 2011						
Reflected as:						
Goodwill arising on consolidation				45 000		
Austin Crossing Properties (Pty) Limited	6 000	(110)	4 175	(1 715)	114	351
Tropical Paradise Trading 334 (Pty) Limited	50 000	3 134	37 922	(15 212)	1 276	2 890
	56 000	**3 024**	**42 097**	**(16 927)**	**1 390**	
Total bargain purchase				**(16 927)**		
Madeline Street Properties (Pty) Limited	**13 000**	**(1 691)**	**11 345**	**36**	**399**	**955**
Total goodwill				**36**		
Total	**69 000**	**1 333**	**53 442**	**(16 891)**	**1 789**	

	Fair value of property R'000	Fair value of other assets and liabilities acquired R'000	Purchase con-sideration R'000	(Bargain purchase)/ goodwill R'000	Profit/ (loss) after tax R'000	Revenue R'000
9. BUSINESS COMBINATIONS (continued)						
Reflected as:						
Impairment – goodwill – reflected as Goodwill – impairment in the statement of comprehensive income				36		
Bargain purchase – reflected as Bargain purchase in the statement of comprehensive income				(16 927)		
Shares to be issued			85 000			
Cash to be paid			30			
Total acquisition price			85 030			
Add: Additional cost of acquisition			5 584			
Total cost			90 614			
Less: Fair value – purchase consideration			(53 441)			
Reduction in fair value of shares to be issued			**37 173**			

Goodwill of R45 000 000 arose on the acquisition of the charcoal and activated carbon business as a result of management's assessment of the future prospects of the activated carbon business.

The Bargain purchase of R15 212 000 (acquisition of the Flextronics Building) and R1 715 000 (acquisition of the Austin Crossing Building) arose due to the consideration value being below the fair value of the business combination net assets.

The total goodwill acquired of R45 036 000 is not expected to be deductible for tax purposes.

No revenue or profit or loss for Austin Crossing Properties (Pty) Limited, Tropical Paradise Trading 334 (Pty) Limited and Madeline Street Properties (Pty) Limited has been disclosed for the current reporting period as though the acquisition date for these business combinations had occurred at the beginning of the annual reporting period. Due to these companies being placed under judicial management, the accounting records were not maintained and available. However, the fair value of the business combination net assets as at 30 June 2011 were established.

The acquisition date for Carbon and Processing Technologies (Pty) Limited was at the beginning of the reporting period and consequently the revenue and profit per the table above is for the full 12 months.

9. BUSINESS COMBINATIONS (continued)

Assets and liabilities

	Cash R'000	Fair value of trade and other receivables R'000	Fair value of inventory R'000	Fair value of trade and other payables R'000	Fair value of deferred tax R'000	Fair value of long-term liabilities R'000	Total R'000
– Austin Crossing Properties (Pty) Limited	48	2 547	–	(2 614)	(91)	–	**(110)**
– Tropical Paradise Trading 334 (Pty) Limited (Flextronics Building)	169	5 777	–	(5 052)	2 240	–	**3 134**
– Madeline Street Properties (Pty) Limited	5	2 987	–	(3 099)	(1 584)	–	**(1 691)**
	222	11 311	–	(10 765)	565	–	**1 333**
Carbon and Processing Technologies (Pty) Limited	(3 241)	1 659	506	(32 611)	(980)	(10 333)	**(45 000)**
		See table below					
Cash paid	–						
Cash received	222						
Overdraft	(3 241)						
Net overdraft	**(3 019)**						

	Fair value of trade and other receivables R'000	Fair value of loans R'000	Fair value of total loans, trade and other receivables R'000
– Austin Crossing Properties (Pty) Limited	–	2 547	2 547
– Tropical Paradise Trading 334 (Pty) Limited (Flextronics Building)	1 085	4 692	5 777
– Madeline Street Properties (Pty) Limited	137	2 850	2 987
	1 222	10 089	11 311
Carbon and Processing Technologies (Pty) Limited	1 659	–	1 659

All the above trade and other receivables and loans should be recovered during 2012.

The acquisition price for the acquisition of the last three Bluezone companies was agreed upon in October 2009, based on a 10% yield. Subsequently, Bluezone Investments (Pty) Limited was placed in liquidation and a number of tenants did not renew their leases while the property maintenance and administration declined. This resulted in a decrease in the value of some of the buildings.

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.

Disposal of the shares and claims in Copper Moon Trading 249 (Pty) Limited (Celtis Plaza Buildings)

	Value R'000	Conside-ration R'000	Profit/ (loss) on sale R'000	Profit/ (loss) after tax for 9 months R'000
Copper Moon Trading 249 (Pty) Limited sold on 30 September 2011	**16 993**	**17 461**	**468**	**440**

		Group		Company	
		2011	2010	**2011**	2010
		R'000	R'000	**R'000**	R'000
10.	**OTHER INTANGIBLE ASSETS**				
	Valuation				
	– Computer software	**370**	363	**–**	–
	– Intellectual property	**1 000**	1 000	**–**	–
	Total	**1 370**	1 363	**–**	–
	Accumulated amortisation				
	– Computer software	**268**	170	**–**	–
	– Intellectual property	**–**	–	**–**	–
	Total	**268**	170	**–**	–
	Carrying amount				
	– Computer software	**102**	193	**–**	–
	– Intellectual property	**1 000**	1 000	**–**	–
	Total	**1 102**	1 193	**–**	–
	Movement for the year				
	Cost at the beginning of the year	**1 363**	1 359	**–**	–
	Additions through business combinations:				
	– Computer software	**–**	–	**–**	–
	– Intellectual property	**–**	–	**–**	–
	Additions through normal business	**7**	4	**–**	–
	At the end of the year	**1 370**	1 363	**–**	–
	Movement for the year				
	Accumulated amortisation at the beginning of the year	**170**	73	**–**	–
	Charge for the year – Computer software	**98**	97	**–**	–
	At the end of the year	**268**	170	**–**	–

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 of Bonatla are of the opinion that the intellectual property has an indefinite useful life as the systems are continuously improved, modified and upgraded.

No impairment has been considered for the intellectual property (R1 000 000). The basis on which the intellectual property of R1 000 000 is recoverable is fair value less costs to sell. Management is confident that it will receive an offer for this cash-generating unit in excess of this amount.

Refer to note 8 – Document Storage for the assumptions used and the effect of possible changes in the assumptions used.

11. INVESTMENT IN SUBSIDIARIES

The company has control over the companies listed below. The effective shareholding for the companies listed below, with the exception of M & P Boating (Pty) Limited, is 100%. The charcoal and activated carbon business was transferred into M & P Boating (Pty) Limited on 1 January 2011 and the company has an effective holding of 51%.

The name of M + Beating (Pty) Limited changed in 2011 to Carbon and Processing Technologies (Pty) Limited.

Name of company	Nature of business	Effective 2011 %	2010 %	Shares at cost 2011 R'000	Shares at cost 2010 R'000
Bonatla Properties (Pty) Limited	Management	**100**	100	**–***	–*
Codify Investments (Pty) Limited	Investment Property – Leisure	**100**	100	**–***	–*
Stand 11 Corporate Park (Pty) Limited	Investment Property – Leisure	**100**	100	**–***	–*
Morgan Creek Properties Ten (Pty) Limited	Investment Property – Industrial	**100**	100	**5 776**	5 776
New Adventure Investments 72 (Pty) Limited	Investment Property – Document Storage	**100**	100	**–***	**–***
Cambridge Park Mall (Pty) Limited	Dormant company	**100**	100	**–***	–*
VLC Commercial and Industrial Properties (Pty) Limited	Investment Property – Commercial and Retail	**100**	100	**–***	–*
M & P Boating (Pty) Limited (now Carbon and Processing Technologies (Pty) Limited)	Manufacturing company	**51**	100	**–***	–
Makeover Investments (Pty) Limited	Dormant company	**100**	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.*

The directors are of the opinion that no impairment of the investment in the subsidiaries is required.

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.

The investments below are only shown in the subsidiary company's (Bonatla Properties (Pty) Limited) annual financial statements:

11. INVESTMENT IN SUBSIDIARIES (continued)

Name of company	Nature of business	Effective 2011 %	Effective 2010 %	Shares at cost 2011 R'000	Shares at cost 2010 R'000
Mystic Blue Trading 511 (Pty) Limited	Investment Property – Industrial	**100**	100	**42 950**	**42 950**
Quick Leap Investments 461 (Pty) Limited	Investment Property – Industrial	**100**	100	**18 270**	18 270
Milestone Place Properties (Pty) Limited	Investment Property – Commercial and Retail	**100**	100	**9 830**	9 830
Property 259 Properties (Pty) Limited	Investment Property – Commercial and Retail	**100**	100	**15 230**	15 230
Nungu Trading 472 (Pty) Limited	Investment Property – Commercial and Retail	**100**	100	**46 986**	46 986
Bishops Court Properties (Pty) Limited	Investment Property – Commercial and Retail	**100**	100	**13 972**	13 972
Copper Moon Trading 249 (Pty) Limited	Investment Property – Commercial and Retail	**100**	100	**17 627**	17 627
Chambers Ground Floor Properties (Pty) Limited	Investment Property – Commercial and Retail	**100**	100	**8 048**	8 048
Tropical Paradise Trading 320 (Pty) Limited	Investment Property – Commercial and Retail	**100**	100	**14 458**	14 458
Austin Crossing Properties (Pty) Limited	Investment Property – Commercial and Retail	**100**	–	**7 015**	–
Tropical Paradise Trading 334 (Pty) Limited	Investment Property – Commercial and Retail	**100**	–	**65 015**	–
Madeline Street Properties (Pty) Limited	Investment Property – Commercial and Retail	**100**	**–**	**13 000**	–
Total acquisitions through business combinations before disposals				**272 401**	187 371
Less: Disposal					
Copper Moon Trading 249 (Pty) Limited				**(17 627)**	–
Total acquisitions through business combinations				**254 774**	187 371

The directors are of the opinion that no impairment of the investment in the above subsidiaries is required as they are making profits.

