BONATLA PROPERTY HOLDINGS ANNUAL REPORT 2012

BONATLA
PROPERTY HOLDINGS

ANNUAL REPORT 2012

15 YEARS ON THE JSE 1997 – 2012

Bonatla Property Holdings Limited
15th Financial Report
for the year ended 31 December 2012

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 B-BBEE 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.

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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 gross assets to R524 million and will continue to target new investment opportunities that will contribute to long-term growth and increased headline earnings.

SALIENT RESULTS

		2012	2011	%
(Loss)/earnings per share from continuing operations	(cents)	**(0,22)**	1,80	(112,22)
(Loss) per share from discontinued operations	(cents)	**(0,44)**	(0,04)	(1 000,00)
Headline (loss)/earnings per share	(cents)	**(1,54)**	0,02	(7 800,00)
Total assets (gross)	(R'000)	**523 576**	495 284	5,51
Net asset value per share	(cents)	**30,02**	31,03	(3,25)
Net tangible asset value per share	(cents)	**26,44**	27,03	(2,18)
Number of ordinary shares (issued and to be issued)		**1 255 099 285**	1 233 849 285	1,72
Total debt to total assets	(%)	**28,00**	22,70	

CHAIRMAN'S REPORT

INTRODUCTION

The financial year under review marks the 15th year since the listing of the company on the JSE, and was characterised by the consolidation of the businesses of the company.

FINANCIAL REVIEW

Total gross assets of the company increased to R523,5 million, although the net asset value per share decreased to 30,02 per share against 31,03 cents per share in 2011 as a result of the conversion of the preference shares to ordinary equity. At the same time the earnings per share from continuing operations decreased to 0,22 cents per share from 1,74 cents per share in 2011 mainly due to once-off expenses without which the results of the group would have been profitable. The total debt ratio (total liabilities to total assets) remained conservative at 28,0% against 22,7% in 2011.

ECONOMIC CLIMATE

Further to still persisting energy constraints, the South African economy is slowly recovering from the 2008/2009 financial crisis. Real GDP growth is unlikely to exceed 1,5% year on year.

In spite of the All Share Index reaching its all-time record above 43 000 during 2012, the endemic weaknesses of the national economy and the tailing off of major public capital projects, render current forward PE ratios unrealistically high.

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 a relatively slow increase in the demand for credit. The prime overdraft rate is expected to remain unchanged at 8.5% until the end of 2013.

South Africa has, however, committed itself to further 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 2013 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' performance 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 quality non-speculative income-producing portfolio of assets with sustainable cash flow in order to expand its operations. The group will also expand its strategic businesses in activated carbon, biofuels and energy and increase its socio-economic contribution and employment creation. The current drive to purchase moderately geared properties will continue in 2013 with a loan to value to be maintained below 40% of total assets.

DIRECTORATE CHANGE

Mr I Dawood resigned on 31 January 2012 and Mr DWB King resigned on 1 March 2012. Mrs C Douglas was re-elected to the Board of Directors on 3 August 2011 and Mr W Voigt was also re-elected on 3 August 2012. Mr T Ngcobo resigned on 12 April 2013 and Mr DA Scott resigned on 31 May 2013. As previously announced, the Board and management of the company will be restructured during the course of the year, and new appointments will be made.

FUTURE PROSPECTS

The current fragile global and local financial and economic situation presents major opportunities in all sectors including the real estate industry for expanding companies such as Bonatla. The directors and management are confident that their efforts to increase the company's investment portfolio and businesses will continue during 2013.

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 2013 financial period will see Bonatla successfully further expand its operations.

MH Brodie
Chairman

18 July 2013

RESULTS

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

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

The gross lettable area of the property portfolio is 52 934 m^2 during the period under review with a vacancy of 10,2% at 31 December 2012, increased from 9,9% 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 63% 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 on historical leases.

The average rental on the portfolio is R48/m^2 with 39% of the leases written on space smaller than 1 000 m^2 which results in intensive property management requirements.

During 2011 and 2012 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 2013.

No property development activity took place during 2012 due to the economic climate and the state of the property cycle.

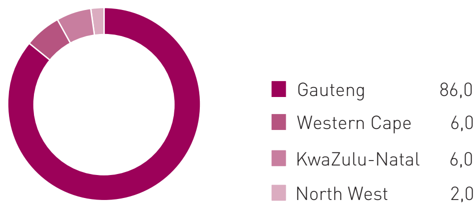
It is a strategic objective of Bonatla to improve the size and the quality of the property portfolio through acquisitions and disposal of the non-performing holdings.

PORTFOLIO ANALYSIS AS AT 31 DECEMBER 2012

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

Province	Value R'000	Value %	GLA m^2	GLA %
Gauteng	181 000	79,0	31 119	86,0
Western Cape	21 500	9,0	2 073	6,0
KwaZulu-Natal	22 500	10,0	2 070	6,0
North West	5 000	2,0	672	2,0
Total	**230 000**	**100,0**	**35 934**	**100,0**

Gross lettable area (%)



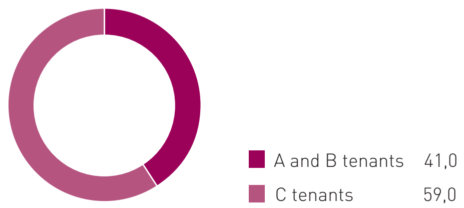
1.2 Segmental analysis by type of tenant and by space use

Analysis by type	GLA m^2	GLA %
A and B tenants	14 678	41,0
C tenants	21 166	59,0
	35 934	**100,0**

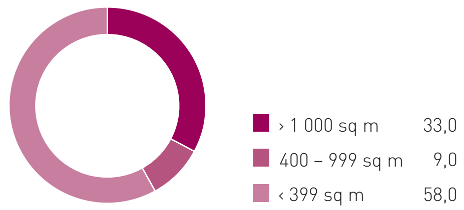
Analysis by size distribution	GLA m^2	GLA %
> 1 000 m^2	12 014	33,0
400 m^2 – 999 m^2	3 082	9,0
< 399 m^2	20 838	58,0
	35 934	**100,0**

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 m^2	GLA %
Commercial/Retail	28 404	100,0	35 934	100,0
Total	**28 404**	**100,0**	**35 934**	**100,0**

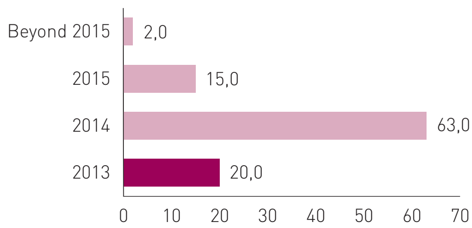
By sector (%)

1.4 Lease expiry

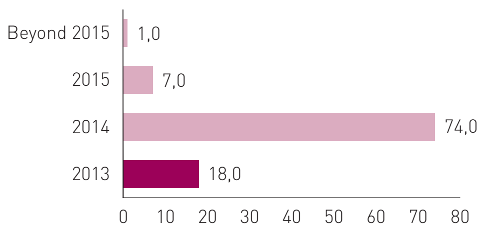
Analysis by revenue	Value R'000	Value %
2013	5 750	20,0
2014	17 975	63,0
2015	4 006	15,0
Beyond 2015	674	2,0
	28 404	**100,0**