	Loans to subsidiaries 2011 R'000	Loans to subsidiaries 2010 R'000
12. LOANS TO SUBSIDIARIES		
Bonatla Properties (Pty) Limited	**280 217**	195 086
Codify Investments (Pty) Limited	**33 504**	33 300
Stand 11 Corporate Park (Pty) Limited	**24 439**	24 439
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	**440 284**	354 949

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 R280 217 000 (2010: 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. INVESTMENTS	**Group**	
	2011 R'000	2010 R'000
In order to secure the acquisition of the last three Bluezone Property Companies, Bonatla purchased a minority share holding in the Bluezone Property Holding Companies from certain investors	**2 096**	–
Less: Impairment	**(548)**	–
Fair value of investments	**1 548**	–

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

Fair value hierachy of financial assets at fair value through profit or loss		
Level 3 applies inputs which are not based on observable market data (unobservable input)		
Level 3:		
Unlisted shares	**1 548**	–

14. 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	
	2011	2010	**2011**	2010
	R'000	R'000	**R'000**	R'000
Shown under non-current assets				
Prepayments	**55 079**	55 663	**–**	–
Others	**99**	–	**–**	–
	55 178	55 663	**–**	–
Shown under current assets – prepayments	**582**	582	**–**	–
Total	**55 760**	56 245	**–**	–

15. DEPOSITS

Non-refundable deposit	**50 000**	50 000	**–**	–
Rates deposit	**471**	–	**–**	–
Electricity deposits	**10**	–	**–**	–
	50 481	50 000	**–**	–

A non-refundable deposit relating to the acquisition of 200 000 m^2 of bulk land and containing two buildings thereon, has been approved by the shareholders.

The transfer of the 200 000 m^2 of bulk land, and buildings thereon, has been held up by litigation relating to the zoning and to the Environmental Impact Assessment ("EIA"). Once the litigation has been resolved, the R50 000 000 will be transferred from Deposits to Investment Properties.

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.

A rates deposit of six months was required to be given to obtain a clearance certificate in respect to the sale of the Africard Building.

	Group		Company	
	2011	2010	**2011**	2010
	R'000	R'000	**R'000**	R'000
16. INVENTORIES				
Finished goods	**186**	–	**–**	–
Raw materials	**301**	–	**–**	–
	487	–	**–**	–

The carrying amount of the inventories is pledged as a security as part of a general notarial bond over moveable assets for liabilities as per note 23.

		Group		Company	
		2011 R'000	2010 R'000	**2011 R'000**	2010 R'000
17.	**TRADE AND OTHER RECEIVABLES**				
	Trade receivables	**1 719**	10 722	**–**	–
	Bebinchand Seevnarayan Trust – down payment	**–**	1 500	**–**	–
	Sibuyelo Matwane Community Trust – advance payment	**216**	195	**–**	195
	Bluezone Holding companies	**57 206**	40 633	**–**	–
	Rental equalisation reserve	**847**	261	**–**	–
	Prepayments – income plan distribution	**3 986**	506	**–**	–
	Loans	**9 325**	5 727	**–**	–
	Other	**2 145**	1 002	**–**	–
	Gross receivables	**75 444**	60 546	**–**	195
	Impairment	**–**	–	**–**	–
	Total	**75 444**	60 546	**–**	195

Trade receivables

Trade receivables consist of rentals, sales of charcoal products, computer equipment and accessories and services rendered which are 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:

	2011 R'000	2010 R'000
Current and 30 days	**537**	10 550
60 days	**391**	172
Older than 60 days	**791**	–
Total	**1 719**	10 722

All the above amounts are considered recoverable and no impairment is required. This includes the outstanding amount of R791 000, which is past due.

For 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.

The majority of the debtors with ageing greater than 60 days, have paid, after the year-end, their balances owing.

Sibuyelo Matwane Community Trust

The advance payment of R216 000 (2010: R195 000) will be deducted from the proceeds of sales of their shares, when the suspension in the trading of Bonatla's shares is lifted by the JSE Limited.

Bluezone Holding companies

This relates to costs incurred by Bonatla in getting the 12 Bluezone Property companies out of judicial management. A sufficient number of ordinary shares, to be issued to the 12 Bluezone Holding companies, is held as security for this debt. The amount owing will be settled through ordinary shares.

Rental equalisation reserve

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

17. TRADE AND OTHER RECEIVABLES (continued)

Prepayments – Income Plan distribution

In terms of the agreement for the acquisition of the 12 Bluezone companies, Bonatla has agreed to make 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 R3 986 000 (2010: R506 000) represents voluntary distributions, made in advance, before the shares have been issued.

Loans

These loans are unsecured and are interest free R8 524 990 (2010 – R nil) and will be settled by withholding dividends made to the minority shareholders in Carbon Processing and Technologies (Pty) Limited.

Other

R527 501 will be repaid once the adjustment accounts relating to the sale of the Africard and the Prospect Close Buildings, and the sale of the Copper Moon Trading 249 (Pty) Limited, have been finalised.

18. CASH AND CASH EQUIVALENTS

The components of cash and cash equivalents are only bank balances.

	Group		Company	
	2011	2010	**2011**	2010
	R'000	R'000	**R'000**	R'000
Bank balances	**1 217**	1 155	**62**	102

19. NON-CURRENT ASSETS HELD FOR SALE

Investment properties held for sale	**13 000**	40 000	**–**	–

The company intends to dispose of the land and buildings situated at 20 Madeline Street, Florida, Johannesburg during 2012 (value R13 000 000). There are no non-current liabilities relating to the assets held for sale and the assets have not been pledged as security.

The land and buildings situated at Stand 173, Cleveland Ext 5, Johannesburg and Stand 925, Irene Ext 30, Tshwane were disposed of during 2011 (value R40 000 000) at the current values.

	Group		Company	
	2011	2010	**2011**	2010
	R'000	R'000	**R'000**	R'000
20. SHARE CAPITAL AND PREMIUM				
20.1 Share capital				
Authorised				
2 000 000 000 (2010: 2 000 000 000) ordinary shares of 1 cent each	**20 000**	20 000	**20 000**	20 000
28 730 140 (2010: 28 730 140) convertible "B" preference shares of 1 cent each	**287**	287	**287**	287
200 000 000 (2010: 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 the beginning and at the end of the year: 500 209 728 (2010: 500 209 728) ordinary shares of 1 cent each	**5 002**	5 002	**5 002**	5 002

	Group		Company	
	2011	2010	**2011**	2010
	R'000	R'000	**R'000**	R'000
20. SHARE CAPITAL AND PREMIUM (continued)				
20.2 Convertible preference share capital				
28 730 140 (2010: 28 730 140) convertible "B" preference shares of 1 cent each	**287**	287	**287**	287
Less: Converted into 349 515 085 ordinary shares (to be issued)	**(287)**	–	**(287)**	–
Balance at the end of the year	**–**	287	**–**	287
20.3 Share premium				
At the beginning of the year	**249 281**	245 662	**249 281**	245 662
Shares issued during the year	**–**	3 619	**–**	3 619
Preference shares converted into ordinary shares (to be issued)	**(28 443)**	–	**(28 443)**	–
At the end of the year	**220 838**	249 281	**220 838**	249 281
20.4 Total share capital and premium	**225 840**	254 570	**225 840**	254 570
20.5 Shares to be issued				
Bluezone acquisition				
75 582 597 ordinary shares of 1 cent each at a premium of 69 cents per share (2010: 77 168 086)	**52 908**	54 018	**52 908**	54 018
23 636 363 ordinary shares of 1 cent each at a premium of 54 cents per share (2010: nil)	**13 000**	–	**13 000**	–
Nil preference shares of 1 cent at a premium of 74 cents per share (2010: 173 271 120)	**–**	129 953	**–**	129 953
270 750 312 ordinary shares of 1 cent each at a premium of 74 cents per share (2010: nil)	**203 063**	–	**203 063**	–
	268 971	183 971	**268 971**	183 971
Other – to settle vendor liabilities and preference shares converted into ordinary shares				
64 000 000 ordinary shares of 1 cent each at a premium of 7 cents per share (2010: 64 000 000)	**5 120**	5 120	**5 120**	5 120
20 000 000 ordinary shares of 1 cent each at a premium of 6.5 cents per share (2010: 20 000 000 at a premium of 6 cents per share)	**1 500**	1 400	**1 500**	1 400
349 515 085 ordinary shares of 1 cent each at a premium of 7.22 cents per share (2010: nil)	**28 730**	–	**28 730**	–
	304 321	190 491	**304 321**	190 491
Less: Fair value of shares to be issued	**(37 173)**	–	**–**	–
Total	**267 148**	190 491	**304 321**	190 491
Less: Treasury shares (note 21)	**(17 461)**	–	**–**	–
Total	**249 687**	190 491	**304 321**	190 491

20. SHARE CAPITAL AND PREMIUM (continued)

20.5 Shares to be issued (continued)

The compulsory convertible "B" preference shares were converted into ordinary shares on 22 September 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.