Analysis by area	GLA m^2	GLA %
2013	6 610	18,0
2014	26 666	74,0
2015	2 238	7,0
Beyond 2015	400	1,0
	35 934	**100,00**

Lease expiry — revenue (%)



Lease expiry — GLA (%)



1.5 Property details as at 31 December 2012

	Property	Fair value R'000	GLA m²	Vacancy	Annualised yield
1	Milestone Place Route 21, Irene	12 500	1 284	Nil	8,5%
2	Property 259 Ferndale, Johannesburg	12 500	1 485	Nil	9,7%
3	TUT, The Heights, Philip Nel Park, Pretoria*	93 000	19 081	25,0%	–
4	Bishops Court, Hillcrest, Durban	22 500	2 070	Nil	10,6%
5	Chambers, Ground Floor, Block E, Tyger Valley, Bellville	8 500	854	Nil	9,4%
6	Chambers 2 and 3, Tyger Valley, Bellville	13 000	2 029	Nil	11,7%
7	Austin Crossing, Wilkoppies Ext 18, Klerksdorp	5 000	672	Nil	10,0%
8	Flextronics, Ferndale, Johannesburg	50 000	5 479	11,4%	8,2%
9	Madeline Street, Florida, Johannesburg	13 000	2 980	Nil	13,4%
Total		**230 000**	**35 934**	**15,0%**	**5,6%**

** Extensive renovation of the property during 2012*

DIRECTORATE AND ADMINISTRATION

BOARD OF DIRECTORS

MH Brodie	– Independent Non-executive Chairman
RL Rainier	– Executive
C Douglas	– Executive
W Voigt	– Executive Financial Director
NG Vontas	– Executive CEO

REGISTERED OFFICE

31 8th Street, Houghton, Johannesburg, 2198

REGISTRATION NUMBER

1996/014533/06

TELEPHONE AND FAX NUMBERS

Telephone:	+27 11 442 49444
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	niki@bonatla.com

WEBSITES

Bonatla Property Holdings Ltd general website:
www.bonatla.com
Carbon Processing and Technologies (Pty) Ltd:
www.cptechnologies.co.za
Heights student residence business:
www.tutheights.co.za

LISTING DETAILS

Listed in the "Real Estate" sector of the Johannesburg Stock Exchange, South Africa since 22 October 1997

INCOMING COMPANY SECRETARY

Arcay Client Support (Pty) Limited
Ground Floor, One Health Building, Woodmead North Office Park, 54 Maxwell Drive, Woodmead, 2191

COMMERCIAL BANKERS

Standard Bank, Nedbank
and First National Bank

SPONSOR

Arcay Moela Sponsors (Pty) Limited

AUDITORS

Nolands Inc.

TRANSFER SECRETARY

Computershare Investor Services (Pty) Limited

INTRODUCTION

The directors of Bonatla are pleased to present the company's integrated sustainability and corporate governance report to stakeholders. This is part of 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, depending on sufficient resources being available to the company. 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 five directors, one independent non-executive director and four executive directors.

The board composition changed recently, due to the recent resignation of one independent non-executive director and the second changing his role to financial director. The Board recognises that it currently has a predominance of executive directors and it is intended that additional independent non-executive directors will be appointed in 2013 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 next 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. A formal procedure exists for the appointment of new directors to the Board, which are considered by the Remuneration and Nomination Committee. Therefore 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. No new directors were appointed during the year.

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, MH Brodie and RL Rainier 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 Brodie and Rainier are set out on page 93.

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 has recently been appointed 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 committee consists of Mrs C Douglas, NG Vontas and MH Brodie. 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 an independent non-executive member, namely Mackie Brodie. Wilfried Voigt was a member and chairman of the ARC until his appointment as Financial Director on 31 May 2013. 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 2013 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 complied 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 there were no acquisitions and disposals. The committee had two meetings during the year under review.

The members of the Investment Committee are:

C Douglas is currently the only member. DWB King, SST Ngcobo and DA Scott were members of the committee until their resignations on 1 March 2012, 12 April 2013 and 31 May 2013 respectively.

Consideration is being given to restructuring this committee during 2013 pursuant to the resignation of DWB King, SST Ngcobo and DA Scott and in line with the expected growth in the group.

THE REMUNERATION AND NOMINATION COMMITTEE

The Remuneration and Nomination Committee consists of one non-executive director: Mackie Brodie (Chairman). SST Ngcobo was a member of the committee until his resignation on 12 April 2013.

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 had one meeting during the year under review.

Verbal service agreements exist between NG Vontas, the Chief Executive Officer, RL Rainier and C Douglas, Executive Directors and W Voigt, the Financial Director. 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 twice.

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 2012, taking into account their dates of appointment, are set out in the table below.

COMPANY SECRETARY AND PROFESSIONAL ADVICE

From July 2013 the company secretarial function has been outsourced to Arcay Client Support (Pty) Limited, 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 Arcay Client Support (Pty) Limited has the requisite attributes, independence, qualifications and experience necessary to fulfil its responsibilities effectively.

EMPLOYMENT EQUITY

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	2	2	2	2	–	–	1	1
RL Rainier	2	2	–	–	–	–	–	–
DA Scott	2	2	–	–	2	2	–	–
SST Ngcobo	1	2	–	–	1	2	0	1
NG Vontas	2	2	–	–	–	–	–	–
DWB King	–	–	–	–	–	–	–	–
C Douglas	2	2	–	–	2	2	–	–
CF de Lange (Alt)	–	–	–	–	–	–	–	–
I Dawood	–	–	–	–	–	–	–	–
W Voigt	2	2	2	2	–	–	–	–

I Dawood resigned as director on 31 January 2012

DWB King resigned as director on 1 March 2012

CF de Lange resigned as alternative director on 1 March 2012

SST Ngcobo resigned as director on 12 April 2013

DA Scott resigned as director on 31 May 2013

FEES PAID TO NON-EXECUTIVE DIRECTORS

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

The following fees are proposed for the forthcoming financial year, commencing 1 January 2013:

	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 ranging from R500 to R1 000.

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 2012, is set out in the Directors' Report on page 22.

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 auditors.

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 19.

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. All collections and payments made by the collection company are monitored by the directors of the company. 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.

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 during the year and is expected to be contributing profits to the group during the year ending 31 December 2013.

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		✓10	
Suitably skilled and experienced independent non-executive directors		✓10	
Chaired by an independent non-executive director	✓		
Oversees integrated reporting	✓13		
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			✓23
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	✓		

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 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	✓		
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 2013.
✓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 2013.
✓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, together with the composition of the various committees, will be considered in 2013.
✓9 Will be implemented in 2013.
✓10 Additional independent non-executive directors will be appointed in 2013.
✓11 Done informally at the moment – will be formalised in 2013.
✓12 Not all risks identified and assessed – will be done in 2013.
✓13 Complied during the year ended 31 December 2012. Subsequent to year-end the chairman of the audit committee was approached to become the financial director. Thus the former audit committee chairman became responsible for the integrated reporting after 31 May 2013.
✓14 Substantially complies. The board will address areas of non-compliance during 2013.
✓15 To be considered during 2013.
✓16 To be implemented with the new company secretary.
✓17 The improvement of transparent and effective communication to stakeholders will be improved in 2013.
✓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.
✓23 An internal audit function is not considered necessary due to the nature of the business.

The company is currently preparing the 75-point checklist as required by King III and the JSE Listings Requirements and this will become available on the company's website in due course.

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 2013 to establish more open relationships with stakeholders.

REPORT OF THE AUDIT COMMITTEE

for the year ended 31 December 2012

The report of the audit committee is presented as required by section 61(8)(a)(iii) of the Companies Act, 2008 (No 71 of 2008) ("the Act").

FUNCTIONS AND RESPONSIBILITIES OF THE AUDIT COMMITTEE

The role of the Audit Committee is to assist the board by performing an objective and independent review of the functioning of the organisation's finance and accounting control mechanisms. It exercises its functions through close liaison and communication with corporate management and the external auditors.

The committee is guided by its terms of reference, dealing with membership, structure and levels of authority and has the following responsibilities:

- ensuring compliance with applicable legislation and the requirements of regulatory authorities;
- nominating for appointment a registered auditor who, in the opinion of the Audit Committee, is independent of the Company;
- matters relating to financial accounting, accounting policies, reporting and disclosure;
- internal and external audit policy including determination of fees and terms of engagement;
- to satisfy itself that the financial director has appropriate expertise and experience.
- activities, scope, adequacy and effectiveness of the internal audit function and audit plans;
- review/approval of external audit plans, findings, problems, reports, fees and determination and approval of any non-audit services that the auditor may provide to the Company;
- compliance with the Code of Corporate Practices and Conduct; and
- compliance with the Company's code of ethics.

The audit committee addressed its responsibilities properly in terms of the charter during the 2012 financial year. One of these responsibilities was the assessment of the independence of the auditor. The committee is satisfied that the auditor was independent of the Company. No changes to the charter were adopted during the 2012 financial year.

In addition, the committee has established a policy as well as required procedures with regard to the use of the external auditors for non-audit services.

MEMBERS OF THE AUDIT COMMITTEE

The Audit Committee consisted of two independent non-executives directors, namely, W Voigt (Chairman) and MH Brodie The minimum number of Audit Committee members required in terms of the Act is three.

FREQUENCY OF MEETINGS

The committee met two times during the 2012 financial year and once after the year-end. Provisions are made for additional meetings to be held when, and if, necessary.

INDEPENDENCE OF EXTERNAL AUDIT

One of the responsibilities of the audit committee was the assessment of the independence of the external auditor. The committee is satisfied that the external auditor is independent of the Company and Group. The external auditor has also confirmed that its personnel are independent of the Company and Group.

EXPERTISE AND EXPERIENCE OF FINANCIAL DIRECTOR

As required by JSE Listings Requirements 3.84(h), the audit committee has satisfied itself that the financial director has appropriate expertise and experience.

FINANCIAL STATEMENTS

Management has reviewed the financial statements with the audit committee. The quality of the accounting policies are discussed with the external auditors. The audit committee considers the financial statements of Bonatla Property Holdings Limited to be a fair presentation of its financial position on the 31 December 2012 and of the results of the operations, changes in equity and cash flows for the period ended then, in accordance with International Financial Reporting Standards and the Act.

W Voigt

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 period up to 30 June 2014 and, in 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 20.

These financial statements were approved by the Board of Directors on 18 July 2013 and signed on its behalf by:

MH Brodie
Chairman

NG Vontas
CEO

DECLARATION BY THE OUTGOING 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

8 July 2013

REPORT OF THE INDEPENDENT AUDITORS

REPORT ON THE ANNUAL FINANCIAL STATEMENTS

To the shareholders of Bonatla Property Holdings Limited

We have audited the consolidated and separate annual financial statements of Bonatla Property Holdings Limited which comprise the statements of financial position as at 31 December 2012, the statements of comprehensive income, statements of changes in equity and the statements of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes as set out on pages 24 to 91.

Directors' responsibility for the financial statements

The company's directors are responsible for the preparation and fair presentation of these consolidated and separate 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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 misstatements of the financial statements, whether due to fraud or error. In making those risks 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 director, 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 consolidated and separate annual financial statements present fairly, in all material respects, the consolidated and separate financial position of Bonatla Property Holdings Limited as of 31 December 2012, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act, No 71 of 2008, of South Africa.

Other reports required by the Companies Act

As part of our audit of the consolidated and separate financial statements for the year ended 31 December 2012, we have read the directors' report, the report of the audit committee and certificate by the Company Secretary for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

Nolands

Nolands Inc.
Registered Auditors
Practice number 900583e

Per: Allan Mundell CA (SA)
Date: 18 July 2013

Noland House
River Park
River Lane
MOWBRAY
Cape Town

The directors submit their report for the year ended 31 December 2012.

NATURE OF BUSINESS

Bonatla Property Holdings Limited is an investment holding 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 R29,5 million (2011: R37,7 million) against operating costs of R34,5 million (2011: R22,5 million).

The details of the property portfolio are contained on pages 44 to 47 in 5.1, 5.2 and 5.3 under Operating segments, and on pages 49 to 51 under Investment property.

The group has R83,1 million (2011: R71,9 million) of borrowings of which R79,7 million (2011:R52,6 million) is secured.

SHARE CAPITAL

The authorised share capital consists of 2 000 000 000 ordinary shares of one cent each (2011: 2 000 000 000), nil compulsory convertible preference shares of one cent each (2011: 28 730 140) and 200 000 000 non-participating, non-redeemable, non-cumulative compulsory convertible preference shares of one cent each (2011: 200 000 000).

869 724 813 listed ordinary shares of one cent each were in issue at the end of the year under review (2011: 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 (2011: 28 730 140).

369 515 085 shares were issued during the year under review, of which 349 515 085 shares were for the compulsory conversion of the preference shares and 20 000 000 shares were issued as a settlement in terms of a court order. An application to list these shares will be made once trade in the company's securities is unsuspended. Of these shares, 129 281 275 were transferred, on a loan basis, to 1 000 former Bluezone shareholders in part settlement of the obligation purchase consideration due.

SECRETARY

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

SUBSIDIARY COMPANIES

Details of the company's principal subsidiaries are set out commencing on page 57 of the financial statements.

DIRECTORATE AND MANAGEMENT

The names of the current directors appear on page 6. One out of the five of the current directors is a non-executive director, namely MH Brodie.

EVENTS SUBSEQUENT TO THE REPORTING DATE

Details of events subsequent to the reporting date are set out in note 47 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

	Beneficial holdings		Non-beneficial holdings		Percentage of issued ordinary
	Direct	Indirect	Direct	Indirect	shares
2012					
RL Rainier	–	80 440 000	–	–	9,2
NG Vontas	489 442	–	–	–	0,0
SST Ngcobo (Resigned 12 April 2013)	–	26 000 000	–	–	3,0
DWB King (Resigned 1 March 2012)	2 325 584	–	–	–	0,3
CF de Lange (Resigned 1 March 2012)	2 558 139	–	–	–	0,3
I Dawood (Resigned 31 January 2012)	–	18 000 000	–	–	2,1
C Douglas	775 198	204 483 810	–	–	23,6
MH Brodie	–	–	–	–	–
DA Scott (Resigned 31 May 2013)	–	–	–	–	–
W Voigt	–	–	–	–	–
Total	**6 148 363**	**328 923 810**	**–**	**–**	**38,5**
Shares to be issued*					
C Douglas	–	164 281 275	–	–	18,9
Total (including shares to be issued)	**6 148 363**	**493 205 085**	**–**	**–**	**57,4**
Total listed and unlisted shares					**869 724 813**
2011					
RL Rainier	–	80 440 000	–	–	16,1
NG Vontas	489 442	–	–	–	0,1
SST Ngcobo	–	26 000 000	–	–	5,2
DWB King	2 325 584	–	–	–	0,5
CF de Lange	2 558 139	–	–	–	0,5
I Dawood	–	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**
Total listed and unlisted shares					**500 209 728**

349 515 085 shares were issued to CDA Property Consultants (Pty) Limited between 31 December 2011 and 31 December 2012.