The 349 515 085 ordinary shares are reflected under Shares to be issued.

In terms of a resolution passed by the directors of the Bluezone Property Holding companies, it was resolved that the entire purchase consideration, less costs relating to the section 311 application, for the acquisition of the property companies, be discharged through the issue of Bonatla ordinary shares, and not a combination of ordinary shares and compulsory convertible preference shares.

At the date of this report, 1 499 790 272 ordinary shares (2010: 1 499 790 272) 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	
	2011	2010	**2011**	2010
	R'000	R'000	**R'000**	R'000
21. TREASURY SHARES	**(17 461)**	–	**–**	–

Part of the consideration for the disposal of Copper Moon Trading 249 (Pty) Limited is the repurchase of 69 844 800 ordinary Bonatla shares from Globus Investments (Pty) Limited. This is a specific repurchase of shares at a repurchase price of 25 cents. The repurchase price is at a premium to which the Bonatla Shares traded for the 30 days prior to suspension, being 8.32 cents per share, but will beat a discount to the net asset value of shares as at 31 December 2011.

22. MINORITY INTERESTS	**–**	–	**–**	–

Previous shareholders have a 49% share in Carbon and Processing Technologies (Pty) Limited, in which the charcoal and activated carbon business was transferred on 1 January 2011. The previous shareholders guaranteed that this business would not incur any losses in 2011. This business achieved a break-even position in 2011.

		Group		Company	
		2011	2010	**2011**	2010
		R'000	R'000	**R'000**	R'000
23.	**BORROWINGS**				
	Unsecured				
	Loan from Genfin Properties (Pty) Limited	**–**	3 758	**–**	–
	This loan is unsecured, bears interest at the prime overdraft rate and was repaid in 2011 out of the proceeds from the sale of the two properties (see note 19).				
	Loan from Hail Investments	**3 400**	3 400	**–**	–
	This loan is unsecured, bears interest at the prime overdraft rate plus 4% and will be repaid in 2012 out of funds to be raised. No interest was charged in 2011.				
	Loan from Buz Way Properties (Pty) Limited	**27**	–	**–**	–
	This loan is unsecured, interest free and will be repaid in 2012 out of cash generated from operating activities.				
	Loan from Globus Investments (Pty) Limited	**–**	22 305	**–**	–
	This loan is unsecured with interest being charged as from 1 January 2011 to the repayment date. The loan has been repaid in 2011 out of the proceeds from the sale of the two properties (see note 19).				
	Loan from Rara Avis Property Investments (Pty) Limited	**325**	710	**–**	–
	This loan is unsecured, bears interest at prime plus 4% and will be repaid in 2012 out of cash generated from operating activities. No interest was charged in 2011.				
	Loan from The Lion Match Company	**3 059**	–	**–**	–
	This loan is unsecured and bears interest at prime to 28 February 2011 and at prime plus 2% thereafter. The loan will be repaid in 2012 out of cash generated from operating activities.				
	Loan from Karbotek	**335**	–	**–**	–
	This loan is unsecured, interest free and will be repaid in 2012 out of cash generated from operating activities.				
	Interest totaling R502 953 on the Hail Investments and the Rara Avis Properties unsecured loans for 2011 has been waived.				

	Group		Company	
	2011	2010	**2011**	2010
	R'000	R'000	**R'000**	R'000
23. BORROWINGS (continued)				
Secured				
Loans from:				
CDA Property Consultants (Pty) Limited	**15 781**	11 983	**–**	–
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 Investment (Pty) Limited, bears interest at prime plus 4%. CDA Consultants (Pty) Limited has agreed that the loan does not have to be repaid before 1 January 2013, 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. No interest was charged in 2011.				
Interest of R2 461 046 on the secured CDA Property Consultants's loan has been waived in 2011.				
Nedbank				
Nedbank – Bonds	**16 981**	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 56 months. Secured over Investment property with a value of R22 500 000 (2010: R22 500 000).	**5 824**	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 (2010: R29 500 000) This company was sold on 30 September 2011.	**–**	12 453	**–**	–
Chambers Ground Floor – loan bearing interest at prime, repayable in monthly instalments of R68 570 over the next 50 months. Secured over Investment property with a value of R8 500 000 (2010: R8 500 000).	**2 865**	3 407	**–**	–
Chambers 2 and 3 – loan bearing interest at prime, repayable in monthly instalments of R164 801 over the next 63 months. Secured over Investment property with a value of R13 000 000 (2010: R13 000 000).	**8 292**	9 476	**–**	–

23. BORROWINGS (continued)

	Group		Company	
	2011	2010	**2011**	2010
	R'000	R'000	**R'000**	R'000
Term loan The loan is secured, bears interest at prime plus 2% and is repayable by monthly payments of R320 624 until January 2016.	**12 612**	–	**–**	–
HP Instalment Sale This is secured, bears interest at prime plus 2% and is repayable by monthly instalments of R126 092. The agreements expire between 2012 and 2016.	**7 187**	–	**–**	–

The following is the security given by the Bonatla Group to Nedbank for the term loan, the HP Instalment Sale agreements and the overdraft facilities:

- a deed of cession and pledge in favour of Nedbank in terms of which the Borrower cedes all its rights, title and interest in and to all and any lease rentals receivable in respect of the lease agreement entered into by and between M & P Boating (Pty) Limited. Borrower as lessor, as security for the due and punctual fulfilment by the Borrower of all of its obligations under the Agreement;
- a first ranking covering mortgage bond for R9 000 000 registered in favour of Nedbank over Erf 1091 Ferndale by Property 259 Properties (Pty) Limited;
- a first ranking covering mortgage bond for R6 000 000 by Milestone Place Properties (Pty) Limited over portion 23 of Erf 1008 Irene, Extension 30;
- a deed of pledge and cession by M & P Boating (Pty) Limited, in terms of which the company cedes to Nedbank all its rights, title and interest in and to all present and future debtors;
- a suretyship incorporating a cession of claims limited to R19 500 000 on Nedbank's standard terms and conditions given by Cambridge Park Mall (Pty) Limited, in terms whereof the company binds itself as surety for and co-principal debtor *in solidum* for the due fulfilment by the Borrower of its obligations under the Agreement;
- a suretyship incorporating a cession of claims limited to R19 500 000 on Nedbank's standard terms and conditions given by M & P Boating (Pty) Limited, in terms whereof the company binds itself as surety for and co-principal debtor *in solidum* for the due fulfilment by the Borrower of its obligations under the Agreement;
- a suretyship in the sum of R9 000 000 on Nedbank's standard terms and conditions given by Property 259 Properties (Pty) Limited, in terms of which Property 259 Properties (Pty) Limited, binds itself as surety for and co-principal debtor *in solidum* with the Borrower for the due and punctual fulfilment by the Borrower of all of its obligations under the Agreement;
- a suretyship in the sum of R6 000 000 on Nedbank's standard terms and conditions given by Milestone Place Properties (Pty) Limited, in terms of which Milestone Place Properties (Pty) Limited, binds itself as surety for and co-principal debtor *in solidum* with the Borrower for the due and punctual fulfilment by the Borrower of all of its obligations under the Agreement;
- a deed of pledge and cession in terms of which Karbotek Carbon Technologies (Pty) Limited, cedes to Nedbank all its rights, title and interest in and to its sole right to market, distribute and utilise the 'Impianti Trattamento Biomasse' patented wood pyrolysis process and technology;
- unlimited suretyship incorporating cession of claims by Bonatla Properties (Pty) Limited, in consideration of any indebtedness incurred by Property 259 Properties (Pty) Limited, in terms of the suretyship listed in clause 6.1.9;
- a deed of pledge and cession in terms of which Property 259 Properties (Pty) Limited, cedes to Nedbank all its rights, title and interest in and to proceeds from an insurance policy required in terms of the covering mortgage bond over Erf 1091 Ferndale;
- a deed of pledge and cession in terms of which Milestone Place Properties (Pty) Limited, cedes to Nedbank all its rights, title and interest in and to the proceeds from an insurance policy required in terms of the covering mortgage bond over portion 23 of Erf 1008, Irene Extension 30;

23. BORROWINGS (continued)

- a first ranking covering mortgage bond for R5 000 000 registered in favour of Nedbank over remaining extent of Erf 16 and portion 22 of Erf 258, Phillip Nell Park Township, by Nungu Trading 472 (Pty) Limited;
- a deed of pledge and cession in terms of which Nungu Trading 472 (Pty) Limited, cedes to Nedbank all its rights, title and interest in and to the proceeds from an insurance policy number KILN 0000-06075 required in terms of the first covering mortgage bond over The Heights R/E Erf 16 and portion 22 of Erf 258, Phillip Nell Park Township, Pretoria; and
- a suretyship in the sum of R5 000 000 on Nedbank's standard terms and conditions by Nungu Trading 472 (Pty) Limited, in terms of which Nungu Trading 472 (Pty) Limited, binds itself as surety for and co-principal debtor *in solidum* with the Borrower, for the due and punctual fulfilment by the Borrower of all its obligations under the Agreement.