* CDA Property Consultants (Pty) Limited lent 164 281 275 shares to the company to be transferred to other shareholders on behalf of the company between 31 December 2011 and 31 December 2012. These shares are to be replaced once trade in the company's securities is unsuspended.

Subsequent to the year-end, CDA Property Consultants (Pty) Limited lent a further 14 691 024 shares to the company to be transferred to other shareholders on behalf of the company. There have been no further changes in the directors' shareholdings between the year-end and the date of this report.

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.

JSE MATTERS

As announced on SENS, the Company was advised that it was required to resolve certain outstanding matters in relation to unresolved queries that arose pursuant to the referral of certain IFRS accounting matters to FRIP on the 2009 circulars and the unqualified annual financial statements for the year ended 31 December 2009. The decision of the Investigations Unit of the JSE is that it will not be taking any further action on the accounting issues brought to its attention by FRIP in respect of the 2009 circulars and the 2009 AFS. Thus the 2009 AFS will not require restatement.

Bonatla is committed to finalising all issues, related to the finalisation of the remaining issues relating to the JSE's ongoing investigation as detailed in its previous announcements dated 24 April 2013 and 14 November 2012 and hopes to soon obtain the lifting of the suspension in the trading of the company's securities.

FINALISATION OF ACQUISITION AND DISPOSALS CIRCULAR TO SHAREHOLDERS

The company has implemented in previous financial years the acquisitions in terms of various agreements completed by way of court orders, and cession and pledge of shares and loan accounts agreements, and, including but not limited to, Section 311 compromises with the creditors of the acquired companies. Certain property companies were disposed of in order to fund the acquisition costs.

The acquisitions and disposals were supported by irrevocable undertakings by the required majority of shareholders. In terms of these transactions an amount of 385 million Bonatla ordinary shares will still be issued among which consideration, approximately 170 million will remain ceded and pledged to Bonatla Properties (Pty) Ltd as security .

DIVIDEND

No dividend was declared during the year under review.

NON-CURRENT ASSETS

Non-current assets decreased from R404,6 million to R394,4 million as a result of property valuations and transfers to non-current assets held for sale.

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 2012

	Notes	**Audited 2012 R'000**	Restated Audited 2011 R'000	Audited 2010 R'000	**Audited 2012 R'000**	Audited
ASSETS						
Non-current assets		**394 381**	404 554	324 629	**356 595**	446 060
Property, plant and equipment	6	**50 521**	50 063	24 702	**–**	–
Investment property	7	**189 500**	195 560	189 810	**–**	–
Goodwill	8	**45 000**	48 261	3 261	**–**	–
Other intangible assets	10	**1**	1 102	1 193	**–**	–
Investment in subsidiaries	11	**–**	–	–	**356 595**	5 776
Loans to subsidiaries	12	**–**	–	–	**–**	440 284
Investments	13	**1 178**	1 548	–	**–**	–
Prepayments	14	**54 497**	55 178	55 663	**–**	–
Deferred taxation	25	**3 684**	2 361	–	**–**	–
Deposits	15	**50 000**	50 481	50 000	**–**	–
Current assets		**88 695**	77 730	62 283	**64**	62
Inventories	16	**217**	487	–	**–**	–
Trade and other receivables	17	**86 601**	75 444	60 546	**–**	–
Prepayments – current portion	14	**833**	582	582	**–**	–
Cash and cash equivalents	18	**1 044**	1 217	1 155	**64**	62
Non-current assets held for sale	19	**40 500**	13 000	40 000	**–**	–
Total assets		**523 576**	495 284	426 912	**356 659**	446 122
EQUITY AND LIABILITIES						
Equity capital and reserves		**376 829**	382 903	335 880	**356 594**	446 057
Share capital	20.4	**256 070**	225 840	254 570	**256 070**	225 840
Shares to be issued	20.5	**221 857**	249 687	190 491	**276 491**	304 321
Accumulated loss		**(100 180)**	(92 076)	(109 181)	**(175 967)**	(84 104)
Other reserves	22	**(918)**	(548)	–	**–**	–
Non-controlling interests	23	**–**	–	–	**–**	–
Non-current liabilities		**80 649**	54 157	46 325	**–**	–
Borrowings – long-term	24	**54 676**	36 883	36 676	**–**	–
Deferred taxation	25	**25 973**	17 274	9 649	**–**	–
Current liabilities		**66 098**	58 224	44 707	**65**	65
Borrowings – short-term	24	**28 423**	35 044	37 594	**–**	–
Trade and other payables	26	**29 232**	12 676	6 002	**65**	65
Bank overdraft	27	**2 521**	5 361	–	**–**	–
Taxation	28	**5 922**	5 143	1 111	**–**	–
Total equity and liabilities		**523 576**	495 284	426 912	**356 659**	446 122
					% change	
Net asset value per share (cents)		**30,02**	31,03	50,78	**(3,25)**	
Net tangible asset value per share (cents)		**26,44**	27,03	50,11	**(2,20)**	
Ordinary shares in issue (including to be issued)		**1 255 099 285**	1 233 849 285	661 377 814		
Diluted asset value per share (cents)		**30,02**	31,03	40,24	**(3,25)**	
Diluted tangible asset value per share (cents)		**26,44**	27,03	39,71	**(2,20)**	
Diluted ordinary shares in issue (including to be issued)		**1 255 099 285**	1 233 849 285	834 648 934		

STATEMENTS OF COMPREHENSIVE INCOME

for the year ended 31 December 2012

		Group		Company	
			Restated		
		2012	2011	**2012**	2011
	Notes	**R'000**	R'000	**R'000**	R'000
Revenue	30	**29 515**	37 653	**–**	–
Cost of sales	31	**(18 215)**	(16 052)	**–**	–
Gross margin		**11 300**	21 601	**–**	–
Other income	32	**1 249**	505	**–**	–
Operating costs	33	**(34 472)**	(22 466)	**(91 863)**	–
Fair value adjustment	34	**21 440**	–	**–**	–
Goodwill – impairment	8	**–**	(36)	**–**	–
Bargain purchase	9	**–**	16 927	**–**	–
(Loss)/profit from operations	35	**(483)**	16 531	**(91 863)**	–
Investment revenue	36	**13**	2 803	**–**	–
Finance charges	37	**(13 849)**	(8 764)	**–**	–
(Loss)/profit before taxation		**(14 319)**	10 570	**(91 863)**	–
Taxation	38	**(7 642)**	(9 820)	**–**	–
(Loss)/profit from continuing operations		**(21 961)**	750	**(91 863)**	–
(Loss) from discontinued operations	39	**(5 395)**	(380)	**–**	–
(Loss)/profit for the year		**(27 356)**	370	**(91 863)**	–
Other comprehensive (loss)	40	**(370)**	(548)	**–**	–
Total comprehensive loss for the year		**(27 726)**	(178)	**(91 863)**	–
Attributable to:					–
– owners of the parent – continuing operations		**(3 079)**	16 937	**(91 863)**	–
– discontinued operations		**(5 395)**	(380)	**–**	–
		(8 474)	16 557	**(91 863)**	–
– non-controlling interest		**(19 252)**	(16 735)	**–**	–
Total comprehensive loss for the year		**(27 726)**	(178)	**(91 863)**	–
(Loss)/profit for the year		**(27 356)**	370	**(91 863)**	–
Attributable to:					–
– owners of the parent – continuing operations		**(2 709)**	17 485	**(91 863)**	–
– discontinued operations		**(5 395)**	(380)	**–**	–
		(8 104)	17 105	**(91 863)**	–
– non-controlling interest		**(19 252)**	(16 735)	**–**	–
(Loss)/income for the year		**(27 356)**	370	**(91 863)**	–
		Cents	Cents	**% change**	
(Loss)/earnings per share from continuing operations	41	**(0,22)**	1,80	**(112,22)**	
(Loss) per share from discontinued operations	41	**(0,44)**	(0,04)	**(1 000,00)**	
Diluted (loss)/earnings per share from continuing operations	41	**(0,22)**	1,80	**(112,22)**	
Diluted (loss) per share from discontinued operations	41	**(0,44)**	(0,04)	**(1 000,00)**	

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 December 2012

	Share capital R'000	Convertible preference share capital R'000	Share premium R'000	Treasury shares R'000	Shares to be issued R'000	Other reserves R'000	Retained earnings/ (accumulated loss) R'000	Restated Non-controlling interests R'000	**Restated Total R'000**
GROUP	Note 20.1	Note 20.2	Note 20.3	Note 21	Note 20.5	Note 22		Note 23	
Balance at 31 December 2010	5 002	287	249 281	–	190 491	–	(109 181)	–	**335 880**
Total comprehensive income for the year	–	–	–	–	–	(548)	17 105	(16 735)	**(178)**
Equity contribution	–	–	–	–	–	–	–	16 735	**16 735**
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	(548)	(92 076)	–	**382 903**
Total comprehensive (loss) for the year	–	–	–	–	–	(370)	(8 104)	(19 252)	**(27 726)**
Equity contribution	–	–	–	–	–	–	–	19 252	**19 252**
Ordinary shares to be issued – cancelled	–	–	–	–	(1 120)	–	–	–	**(1 120)**
Ordinary shares issued (unlisted)	3 495	–	25 235	–	(28 730)	–	–	–	**–**
Ordinary shares (unlisted) issued to settle vendor liability	200	–	1 300	–	(1 500)	–	–	–	**–**
Ordinary shares to be issued to settle vendor liability	–	–	–	–	3 520	–	–	–	**3 520**
Balance at 31 December 2012	**8 697**	**–**	**247 373**	**(17 461)**	**239 318**	**(918)**	**(100 180)**	**–**	**376 829**
COMPANY									
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**
Total comprehensive (loss) for the year	–	–	–	–	–	–	(91 863)	–	**(91 863)**
Ordinary shares to be issued – cancelled	–	–	–	–	(1 120)	–	–	–	**(1 120)**
Ordinary shares issued (unlisted)	3 495	–	25 235	–	(28 730)	–	–	–	**–**
Ordinary shares (unlisted) issued to settle vendor liability	200	–	1 300	–	(1 500)	–	–	–	**–**
Ordinary shares to be issued to settle vendor liability	–	–	–	–	3 520	–	–	–	**3 520**
Balance at 31 December 2012	**8 697**	**–**	**247 373**	**–**	**276 491**	**–**	**(175 967)**	**–**	**356 594**

STATEMENTS OF CASH FLOW

for the year ended 31 December 2012

	Notes	2012 R'000	Restated 2011 R'000	2012 R'000	2011 R'000
CASH (OUTFLOWS)/INFLOWS FROM OPERATING ACTIVITIES		**(7 364)**	(28 698)	**–**	195
Cash generated/(utilised) by operations to maintain operating capacity	42.1	**6 472**	(22 737)	**–**	195
Interest received		**13**	2 803	**–**	–
Interest paid		**(13 849)**	(8 764)	**–**	–
CASH (OUTFLOWS)/INFLOWS FROM INVESTING ACTIVITIES		**(1 141)**	29 222	**2**	(235)
Acquisition of interest in subsidiaries		**–**	(3 019)	**–**	–
Discontinued operations	39	**31**	–	**–**	–
Acquisition of investments		**–**	(7 680)	**–**	–
Advance from/(to) subsidiaries		**–**	–	**2**	(235)
Sale of investment property		**–**	40 000	**–**	–
Payments for property, plant and equipment and computer software		**(1 172)**	(79)	**–**	–
CASH INFLOWS/(OUTFLOWS) FROM FINANCING ACTIVITIES		**11 172**	(5 823)	**–**	–
Repayments of borrowings		**(12 900)**	(14 748)	**–**	–
Receipts from borrowings		**24 072**	8 925	**–**	–
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**2 667**	(5 299)	**2**	(40)
Cash and cash equivalents at the beginning of the year		**(4 144)**	1 155	**62**	102
Cash and cash equivalents at the end of the year	43	**(1 477)**	(4 144)	**64**	62
Cash and cash equivalents at the end of the year is reflected on the Statements of Financial Position as follows:					
Cash and cash equivalents		**1 044**	1 217	**64**	62
Bank overdraft		**(2 521)**	(5 361)	**–**	–
Total per above		**(1 477)**	(4 144)	**64**	62

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 AND CHANGES IN ACCOUNTING POLICIES

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

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 the reporting period (effective 1 July 2011).

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

- Standard amended to provide guidance for entities emerging from severe hyperinflation and resuming presentation of IFRS compliant financial statements for the first time;
- Standard amended to remove the fixed date of 1 January 2004 relating to the retrospective application of the derecognition requirements of IAS 39, and relief for first-time adopters from calculating day 1 gains on transactions that occurred before the date of adoption (effective 1 July 2011).

IFRIC 13 Customer Loyalty Programmes

- Clarification on the intended meaning of the term "fair value" in respect of award credits (effective 1 January 2011).

IAS 12 Income Taxes

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

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 2012. Management is currently assessing the impacts of these amendments and interpretations.

IFRS 1 First-time Adoption of International Financial Reporting Standards

- 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;
- Annual Improvements 2009-2011 Cycle: Amendments to borrowing costs (effective 1 January 2013).

2. ADOPTION OF NEW AND REVISED STANDARDS (continued)

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

IFRS 7 Financial Instruments: Disclosures
- 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).

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; Amendments to the transition guidance of IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interest in Other Entities, thus limiting the requirements to provide adjusted comparative information (effective 1 January 2013); IFRS 10 exception to the principle that all subsidiaries must be consolidated. Entities meeting the definition of "Investment Entities" must be accounted for at Fair Value under IFRS 9 Financial Instruments: Recognition and Measurement (effective 1 January 2014)

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; Amendments to the transition guidance of IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities, thus limiting the requirements to provide adjusted comparative information (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; Amendments to the transition guidance of IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities, thus limiting the requirements to provide adjusted comparative information; New disclosures required for Investing Entities (as defined in IFRS 10) (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 statement of comprehensive income 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 16 Property, Plant and Equipment
- Annual Improvements 2009-2011 Cycle: Amendments to the recognition and classification of servicing equipment (effective 1 January 2013).