	Group		Company	
	2011	2010	**2011**	2010
	R'000	R'000	**R'000**	R'000
Secured (continued)				
Merchant Factors Secured by a First covering mortgage bond for R12 000 000 over the Flextronics property. Cross-company guarantees by Bonatla Property Holdings Limited and Bonatla Properties (Pty) Limited and suretyship by Tropical Paradise Trading 334 (Pty) Limited and Austin Crossing Properties (Pty) Limited. This loan bears interest at prime plus 21% and is repayable on 30 June 2012, or may be extended for a further six months.	**12 220**	–	**–**	–
Disclosed as follows:				
Shown under non-current liabilities				
CDA Property Consultants (Pty) Limited	**9 788**	11 983	**–**	–
Nedbank Limited – bonds	**12 656**	24 693	**–**	–
Nedbank Limited – term loan	**8 765**	–	**–**	–
Nedbank Limited – HP Instalment Sale	**5 674**	–	**–**	–
	36 883	36 676	**–**	–
Shown under current liabilities				
CDA Property Consultants (Pty) Limited	**5 993**	–	**–**	–
Rara Avis Property Investments (Pty) Limited	**324**	710	**–**	–
Nedbank bonds – current portion	**4 326**	7 421	**–**	–
Nedbank term loan – current portion	**3 847**	–	**–**	–
Nedbank HP Instalment Sales – current position	**1 513**	–	**–**	–
G Prokas	**–**	3 758	**–**	–
Globus Investments	**–**	22 305	**–**	–
Hail Investments	**3 400**	3 400	**–**	–
Buz Way Properties (Pty) Limited	**27**	–	**–**	–
Rand Merchant Factors	**12 220**	–	**–**	–
The Lion Match Company	**3 059**	–	**–**	–
Karbotek	**335**	–	**–**	–
	35 044	37 594	**–**	–

		Group		Company	
		2011 R'000	2010 R'000	**2011 R'000**	2010 R'000
24.	**DEFERRED TAXATION**				
	Deferred taxation liability/(asset)				
	Investment property	**12 427**	9 576	**–**	–
	Straight-line rental	**237**	73	**–**	–
	Difference between tax value and carrying value of assets	**3 812**	–	**–**	–
	Assessed losses	**(1 563)**	–	**–**	–
	Total	**14 913**	9 649	**–**	–
	Balance at the beginning of the year	**9 649**	847	**–**	–
	Deferred tax on fair value adjustment (note 9)	**415**	9 576	**–**	–
	Deferred tax on straight-line rental accrual	**206**	35	**–**	–
	Deferred tax on sale of building	**(106)**	–	**–**	–
	Deferred tax on assessed loss – utilised	**2 569**	–	**–**	–
	Deferred tax on difference between tax value and carrying value of assets	**2 180**	–	**–**	–
	Deferred tax on non-current assets held for sale (rate change from 28% to 14%) – now sold	**–**	(809)	**–**	–
	Balance at the end of the year	**14 913**	9 649	**–**	–
	Non-current asset	**(2 361)**	–	**–**	–
	Non-current liability	**17 274**	9 649	**–**	–
	Total	**14 913**	9 649	**–**	–
	Deferred tax per Statement of Comprehensive Income is reconciled as follows:				
	Deferred tax on straight-line rental accrual	**206**	35	**–**	–
	Sale of investment property	**1 047**	–	**–**	–
	Fair value adjustment – Investment property	**3 480**	–	**–**	–
	Difference tax value and carrying value of fixed assets	**2 180**	–	**–**	–
	Assessed loss utilised	**(912)**	–	**–**	–
	Deferred tax on non-current assets held for sale (rate change from 28% to 14%) – now sold	**–**	(809)	**–**	–
	Total	**6 001**	(774)	**–**	–

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

Deferred tax assets and 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 reclassified to non-current assets held-for-sale during 2009.

The 12 (2010: 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, R12 427 000 (2010: 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 Service has issued assessments for certain companies in the group and objections have been raised. Once these items (in dispute) are resolved, the South African Revenue Service will issue revised assessments and Bonatla will then know the exact assessed losses (for both the revenue and the capital). It is estimated that the assessed losses, on which no deferred tax has been provided, will be approximately R50 000 000.

The above matters will be resolved in 2012.

		Group		Company	
		2011	2010	**2011**	2010
		R'000	R'000	**R'000**	R'000
25.	**TRADE AND OTHER PAYABLES**				
	Trade payables	**8 832**	3 904	**–**	–
	Customer prepayments	**1 041**	728	**–**	–
	Value-added tax	**460**	544	**–**	–
	Sundry accruals	**574**	655	**–**	–
	Shareholders for dividends	**65**	65	**65**	65
	Rental deposits	**348**	–	**–**	–
	Others	**1 198**	52	**–**	–
	PAYE, UIF and SDL	**158**	54	**–**	–
	Total	**12 676**	6 002	**–**	65

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 2012 rentals in December 2011.

Sundry accruals relate to the Securities transfer tax payable on the acquisition of the 12 Bluezone properties.

Rental deposits relate to deposits paid by tenants in terms of the lease agreements.

Others include an advance of R613 000 which was settled immediately after the year-end.

26.	**BANK OVERDRAFT**				
	Overdraft facilities from certain banking institutions	**5 361**	–	**–**	–
27.	**TAXATION**				
	South African normal taxation	**5 143**	1 111	**–**	–
28.	**REVENUE**				
	Rental and recoveries	**27 909**	16 139	**–**	–
	Straight-line rental accrual	**688**	126	**–**	–
	Fees	**4 283**	8 001	**–**	–
	Charcoal and other	**7 711**	–	**–**	–
	Total	**40 591**	24 266	**–**	–

The fees relate to a risk and performance fee charged to the Bluezone Holding companies for getting the 12 Bluezone Property companies out of judicial management.

Charcoal and other relate to revenue derived in the Manufacturing and the Storage businesses.

		Group		Company	
		2011	2010	**2011**	2010
		R'000	R'000	**R'000**	R'000
29.	**COST OF SALES**				
	Cost of sales – goods sold	**6 705**	–	**–**	–
	Cost of sales – property expenses	**10 529**	1 734	**–**	–
		17 234	1 734	**–**	–
	Bonatla acquired 51% of the charcoal and carbon activated business on 1 January 2011 and also accounted for the sales and cost of sales of the document storage business as from 2011.				
	The cost of sales – property expenses have increased substantially in 2011 due to the full 12 months of operations of the first nine Bluezone Property companies being accounted for (2010: three months). Likewise, the operations of the last three Bluezone Property companies were accounted for six months in 2011 (2010: nil).				
30.	**OTHER INCOME**				
	Profit warranty	**16 735**	–	**–**	–
	Profit on sale of company	**467**	–	**–**	–
	Bad debts recovered	**38**	20	**–**	–
		17 240	20	**–**	–
	Warranty given by the sellers of the charcoal and activated carbon business.				
	The profit on the sale of the company relates to the sale of Copper Moon Trading 249 (Pty) Limited.				
31.	**OPERATING COSTS**	**25 141**	9 968	**–**	–
	The major operating costs increases are due to:				
	Charcoal (Manufacturing) business accounted for in 2011	**8 366**	–	**–**	–
	Document and storage business accounted for fully in 2011	**1 761**	308	**–**	–
	Legal costs (excluded the charcoal and Document Storage businesses)	**3 814**	861	**–**	–
	JSE compliance costs	**1 601**	724	**–**	–
	Directors' salaries and fees (excluding the Document Storage business)	**2 520**	724	**–**	–
	For a more detailed breakdown, refer to note 5.3.				