2. ADOPTION OF NEW AND REVISED STANDARDS (continued)

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

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); Requirements to account for interests in "Investment Entities" at fair value under IFRS 9 Financial Instruments or IAS 39 Financial Instruments: Recognition and measurement, in the separate financial statements of a parent (effective 1 January 2014).

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; 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).

IFRC 20 Stripping Costs in the Production Phase of a Surface Mine (effective 1 January 2013).

IFRIC 21 Levies (effective 1 January 2014).

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.

The 2011 figures have been restated to separately disclose the loss from discontinued operations and the Other comprehensive loss (refer note 29).

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 established by 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.

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 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.

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 remeasured 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 is measured at its acquisition date fair value resulting in gain or loss recognised in profit or loss or other comprehensive income.

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 impairment, 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 these specific 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 buildings, 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:

Buildings	50 years
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 or the company itself, 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.

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. Amortisation is not provided for these intangible assets.

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 non-financial assets, other than inventories and deferred tax 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 Provisions and 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 Provisions and 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 48.

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. Gains and losses arising from changes in fair value are recognised directly in other comprehensive income until these assets or disposal groups held for sale are disposed of or are determined to be impaired. On the disposal of non-current assets held for sale, the gains or losses arising from changes in fair value in previous years are recognised in profit or loss.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.19 Financial instruments (continued)

Financial assets (continued)

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. 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.

- Trade and other receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit of loss.

- 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.19 Financial instruments (continued)

Financial liabilities (continued)

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.

3.20 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 amortised cost, 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 received: These comprise deposits taken after the assumption of control by Bonatla of the respective property owning companies. The deposits ate refunded in part or full once an inspection of the premises takes place and any damages are accounted for.
- Deposits given: These comprise deposits given to secure an acquisition. When an 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. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.23 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.

3.24 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.

3.25 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.

3.26 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 R45 000 000 (2011: R48 261 000).

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.

4. CRITICAL ACCOUNTING JUDGEMENTS (continued)

4.1 Key sources of estimation uncertainty (continued)

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.

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.

Available-for-sale financial assets

The group follows the guidance of IAS 39 to determine when an available-for-sale financial asset is impaired. This determination requires significant judgement. In making this judgement, the group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and near term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

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:

	2012 R'000	2011 R'000
5.1 Segment assets		
Investment Property – Leisure	**55 314**	55 877
Investment Property – Industrial	**51 363**	58 188
Investment Property – Commercial and Retail	**323 032**	303 800
Document Storage	**–**	6 160
Head Office	**21 859**	18 769
Manufacturing	**72 008**	52 490
Consolidated	**523 576**	495 284

- The Document Storage business was discontinued during the financial year under review.
- The Investment Property – Commercial and retail segment assets increased due to The Heights buildings being fair valued by R22,4 million.
- The Manufacturing segment assets increased due to the non-controlling shareholders of Carbon and Processing Technologies (Pty) Ltd contractually accepting this year's losses of R19,3 million incurred by this company.
- The Prospect Close and Africard buildings (reflected at R40 million under Non-current assets held-for-sale as at 31 December 2010) were sold in 2011.
- The non-current assets held for sale of R40,5 million are reflected in the Investment Property – Commercial and Retail segment.

5. SEGMENT INFORMATION (continued)

5.2 Segment liabilities

	Before Re-allocation 31 December 2012 R'000	Re-allocation 31 December 2012 R'000	After Re-allocation 31 December 2012 R'000	2011 R'000
Investment Property – Industrial	**26 414**	**(18 000)**	**8 414**	27 793
Investment Property – Commercial and Retail	**47 401**	**35 000**	**82 401**	35 970
Document Storage	**–**	**–**	**–**	764
Head Office	**57 706**	**(9 000)**	**48 706**	34 245
Manufacturing	**15 226**	**(8 000)**	**7 226**	13 609
Consolidated	**146 747**	**–**	**146 747**	112 381

The Document Storage business was discontinued during the financial year

The Head Office segment liabilities increased due to R7,7 million being received as a down payment for the sale of Bishops Court Properties which took place in 2013, R5,2 million loss incurred in respect of a legal settlement and the increase in loans and interest from related parties.

The re-allocation relates to Nedbank facilities, previously sitting in the Investment Property – Industrial, the Manufacturing and the Head Office segments, now re-allocated to the Investment Property – Commercial and Retail segment. The restructuring of the Nedbank facility was done in order to match medium-term commitments with a medium-term facility and to reduce the cost of borrowings.

Segment revenue

Continuing operations	2012 R'000 Total segment revenue	2012 R'000 Less inter-segment revenue	2012 R'000 Net segment revenue	2011 R'000 Total segment revenue	2011 R'000 Less inter-segment revenue	2011 R'000 Net segment revenue
Property Investment – Industrial	**5 184**	**(5 184)**	**–**	4 695	(3 700)	995
Property Investment – Commercial and Retail	**28 647**	**–**	**28 647**	25 598	–	25 598
Head Office	**1 599**	**(1 599)**	**–**	7 134	(848)	6 286
Manufacturing	**868**	**–**	**868**	4 774	–	4 774
From continuing operations	**36 298**	**(6 783)**	**29 515**	42 201	(4 548)	37 653

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 operation was discontinued in order to concentrate on the Investment Property business.

The Head Office segment revenue declined due to a risk and performance fee being charged in 2011.

The Manufacturing segment revenue declined due to downtime as a result of maintenance problems incurred on the carboniser and the activator.

5. SEGMENT INFORMATION (continued)

5.3 Segment results

	Head Office	Leisure	Industrial	Commercial and Retail	Document Storage	Manufacturing	**Total 2012**	Total 2011
Results from operating activities before items diluted below	(2 136)	70	(5 199)	(12 323)	–	(16 903)	**(36 491)**	(42 161)
Inter-segment rental revenue	–	–	5 184	–	–	–	**5 184**	3 700
Inter-segment management fees	1 599	–	–	–	–	–	**1 599**	848
Results from operating activities before items detailed below:	(537)	70	(15)	(12 323)	–	(16 903)	**(29 708)**	(37 613)
Accounting fees	150	–	–	2	–	–	**152**	172
Audit fees	1 023	–	–	–	–	–	**1 023**	525
Bad debts	3 125	–	–	100	–	48	**3 273**	–
Commissions	30	–	–	1 115	–	–	**1 145**	88
Consulting fees	1 142	3	6	663	–	656	**2 470**	2 377
Depreciation	11	–	429	8	–	12	**460**	99
Directors' salaries and fees	2 140	–	–	–	–	–	**2 140**	2 517
Forex loss	–	–	–	–	–	–	**–**	296
Guarantees	–	–	–	–	–	–	**–**	168
Impairments	2 524	–	–	1 410	–	–	**3 934**	–
Insurances	10	–	–	264	–	366	**640**	706
JSE compliance costs	1 008	–	–	–	–	–	**1 008**	1 601
Lease payments	–	583	–	–	–	–	**583**	600
Management fees – inter-segment	–	–	40	1 559	–	–	**1 599**	848
Legal costs	2 135	-	–	123	–	23	**2 281**	3 906
Loss incurred on legal settlement	5 214	–	–	–	–	–	**5 214**	–
Pension fund contributions	–	–	–	–	–	684	**684**	703
Rent	271	–	–	–	–	5 184	**5 455**	3 902
Repairs plus maintenance	–	–	–	–	–	906	**906**	1 564
Salaries and wages	354	–	–	–	–	5 130	**5 484**	4 989
Securities transfer tax	–	–	–	–	–	–	**–**	7
Secretarial fees	70	5	4	59	–	–	**138**	234
Security costs	3	–	–	–	–	180	**183**	187
Travel local	353	–	–	–	–	40	**393**	158
Valuation fees	(5)	–	–	–	–	–	**(5)**	135
Water and electricity	2	–	–	–	–	–	**2**	4
Results from operating activities	19 023	661	464	(7 020)	–	(3 674)	**9 454**	(11 827)