	Group		Company	
	2011	2010	**2011**	2010
	R'000	R'000	**R'000**	R'000
32. PROFIT/(LOSS) FROM OPERATIONS				
Results from operating activities for the period are stated after accounting for the following:			**–**	–
Expenditure	**32 347**	(4 008)		
Auditors' remuneration	**525**	487	**–**	–
– Fees	**525**	487	**–**	–
Capital raising costs	**–**	200	**–**	–
Commissions	**88**	770	**–**	–
Consulting fees	**2 382**	2 702	**–**	–
Depreciation and amortisation	**407**	308	**–**	–
– Office equipment	**2**	1	**–**	–
– Computer equipment	**208**	202	**–**	–
– Computer software	**98**	96	**–**	–
– Furniture and fittings	**10**	9	**–**	–
– Plant and equipment	**89**	–	**–**	–
Loss on sale of non-current assets held for sale	**–**	900	**–**	–
Impairment – goodwill	**36**	38 432	**–**	–
Legal fees	**3 918**	861	**–**	–
Listing-related costs	**1 601**	724	**–**	–
Management fees – asset and property management	**–**	84	**–**	–
Pension fund contributions	**703**	–	**–**	–
Securities transfer tax	**–**	581	**–**	–
Operating lease rentals	**424**	583	**–**	–
Staff costs	**6 467**	18	**–**	–
Travel – local	**236**	291	**–**	–
Security	**191**	293	**–**	–
Gain on bargain purchase	**(16 927)**	(21 840)	**–**	–
Forex loss	**296**	–	**–**	–
Impairment – investments	**548**	–	**–**	–
Repairs and maintenance	**1 566**	–	**–**	–

		Group		Company	
		2011	2010	**2011**	2010
		R'000	R'000	**R'000**	R'000
33.	**INVESTMENT REVENUE**				
	Interest – other relates to the interest charged to the 12 Bluezone Holding companies:				
	Interest – banks	**60**	23	**–**	–
	Interest – other	**2 743**	568	**–**	–
	Total investment revenue	**2 803**	591	**–**	–
34.	**FINANCE CHARGES**				
	Interest paid:				
	– Mortgage	**2 420**	1 080	**–**	–
	– Related parties	**–**	2 176	**–**	–
	– On loans raised – acquisition costs	**2 437**	–	**–**	–
	– Penalty interest on R35 million borrowing in 2007	**1 500**	–	**–**	–
	– Finance charges – instalment sales	**180**	–	**–**	–
	– On term loan	**1 430**	–	**–**	–
	– Others	**806**	161	**–**	–
	Total	**8 773**	3 417	**–**	–

- The interest rates on the mortgage bonds are at Prime.
- The related parties did not charge interest in 2011. If the related partied had charged interest at prime plus 4%, the interest charge would have increased by R2 963 999.
- Interest on the R22 305 000 loan which was used to pay for the section 311 costs.
- Penalty interest – previously shown under Prepayments. Amount was paid in 2007.
- Interest payable on the term loan of R13.5 million which partly facilitated the acquisition of the plant and equipment, owned by Erf 627 and 628 Estcourt (Pty) Limited.

	Group 2011 R'000	Group 2010 R'000	Company 2011 R'000	Company 2010 R'000
35. TAXATION				
35.1 South African normal taxation				
– Current year	**3 819**	1 288	**–**	–
Deferred taxation				
– Current year – refer to note 24	**6 001**	(774)	**–**	–
Total	**9 820**	514	**–**	–
35.2 Reconciliation of tax expenses				
Accounting profit/(loss)	**26 377**	(6 834)	**–**	–
Tax at the applicable rate of 28%	**7 386**	(1 913)	**–**	–
Tax effect of adjustments on taxable income				
Effect of rental equalisation	**(667)**	–	**–**	–
Effect of Bargain purchase	**(4 740)**	(6 115)	**–**	–
Expenses not allowed for taxation	**62**	54	**–**	–
Effect of impairment losses on goodwill	**10**	10 761	**–**	–
Effect of revaluation of assets	**–**	252	**–**	–
Effect of difference between tax value and carrying value of assets	**(2 180)**	–	**–**	–
Capital Gains Tax on sale of property	**6 033**	683	**–**	–
Assessed loss utilised	**(3 671)**	(2 770)	**–**	–
Deferred tax on non-current assets held-for-sale	**–**	(809)	**–**	–
Tax loss carried forward	**(1 586)**	371	**–**	–
	3 819	514	**–**	–
Income tax expense recognised in profit or loss	**3 819**	514	**–**	–

		Group 2011 R'000	2010 R'000
36.	**BASIC EARNINGS/(LOSS) AND HEADLINE (LOSS)/EARNINGS PER SHARE**		
	Reconciliation of headline earnings:		
	Profit/(loss) after taxation	**16 557**	(7 348)
	Headline (loss)/earnings – note 36.3	**(334)**	10 144
	Earnings/(loss) per share (cents)	**1.70**	(1.41)
	Diluted earnings/(loss) per share (cents)	**1.70**	(1.33)
	Headline (loss)/earnings per share (cents)	**(0.03)**	1.95
	Diluted headline (loss)/earnings per share (cents)	**(0.03)**	1.83
36.1	**Basic earnings per share**		
	The earnings and weighted number of ordinary shares used in the calculation of basic earnings per share are as follows:		
	Profit for the year attributable to owners of the company	**16 557**	(7 348)
	Earnings used in the calculation of basic earnings per share from continuing operations	**16 557**	(7 348)
	Weighted average number of ordinary shares for the purposes of basic earnings per share	**973 002**	519 934
36.2	**Diluted earnings per share**		
	The earnings used in the calculation of diluted earnings per share are as follows:		
	Earnings used in the calculation of diluted earnings per share from continuing operations	**16 557**	(7 348)
	The weighted average number of ordinary and preference shares for the purposes of diluted earnings per share reconciles to the weighted average of ordinary and preference shares used in the calculation of basic earnings per share as follows:		
	Weighted number of shares		
	Shares in issue	**500 210**	456 102
	Weighted shares issued	**–**	31 331
	Shares to be issued	**490 397**	32 501
	Total weighted issued shares and to be issued (ordinary)	**990 607**	519 934
	Less: Weighted Treasury shares	**(17 605)**	–
	Net total weighted issued shares and to be issued (ordinary)	**973 002**	519 934
	Diluted number of shares		
	Preference shares to be issued (see note 20.5)	**–**	33 705
	Weighted average number of ordinary and preference shares used in the calculation of diluted earnings per share	**973 002**	553 639
36.3	**Reconciliation of headline (loss)/earnings**		
	Earnings/(loss) after taxation	**16 557**	(7 348)
	Loss on non-current assets held-for-sale	**–**	900
	Impairment – goodwill	**36**	38 432
	Bargain purchase	**(16 927)**	(21 840)
	Headline (loss)/earnings	**(334)**	10 144

37. 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.

37.1 Reconciliation of profit before taxation/(loss before taxation) to cash (utilised)/generated from operations

	Group		Company	
	2011 R'000	2010 R'000	**2011 R'000**	2010 R'000
Profit/(loss) on ordinary activities before taxation	**26 377**	(6 834)	**–**	–
Adjustments	**(10 300)**	23 728	**–**	–
– Depreciation	**407**	308	**–**	–
– Investment income	**(2 803)**	(591)	**–**	–
– Finance charges	**8 773**	3 417	**–**	–
– Lease payments	**582**	582	**–**	–
– (Profit)/loss on sale of non-current assets held for sale	**(468)**	900	**–**	–
– Goodwill impairment	**36**	38 432	**–**	–
– Bargain purchase	**(16 927)**	(21 840)	**–**	–
– Shares to be issued	**100**	2 520	**–**	–
Operating profit before changes in working capital	**16 077**	16 894	**–**	–
– (Increase)/decrease in working capital	**(38 805)**	(50 962)	**195**	39
– Decrease in stock	**19**	–	**–**	–
– (Increase)/decrease in trade and other receivables	**(1 928)**	(23 228)	**195**	38
– (Decrease)/increase in trade and other payables	**(36 318)**	(29 894)	**–**	1
– Adjustment – trade creditors paid in shares	**–**	2 160	**–**	–
– (Increase) in prepayments	**(97)**	–	**–**	–
– (Increase) in deposits	**(481)**	–	**–**	–
Cash (utilised in)/generated by operations	**(22 728)**	(34 068)	**195**	39

37.2 Taxation

	Group 2011	Group 2010	Company 2011	Company 2010
Opening balance	**1 111**	–	**–**	–
Disposal of Copper Moon Trading 249 (Pty) Limited	**(169)**	–	**–**	–
Business combination – Madeline Street Properties (Pty Limited – included in trade and other payables (R3 099 000)	**382**	–	**–**	–
Charge to the statement of comprehensive income	**3 819**	(1 288)	**–**	–
Closing balance	**5 143**	1 111	**–**	–
Movements for the year	**–**	177	**–**	–

	Group		Company	
	2011	2010	**2011**	2010
	R'000	R'000	**R'000**	R'000
38. NET CASH AND CASH EQUIVALENTS				
Cash and cash equivalents	**1 217**	1 155	**62**	102
Bank overdraft	**(5 361)**	–	**–**	–
	(4 144)	1 155	**62**	102

39. 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	
	2011	2010	**2011**	2010
	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	**600**	84	**–**	–
– Commission	**–**	770	**–**	–
– Interest on loan account	**–**	2 019	**–**	–
– Loan account balance (see note 23)	**(15 781)**	(11 983)	**–**	–
Rara Avis Property Investments (Pty) Limited				
– Interest on loan account balance	**–**	155	**–**	–
– Loan account balance	**(324)**	(701)	**–**	–
Gemini Moon Trading 177 (Pty) Limited				
– Interest on loan account	**–**	1	**–**	–
– Loan account balance	**(1)**	2 285	**–**	–
Buz Way Properties (Pty) Limited				
– Loan account balance	**(27)**	–	**–**	–
Hail Investments (Pty) Limited				
– Loan account balance	**(3 400)**	(3 400)	**–**	–
Buker SA (Pty) Limited				
– Consulting fees	**100**	–	**–**	–
Extra Dimensions 1396 CC				
– Introducing commission relating to the acquisition of Bluezone	**475**	–	**–**	–
C Douglas				
– Rental of offices	**132**	120	**–**	–

RL Rainier is a shareholder of Buker SA (Pty) Limited.