5. SEGMENT INFORMATION (continued)

5.3 Segment results (continued)

	Head Office	Leisure	Industrial	Commercial and Retail	Document Storage	Manufacturing	**Total 2012**	Total 2011
Inter-segment rental expense	–	–	–	–	–	(5 184)	**(5 184)**	(3 700)
Inter-segment management fee	–	–	(40)	(1 559)	–	–	**(1 599)**	(848)
Net results from operating activities	19 023	661	424	(8 579)	–	(8 858)	**2 671**	(16 375)
Investment revenue	–	–	–	–	–	–	**(13)**	(2 803)
Finance charges	–	–	–	–	–	–	**13 849**	8 764
Headline loss/(profit) before adjustments	–	–	–	–	–	–	**16 507**	(10 414)
Fair value adjustment	–	–	–	–	–	–	**(21 440)**	–
Impairment – Goodwill	–	–	–	–	–	–	**–**	36
Bargain purchase	–	–	–	–	–	–	**–**	(16 927)
(Profit) before tax	–	–	–	–	–	–	**(4 933)**	(27 305)
Taxation							**7 642**	9 820
Loss from discontinued operations							**5 395**	380
Loss/(profit) for the year							**8 104**	(17 105)
Other comprehensive loss							**370**	548
Total comprehensive loss/(income)							**8 474**	(16 557)

	Group		Company	
	2012	2011	**2012**	2011
	R'000	R'000	**R'000**	R'000
6. PROPERTY, PLANT AND EQUIPMENT				
Cost				
Land and building				
– reclassified from Investment Property	**20 750**	20 750	**–**	–
Office equipment	**57**	16	**–**	–
Computer equipment	**63**	682	**–**	–
Plant and equipment	**30 243**	29 113	**–**	–
Furniture and fittings	**11**	66	**–**	–
Total	**51 124**	50 627	**–**	–
Accumulated depreciation				
Land and buildings	**–**	–	**–**	–
Office equipment	**16**	8	**–**	–
Computer equipment	**54**	448	**–**	–
Plant and equipment	**530**	89	**–**	–
Furniture and fittings	**3**	19	**–**	–
Total	**603**	564	**–**	–
Carrying amount				
Land and buildings	**20 750**	20 750	**–**	–
Office equipment	**41**	8	**–**	–
Computer equipment	**9**	234	**–**	–
Plant and equipment	**29 713**	29 024	**–**	–
Furniture and fittings	**8**	47	**–**	–
Total	**50 521**	50 063	**–**	–
Movement for the year				
Net book value at the beginning of the year	**50 063**	24 702	**–**	–
Additions through business combinations at fair value	**–**	–	**–**	–
Additions – normal course of business:				
Office equipment	**41**	9	**–**	–
Computer equipment	**–**	34	**–**	–
Plant and equipment	**1 131**	4 863	**–**	–
Furniture and fittings	**–**	14	**–**	–
Reclassification from Investment Property	**–**	20 750	**–**	–
Discontinued operations	**(254)**	(210)	**–**	–
Depreciation charge for the year	**(460)**	(99)	**–**	–
Net book value at the end of the year	**50 521**	50 063	**–**	–

		Group	
		2012	2011
		R'000	R'000
7.	**INVESTMENT PROPERTY**		
	Karbotek building – Estcourt, KwaZulu-Natal		
	Balance at the beginning of the year	**–**	20 750
	Additions	**–**	–
	Transferred to property, plant and equipment	**–**	(20 750)
	Balance at the end of the year	**–**	–
	Milestone Place Building – Route 21, Irene, Gauteng		
	Balance at the beginning of the year	**12 500**	12 500
	Additions	**–**	–
	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**	12 500
	Additions	**–**	–
	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**	70 560
	Fair value adjustment	**22 440**	–
	Balance at the end of the year	**93 000**	70 560
	Bishops Court Building – Hillcrest, Durban, KwaZulu-Natal		
	Balance at the beginning of the year	**22 500**	22 500
	Additions	**–**	–
	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	**–**	–
	Disposal of property	**–**	(29 500)
	Balance at the end of the year	**–**	–
	Chambers Building – Ground Floor – Block E – Bellville, Western Cape		
	Balance at the beginning of the year	**8 500**	8 500
	Additions	**–**	–
	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**	13 000
	Additions	**–**	–
	Balance at the end of the year	**13 000**	13 000

		Group 2012 R'000	2011 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	**–**	–
	Disposal of property	**–**	(22 000)
	Balance at the end of the year	**–**	–
	Africard Building – Stand 173, Cleveland Ext 5, Johannesburg		
	Balance at the beginning of the year	**–**	18 000
	Additions	**–**	–
	Disposal of property	**–**	(18 000)
	Balance at the end of the year	**–**	–
	Madeline Street Building – 20 Madeline Street, Florida, Johannesburg		
	Balance at the beginning of the year	**13 000**	13 000
	Additions	**–**	–
	Balance at the end of the year	**13 000**	13 000
	Austin Crossing Building – Stand 961, Witkoppies Ext 18, Klerksdorp		
	Balance at the beginning of the year	**6 000**	6 000
	Fair value adjustment	**(1 000)**	–
	Balance at the end of the year	**5 000**	–
	Flextronics Building – Erf 1060, Ferndale, Randburg		
	Balance at the beginning of the year	**50 000**	50 000
	Additions	**–**	–
	Balance at the end of the year	**50 000**	–
	Total	**230 000**	208 560
	Less: Transferred to non-current assets held for sale:		
	Bishops Court Building	**(22 500)**	–
	Austin Crossing Building	**(5 000)**	–
	Madeline Street	**(13 000)**	(13 000)
	Total	**189 500**	195 560

		Group		Company	
		2012	2011	**2012**	2011
	Total at year-end	**R'000**	R'000	**R'000**	R'000
7.	**INVESTMENT PROPERTY (continued)**				
	Balance at the beginning of the year	**195 560**	189 810	**–**	–
	Acquisitions through business combinations	**–**	69 000	**–**	–
	Sold	**–**	(29 500)	**–**	–
	Fair value adjustment	**21 440**	–	**–**	–
	Transferred to non-current assets held-for-sale	**(27 500)**	(13 000)	**–**	–
	Transferred to property, plant and equipment	**–**	(20 750)	**–**	–
	Balance at the end of the year	**189 500**	195 560	**–**	–

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 2012 has been arrived at on the basis of a valuation carried out in June 2012 by Mr JD Malakou, an independent valuer, who is not related to the group. The Heights valuation was done as at 31 December 2012.