DWB King is the sole member of Extra Dimensions 1396 CC.

39. RELATED PARTY TRANSACTIONS (continued)

C Douglas is a director and shareholder of CDA Property Consultants (Pty) Limited, a shareholder of Rara Avis Property Investments (Pty) Limited, Gemini Moon Trading 177 (Pty) Limited and Hail Investments (Pty) Limited. She is also a director of Bonatla Property Holdings Limited.

CDA Property Consultants (Pty) Limited purchased the 27 730 140 convertible "B" Preference shares for R12 million. These shares were due to be converted into 349 515 085 ordinary shares on 22 September 2011.

The 349 515 085 ordinary shares are reflected in shares to be issued – see note 20.5.

However, a fairness opinion may have to be obtained, taking into account the valuation of Bonatla, in order to determine the issue price of the ordinary shares.

39.1 Compensation of key personnel

The remuneration of key personnel for the year ended 31 December 2011 was as follows:

	Fees R'000	Salary R'000	Bonus R'000	Other benefits including directors' fees R'000	Total 2011 R'000
Executive directors					
– RL Rainier	–	120	–	–	**120**
– DA Scott	–	1 080	–	–	**1 080**
– NG Vontas	–	1 320	–	–	**1 320**
– DWB King (Resigned 1 March 2012)	–	–	–	–	**–**
– CF de Lange (Resigned 1 March 2012)	–	398	–	–	**398**
– C Douglas	–	–	–	–	**–**
Total	**–**	**2 918**	**–**	**–**	**2 918**

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

	Fees R'000	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

Fees paid to non-executive directors	**Appointed**	**Resigned**	**2011 Fees R'000**	2010 Fees R'000
– MMH Brodie	01/10/1997	–	**–**	–
– DA Johnston	03/02/2007	28/04/2010	**–**	40
– SST Ngcobo	01/02/2007	–	**–**	–
– W Voigt	26/08/2011	–	**–**	–
– I Dawood	16/08/2011	31/01/2012	**–**	–

40. GOING CONCERN

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. The basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

41. 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. See Sustainability and Corporate Governance Report on pages 13 to 15.

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 unbonded properties and the sale of properties to ensure that future commitments will be met.

The table below analyses the group's financial assets and 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 assets and 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 2011					
Financial assets					
Cash and cash equivalents	**1 217**	**1 217**	–	–	–
Investments	**1 548**	**1 548**	–	–	–
Inventories	**487**	**487**	–	–	–
Loans and receivables	**70 611**	**70 611**	–	–	–
Loans to other entities	**66 531**	**66 531**	–	–	–
Trade and other receivables	**4 080**	**4 080**	–	–	–

41. RISK MANAGEMENT (continued)

	Total assets and 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
Financial liabilities					
Bank overdraft	**(5 361)**	**(5 361)**	**-**	**-**	**-**
Loans from banks	**(36 780)**	**(9 686)**	**(9 686)**	**(17 408)**	**-**
Loans from related parties	**(19 533)**	**(3 752)**	**-**	**(15 781)**	**-**
Loans from other entities	**(15 614)**	**(15 614)**	**-**	**-**	**-**
Trade and other payables	**(12 057)**	**(10 604)**	**-**	**(64)**	**(1 389)**
Financial liabilities held at amortised cost	**(89 345)**	**(45 017)**	**(9 686)**	**(33 253)**	**(1 389)**
At 31 December 2010					
Financial assets					
Cash and cash equivalents	1 155	1 155	–	–	–
Loans and receivables	59 779	59 779	–	–	–
Loans to other entities	41 133	41 133	–	–	–
Trade and other receivables	9 646	9 646	–	–	–
Financial liabilities					
Loans from banks	(32 114)	(4 834)	(4 834)	(14 502)	(7 944)
Loans from related parties	(16 093)	(4 101)	(2 000)	(9 992)	–
Loans from other identities	(26 064)	(26 064)	–	–	–
Trade and other payables	(5 404)	(5 404))	–	–	–
Financial liabilities held at amortised cost	(79 675)	(40 403)	(6 834)	(24 494)	(7 944)

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.

	Group 2011 R'000	Group 2010 R'000
First National Bank	**1 105**	1 047
Standard Bank	**112**	108
Total cash and cash equivalents	**1 217**	1 155
Trade and other receivables – note 17	**75 444**	60 546
Less: Prepayments – Income Plan	**(3 986)**	(506)
Rental equalisation reserve	**(847)**	(261)
Balance per above	**70 611**	59 779

41. RISK MANAGEMENT (continued)

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.

(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 2010 and 2011, 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 R71 927 000 (2010: R74 270 000) at variable interest rates for the year ended 31 December 2011. Refer to note 23.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the group's profit (2010: loss) for the year ended 31 December 2011 would increase/decrease by around R719 000 (2010: R298 000).

(b) Currency risk

The group is not exposed to any currency risk at the year-end.

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 40%.

42. EVENTS SUBSEQUENT TO THE REPORTING DATE

Cautionary announcements

Negotiations are still ongoing in relation to the acquisition of 100 000 m^2 at the Durban Point Development.

Disposal of Document Storage business

The group has, after the year-end, decided to sell this business and negotiations are presently in the initial stages.

Authorisation of financial statements

These financial statements were approved by the Board of Directors for issue on 15 June 2012. The shareholders will have to approve these financial statements at the annual general meeting to be held on 2 August 2012.

The entity's owners or others do not have the power to amend the financial statements after issue.

43. CONTINGENCIES

Litigation

Litigation re: The Bebinchand Seevnarayan Trust ("The Trust")

The 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 R3,0 million, of which R1,5 million was paid.

The plaintiff obtained a court order in which the unopposed arbitration award was made an Order of the Court. An appeal has been lodged at the Supreme Court and a court date is presently being awaited.

The directors of Bonatla are confident of a favourable conclusion to this matter. This is supported by the opinion of their lawyers.

Litigation re: The Durban Point Waterfront Acquisition

Litigation relating to the zoning and to the EIA has been instituted by various parties which impacts on the ultimate transfer of the 200 000 m^2 to Bonatla. A legal opinion has been obtained which indicates that the Bonatla transaction will be completed once the EIA has been finalised.

Litigation re: The Boulevard Acquisition

The matter has been to court on three separate occasions and it would appear that the plaintiff is procrastinating. We await a further trial date in the matter and, from the information at our disposal together with counsel's advices, the directors of Bonatla are of the opinion that the plaintiff has little or no prospect of success in this matter.

Litigation re: The Raymond Johnson Employment Dispute

This matter is still outstanding and the application for judgment has been opposed. On the merits of the matter, the directors of Bonatla are of the opinion that the plaintiff has little chance of succeeding in the matter.

Litigation re: The Saxum Dispute

Bonatla and Saxum agreed on an out of court settlement of R2 152 000.

The directors, whose names appear on page 6 of this annual report of which the notice of annual general meeting forms part, are not aware of any further legal or arbitration proceedings other than disclosed above that are pending or threatened, that may have or had in the recent past, being at least the previous 12 months, a material effect on Bonatla's financial position.

44. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Categories of financial assets and liabilities

The carrying amounts which approximate the 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					
2011					
Financial assets					
Inventories	–	–	487	487	487
Trade and other receivables	70 611	–	–	70 611	70 611
Prepayments – current portion	–	–	582	582	582
Investments	–	–	1 548	1 548	1 548
Cash and cash equivalents	1 217	–	–	1 217	1 217
	71 828	–	2 617	74 445	74 445
Financial liabilities					
Interest-bearing borrowings	–	71 927	–	71 927	71 927
Trade and other payables	–	12 057	–	12 057	12 057
Bank overdraft	–	5 361	–	5 361	5 361
	–	89 345	–	89 345	89 345

44. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

	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	59 779	–	–	59 779	59 779
Prepayments – current portion	–	–	582	582	582
Cash and cash equivalents	1 155	–	–	1 155	1 155
	60 934	–	582	61 516	61 516
Financial liabilities					
Interest-bearing borrowings	–	74 270	–	74 270	74 270
Trade and other payables	–	5 404	–	5 404	5 404
	–	79 674	–	79 674	79 674
Company					
2011					
Financial assets					
Trade and other receivables	**–**	**–**	**–**	**–**	**–**
Amount due by subsidiaries	**440 284**	**–**	**–**	**440 284**	**440 284**
Cash and cash equivalents	**62**	**–**	**–**	**62**	**62**
	440 346	**–**	**–**	**440 346**	**440 346**
Financial liabilities					
Trade and other payables	**–**	**65**	**–**	**65**	**65**
Amount due to subsidiary	**–**	**–**	**–**	**–**	**–**
	–	**65**	**–**	**–**	**–**
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

ANALYSIS OF SHAREHOLDERS

as at 31 December 2011

SHAREHOLDER PROFILE

Bonatla Property Holdings Limited: Shareholder Analysis Tables

Register date: 31 December 2011

Issued share capital: 500 209 728 (2010: 500 209 728) units

	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**
NON-PUBLIC/PUBLIC SHAREHOLDERS				
Non-public shareholders	7	0,53	149 838 363	29,96
Directors of the company holdings (direct and indirect)	6	0,45	69 398 363	13,88
Strategic holdings (more than 10%)	1	0,08	80 440 000	16,08
Public shareholders	1 229	99,47	350 371 365	70.04
	1 336	**100,00**	**500 209 728**	**100,00**
BENEFICIAL SHAREHOLDERS HOLDING 5% OR MORE				
Dreamworld Investments 158 (Pty) Limited			80 440 000	16,08
Sibuyelo Matiwane Community Trust			44 400 000	8,88
I Dube Trust			36 000 000	7,20
Amahlubi Land Trust			32 512 000	6,50
Vukani Property Developments			26 000 000	5,20

SHAREHOLDERS' CALENDAR

14th Annual General Meeting	3 August 2012
Interim results for the half-year to 30 June 2012	September 2012
Preliminary announcement for the year ended 31 December 2012	March 2013
2012 Annual Report	June 2013

BONATLA PROPERTY HOLDINGS LIMITED

Registration number 1996/014533/06
Share code: BNT ISIN: ZAE0000013694
("Bonatla" or "the company")

Notice is hereby given that the fourteenth annual general meeting of shareholders of Bonatla Property Holdings Limited will be held in the Boardroom of Arcay Moela Inc., Arcay House, 3 Anerley Road, Parktown, at 10:00 on Friday, 3 August 2012 for the purposes of considering and, if deemed fit, passing, with or without modification, the ordinary and special resolutions set out below.

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 Friday, 29 June 2012 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 27 July 2012.

Accordingly, only shareholders who are registered in the register of members of the company on 27 July 2012 will be entitled to participate in and vote at the annual general meeting.

ORDINARY RESOLUTION NUMBER 1

"RESOLVED that the annual financial statements of the company and the group for the year ended 31 December 2011, together with the report of the directors and the auditors be and are hereby approved and confirmed."

ORDINARY RESOLUTION NUMBER 2

"RESOLVED that the directors' remuneration for the year ended 31 December 2011 as set out in note 39.1 of the annual report, of which this notice forms part, be and are hereby approved and confirmed."

ORDINARY RESOLUTION NUMBER 3

"RESOLVED that Mr NG Vontas, who retires by rotation in terms of Article 88 of the company's Memorandum of Incorporation, but being eligible for re-election as a director of the company, be and he is hereby re-appointed a director of the company."

Niki Vontas completed his Lettres Superieures in 1975, and completed his Political Sciences qualification in Paris in 1976, a BA in Public Administration in 1977 and a BA in Economics in 1979, all in France. In 2002 he was granted a PhD Phil (*honorus causa* for professional achievement). He was the past Chairman of the Association of Listed Property Companies on the JSE Limited ("JSE"), and contributed to the JSE's panel for Listings Requirements relating to property.

Niki gained vast experience in the property industry, working in the property and investment divisions of Old Mutual Investments and headed the listed property portfolios of Investec Bank Limited and BOE Limited for a number of years. Niki was involved in a number of property listings and management before founding Bonatla, including Barlow Rand Properties, Growthpoint and Atlas. Niki was instrumental in the company's listing on the JSE in 1997.

He was appointed as CEO in July 2008 and has been instrumental in building up the property portfolio thereafter. He brings with him vast property and listings experience.

ORDINARY RESOLUTION NUMBER 4

"RESOLVED that Mr DA Scott, who retires by rotation in terms of Article 88 of the company's Memorandum of Incorporation, but being eligible for re-election as a director of the company, be and is hereby re-appointed a director of the company."

David Scott passed the Public Accountants and Auditors Board exam in 1974 and graduated in 1987 with an MBA degree from the University of the Witwatersrand. He served his articles with Deloitte & Co. and worked for various companies in the service and manufacturing industries before joining Bonatla as Financial Director in February 2008.

He was instrumental in setting up the required financial and reporting systems and controls and has assisted with the acquisition of the property and developmental portfolio. He currently serves on the Investment Committee.

ORDINARY RESOLUTION NUMBER 5

"RESOLVED that Ms C Douglas, who was appointed as an Executive Director on 16 August 2011, be confirmed as a director of the company."

Carolyn Douglas completed her BSc (Town and Regional Planning) in 1984 and her Master of Environmental Planning, specialising in Urban Design in 1988, both at the University of the Witwatersrand. She gained Town Planning experience whilst working at the Johannesburg City Council, and brokering, letting and sales experience whilst working for various Property Brokers.

Carolyn started CDA Property Consultants in 1995 and was involved in investment, development, brokering and sales transactions with various major South African companies. CDA Property Consultants was appointed as the Asset Manager to Bonatla from 2005 to 2008 and the company is currently the Property Manager for the Bonatla Group. She brings with her vast property knowledge and experience.

ORDINARY RESOLUTION NUMBER 6

"RESOLVED that Mr W Voigt, who was appointed as a Non-Executive Director on 26 August 2011, be confirmed as a director of the company."

Wilfried completed a BEng (Industrial) Hons. from the University of Stellenbosch, followed by a Post-Graduate Diploma in Accounting at UCT. He previously held various positions within CSIR, Mittal Steel and Denel Aviation. He completed his articles with Nexia SA and, subsequent to passing his Board examinations to qualify as a CA(SA), ran his own successful accounting consultancy. He also served as the Financial Director of Queensgate Hotels and Leisure Group. Since the beginning of 2010, he ran his own accounting consulting practice.

Wilfried joined the Board of Bonatla as a Non-Executive Director on 26 August 2011 and was appointed as the Chairman of the Audit and Risk Committee. He brings with him vast experience of being involved in large corporations and listed companies.

ORDINARY RESOLUTION NUMBER 7

"RESOLVED that Nolands Inc. will continue in office in terms of section 90 of the Companies Act, 2008, as amended. RESOLVED further that the Audit and Risk Committee is authorised to determine the remuneration of the auditors."

ORDINARY RESOLUTION NUMBER 8

"RESOLVED that, in terms of section 94(2) of the Companies Act, 2008, as amended, W Voigt and MH Brodie are appointed as members of the Audit and Risk Committee."

ORDINARY RESOLUTION NUMBER 9

"RESOLVED that the directors of the company be and they are hereby authorised, by way of a general authority, to issue all or any of the authorised but unissued shares in the capital of the company for cash, as and when they, in their discretion, deem fit."

This resolution is subject to the Listings Requirements of the JSE, which provide:

- that this authority shall be valid until the next annual general meeting of the company, provided it shall not extend beyond 15 months from the date that this authority is granted;
- that a paid press announcement giving full details, including the impact on net asset value and earnings per share, will be published at the time of any issue of shares representing, on a cumulative basis within one year, 5% or more of the number of the company's shares in issue prior to any such issue;
- that issues in the aggregate in any one year shall not exceed 15% of the number of shares in the company's issued share capital;
- 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; and
- that any such issue will only be made to public shareholders as defined by the JSE.

ORDINARY RESOLUTION NUMBER 10

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

SPECIAL RESOLUTION NUMBER 1

"RESOLVED that the approval of the remuneration payable to the directors for the financial year commencing 1 January 2012 is:
Chairman – Director's fee of R8 000 per meeting attended.
Other directors – Directors' fees of R4 000 per meeting attended.

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 the company and/or 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 Listings Requirements, for funding agreements and as the directors in their discretion deem fit."

SPECIAL RESOLUTION NUMBER 3: GENERAL AUTHORITY TO ACQUIRE (REPURCHASE) SHARES

"RESOLVED THAT, subject to the approval of 75% of the members present in person and by proxy, and entitled to vote at the meeting, the company and/or any subsidiary of the company is hereby authorised, by way of a general authority, from time to time, to acquire ordinary and/or preference shares in the share capital of the company from any person in accordance with the requirements of Bonatla's Memorandum of Incorporation, the Act and the JSE Listings Requirements, provided that:

- any such acquisition of ordinary and/or preference shares shall be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement with the counterparty;
- this general authority shall be valid until the earlier of the company's next annual general meeting or the variation or revocation of such general authority by special resolution at any subsequent general meeting of the company, provided that it shall not extend beyond 15 months from the date of passing of this special resolution number 3;
- an announcement will be published as soon as the company or any of its subsidiaries have acquired ordinary and/or preference shares constituting, on a cumulative basis, 3% of the number of ordinary and/or preference shares in issue and for each 3% in aggregate of the initial number acquired thereafter, in compliance with paragraph 11.27 of the JSE Listings Requirements;
- acquisitions of shares in aggregate in any one financial year may not exceed 5% of the company's ordinary and/or 5% of its preference issued share capital, as the case may be, as at the date of passing of this special resolution number 3;
- ordinary and/or preference shares may not be acquired at a price greater than 10% above the weighted average of the market value at which such ordinary and/or preference shares are traded on the JSE as determined over the five business days immediately preceding the date of acquisition of such ordinary and/or preference shares;
- the company has been given authority by its Memorandum of Incorporation;
- the Board of Directors authorises the acquisition and that the company passed the solvency and liquidity test, as set out in section 4 of the Act, and that since the solvency and liquidity test was performed there have been no material changes to the financial position of the company;
- in terms of section 48(2)(b) of the Act, the Board of a subsidiary company may determine that it will acquire shares of its holding company, but (i) not more than 10%, in aggregate, of the number of issued shares of any class of shares of a company may be held by, or for the benefit of, all of the subsidiaries of that company, taken together; and (ii) no voting rights attached to those shares may be exercised while the shares are held by the subsidiary, and it remains a subsidiary of the company whose shares it holds;

- in terms of section 48(8)(b) of the Act, the repurchase of any shares is subject to the requirements of sections 114 and 115 if, considered alone, or together with other transactions in an integrated series of transactions, it involves the acquisition by the company of more than 5% of the issued shares of any particular class of the company's shares;
- at any point in time, the company and/or its subsidiaries may only appoint one agent to effect any such acquisition;
- the company and/or its subsidiaries undertake that they will not enter the market to so acquire the company's shares until the company's designated advisor has provided written confirmation to the JSE regarding the adequacy of the company's working capital in accordance with Schedule 25 of the JSE Listings Requirements; and
- the company and/or its subsidiaries may not acquire any shares during a prohibited period, as defined in the JSE Listings Requirements unless a repurchase programme is in place, where dates and quantities of shares to be traded during the prohibited period are fixed and full details of the programme have been disclosed in an announcement over the Securities Exchange News Service (SENS) prior to the commencement of the prohibited period.

Any decision by the directors, after considering the effect of an acquisition of up to 5% of the company's issued ordinary and/or 5% of its participating preference shares, as the case may be, to use the general authority to acquire shares of the company will be taken with regard to the prevailing market conditions and other factors and provided that, after such acquisition, the directors are of the opinion that:

- the company and its subsidiaries will be able to pay their debts in the ordinary course of business;
- recognised and measured in accordance with the accounting policies used in the latest audited annual group financial statements, the assets of the company and its subsidiaries will exceed the liabilities of the company and its subsidiaries;
- the share capital and reserves of the company and its subsidiaries will be adequate for the purposes of the business of the company and its subsidiaries; and
- the working capital of the company and its subsidiaries will be adequate for the purposes of the business of the company and its subsidiaries, for the period of 12 months after the date of the notice of the annual general meeting. The company will ensure that its designated advisor will provide the necessary letter on the adequacy of the working capital in terms of the JSE Listings Requirements, prior to the commencement of any purchase of the company's shares on the open market.

DIRECTORS' RESPONSIBILITY STATEMENT

The directors, whose names appear on page 6 of this annual report, collectively and individually accept full responsibility for the accuracy of the information pertaining to special resolution number 3 and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statements false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this special resolution contains all information required by law and the JSE Listings Requirements.

MATERIAL CHANGES

Other than the facts and developments reported on in this annual report, there have been no material changes in the financial or trading position of the company and its subsidiaries since the date of signature of the audit report and up to the date of the notice of the annual general meeting. The directors have no specific intention, at present, for the company or its subsidiaries to acquire any of the company's shares but consider that such a general authority should be put in place should an opportunity present itself to do so during the year, which is in the best interests of the company and its shareholders.

The directors are of the opinion that it would be in the best interests of the company to extend such general authority and thereby allow the company or any of its subsidiaries to be in a position to acquire the shares issued by the company through the order book of the JSE, should the market conditions, tax dispensation and price justify such an action.

The minimum percentage of voting rights that is required for this special resolution to be adopted is 75% (seventy-five percent) of the voting rights plus 1 (one) vote to be cast on this resolution.

VOTING

The ordinary resolutions (numbers 1 to 10) are subject to a simple majority of shareholders present or represented by proxy at the annual general meeting (i.e. 50% of the voting rights plus 1 vote).

The special resolutions (numbers 1 to 3) are subject to a 75% majority of shareholders present or represented by proxy at the annual general meeting (i.e. 75% of the voting rights plus 1 vote).

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/her stead.

Shareholders which are companies or other bodies corporate may, in terms of section 58 of the Act, 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, 2001 (PO Box 61051, Marshalltown, 2107) by no later than 10:00 on Wednesday, 1 August 2012.

Dematerialised shareholders, other than "own name" dematerialised shareholders, who wish to attend the annual general meeting, must request their Central Securities Depository Participant ("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.

REMUNERATION POLICY SUMMARY

- Any changes to the remuneration of the executive directors or the remuneration of new executive directors has to be considered by the Remuneration and Nomination Committee, which will make recommendations to the Board of Directors for their approval. The Board of Directors has 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 or share options must be considered by the Remuneration and Nomination Committee which 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 which 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 which will recommend these benefits to the Board of Directors for their approval. These, before being given, must be approved by the Board of Directors.

By order of the Board

Gold Equity Registrars CC
Company Secretary to Bonatla Property Holdings Limited

623 Prince George Avenue
Brakpan
1541

15 June 2012

FORM OF PROXY

BONATLA PROPERTY HOLDINGS LIMITED
Registration number 1996/014533/06
Share code: BNT ISIN: ZAE0000013694
("Bonatla" or "the company")

For use by certificated and "own name" dematerialised shareholders at the fourteenth annual general meeting of shareholders to be held at 10:00 on Friday, 3 August 2012 in the Boardroom of Arcay Moela Inc, Arcay 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 annual 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 annual 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 annual general meeting,

as my/our proxy to act for me/us on my/our behalf at the annual general meeting which will be held at 10:00 on Friday, 3 August 2012 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 resolutions 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 [Adoption of company and group financial statements at 31 December 2011, the directors' and auditors' report]			
Ordinary resolution number 2 [Confirmation of directors' remuneration]			
Ordinary resolution number 3 [Re-election of Mr NG Vontas as a director in terms of Article 88 of the Memorandum of Incorporation]			
Ordinary resolution number 4 [Re-election of Mr DA Scott as a director in terms of Article 88 of the Memorandum of Incorporation]			
Ordinary resolution number 5 [Re-appointment of Ms C Douglas as a director in terms of Article 91 of the Memorandum of Incorporation]			
Ordinary resolution number 6 [Re-appointment of Mr W Voigt as a director in terms of Article 91 of the Memorandum of Incorporation]			
Ordinary resolution number 7 [Confirm appointment of Nolands Inc. as auditors]			
Ordinary resolution number 8 [Confirm the appointment of W Voigt and MH Brodie as members of the Audit and Risk Committee]			
Ordinary resolution number 9 [Authority for directors to issue all or any of the unissued shares in the capital of the company for cash]			
Ordinary resolution number 10 [Confirm approval of remuneration policy]			
Special resolution number 1 (Confirmation of directors' fees payable as from 1 January 2012)			
Special resolution number 2 (Confirmation of the company and its subsidiaries ~ to enter into direct or indirect funding arrangements)			
Special resolution number 3 (General authority to acquire (repurchase) shares)			

Signed at on 2012

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 annual general meeting.

Please read the notes on the reverse side hereof.

NOTES

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 form of proxy.

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 annual 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 annual general meeting". The person whose name stands first on this form of proxy and who is present at the annual general 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 provided. Failure to comply with the above will be deemed to authorise the chairman of the annual general meeting, if the chairman is the authorised proxy holder, to vote in favour of the ordinary resolutions at the annual general meeting, or any other proxy to vote or to abstain from voting at the annual general meeting, as the chairman deems fit, in respect of all the ordinary shareholder's votes exercisable thereat.

4. An ordinary shareholder or his/her proxy is not obliged to vote in respect of all the ordinary shares held or represented by him/her, but the total number of votes for or against the ordinary resolutions, in respect of which any abstention is recorded may not exceed the total number of votes to which the ordinary shareholder or his/her 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 of the company not less than 48 (forty-eight) hours (excluding Saturdays, Sundays and gazetted South African public holidays) before the time appointed for holding the annual general meeting.

6. The completion and lodging of this form of proxy will not preclude the relevant ordinary shareholder from attending the annual general 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 this form of proxy. 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 forms of proxy to Computershare Investor Services (Pty) Limited, Ground Floor, 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 Wednesday, 1 August 2012. Proxies not deposited timeously shall be treated as invalid.

SHAREHOLDERS HOLDING DEMATERIALISED SHARES

9. Shareholders who have dematerialised their shares through a 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 annual general 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