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. The directors, in their opinion, decided that there was no significant change in the value of these investment properties from June 2012 to 31 December 2012.

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

8. GOODWILL

	Group	
	2012	2011
	R'000	R'000
Cost	**85 611**	85 611
Accumulated impairment losses	**(40 611)**	(37 350)
	45 000	48 261
Cost		
Balance at the beginning of the year	**85 611**	41 693
Disposals	**–**	(1 118)
Additional amounts recognised from business combinations occurring during the year (note 9)	**–**	45 036
	85 611	85 611

		Group	
		2012	2011
		R'000	R'000
8.	**GOODWILL (continued)**		
	Accumulated impairment losses		
	Balance at the beginning of year	**(37 350)**	(38 432)
	Disposals	**–**	1 118
	Impairment of losses recognised in the year		
	– Continuing operations	**–**	(36)
	– Discontinued operation	**(3 261)**	–
	Balance at the end of the year	**(40 611)**	(37 350)

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
- Manufacturing
- Document Storage

	2012 R'000	2011 R'000
Goodwill at year-end comprises:		
Investment Property – Commercial and Retail	**–**	–
Manufacturing	**45 000**	45 000
Document Storage	**–**	3 261
	45 000	48 261
The recognition of impairment losses is as follows:		
Investment Property – Commercial and Retail	**–**	(36)
Document Storage	**(3 261)**	–
	(3 261)	(36)

Investment Property – Commercial and Retail

The directors have decided to write off this goodwill in 2011 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 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 used relating to the recoverability due to value in use are:

- Production of activated carbon would be increased by 200 tonnes per month based on current capacity.
- Overheads are expected to increase by 10% per year.

Document Storage

- This business was discontinued in 2012 and the Goodwill was impaired in 2012.
- The impairment is included in the "Loss from discontinued operations" line in the Statement of Comprehensive Income.

9. BUSINESS COMBINATIONS

There were no business combinations in 2012.

The consolidated results for the year ended 31 December 2011 include the trading results of the last three Investment 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 Investment 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 to the results in 2013 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 non-controlling shareholders of Carbon and Processing Technologies (Pty) Ltd have contractually agreed to accept the losses of this company for the 2011 and 2012 financial years.

For all of the above acquisitions, there are no further 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
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)			
Fair value adjustment to purchase consideration (refer note 20.5)			**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's 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 Investment 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	Consideration 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	
	2012	2011	**2012**	2011
	R'000	R'000	**R'000**	R'000
10. OTHER INTANGIBLE ASSETS				
Valuation				
– Computer software	**77**	370	**–**	–
– Intellectual property	**–**	1 000	**–**	–
Total	**77**	1 370	**–**	–
Accumulated amortisation				
– Computer software	**76**	268	**–**	–
– Intellectual property	**–**	–	**–**	–
Total	**76**	268	**–**	–
Carrying amount				
– Computer software	**1**	102	**–**	–
– Intellectual property	**–**	1 000	**–**	–
Total	**1**	1 102	**–**	–
Movement for the year				
Valuation at the beginning of the year	**1 370**	1 363	**–**	–
Discontinued operations	**(1 293)**	–	**–**	–
Additions through normal business	**–**	7	**–**	–
At the end of the year	**77**	1 370	**–**	–
Movement for the year				
Accumulated amortisation at the beginning of the year	**268**	170	**–**	–
– Discontinued operations	**(193)**	–	**–**	–
Charge for the year – Computer software	**1**	98	**–**	–
At the end of the year	**76**	268	**–**	–

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. This has been impaired as the Document Storage business was discontinued in 2012.

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 Carbon and Processing Technologies (Pty) Limited (previously M & P Boating (Pty) Limited), is 100%. The charcoal and activated carbon business was transferred into Carbon and Processing Technologies (Pty) Limited on 1 January 2011 and the company has an effective holding of 51%.

Name of company	Nature of business	Effective 2012 %	2011 %	Shares at cost 2012 R'000	Shares at cost 2011 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	**–***	–*
Carbon and Processing Technologies (Pty) Limited (previously M & P Boating (Pty) Limited)	Manufacturing company	**51**	51	**–***	–
Makeover Investments (Pty) Limited	Dormant company	**100**	100	**–***	–
Total shares at cost				**5 776**	5 776
Loans to subsidiaries**				**350 819**	–
Total investment				**356 595**	5 776
Investment in subsidiaries – beginning of the year				**5 776**	5 776
Loans to subsidiaries**				**350 819**	–
Investment in subsidiaries – end of the year				**356 595**	5 776

* *Investments are less than R1 000.*

** *These loans have been reassessed by the directors and are considered to form part of the investment in subsidiaries (refer note 12)*

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 2012 %**	Effective 2011 %	**Shares at cost 2012 R'000**	Shares at cost 2011 R'000
Mystic Blue Trading 511 (Pty) Limited	Investment Property – Industrial	**100**	100	**650**	650
Quick Leap Investments 461 (Pty) Limited	Investment Property – Industrial	**100**	100	**270**	270
Milestone Place Properties (Pty) Limited	Investment Property – Commercial and Retail	**100**	100	**150**	150
Property 259 Properties (Pty) Limited	Investment Property – Commercial and Retail	**100**	100	**230**	230
Nungu Trading 472 (Pty) Limited	Investment Property – Commercial and Retail	**100**	100	**700**	700
Bishops Court Properties (Pty) Limited	Investment Property – Commercial and Retail	**100**	100	**350**	350
Copper Moon Trading 249 (Pty) Limited	Investment Property – Commercial and Retail	**–**	–	**–**	490
Chambers Ground Floor Properties (Pty) Limited	Investment Property – Commercial and Retail	**100**	100	**180**	180
Tropical Paradise Trading 320 (Pty) Limited	Investment Property – Commercial and Retail	**100**	100	**380**	380
Austin Crossing Properties (Pty) Limited	Investment Property – Commercial and Retail	**100**	100	**15**	15
Tropical Paradise Trading 334 (Pty) Limited	Investment Property – Commercial and Retail	**100**	100	**15**	15
Madeline Street Properties (Pty) Limited	Investment Property – Commercial and Retail	**100**	100	**13 000**	13 000
Total acquisitions through business combinations before disposals				**15 940**	16 430
Less: Disposal					
Copper Moon Trading 249 (Pty) Limited				**–**	(490)
Total acquisitions through business combinations				**15 940**	15 940

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

Balance at beginning of the year	**15 940**	3 400
Add: Acquisitions through business combinations	**–**	13 030
Less: disposal Coppermoon Trading 249 (Pty) Limited	**–**	(490)
Balance at end of the year	**15 940**	15 940

		Loans to subsidiaries 2012 R'000	Loans to subsidiaries 2011 R'000
12.	**LOANS TO SUBSIDIARIES**		
	Bonatla Properties (Pty) Limited	**202 616**	280 217
	Codify Investments (Pty) Limited	**30 203**	33 300
	Stand 11 Corporate Park (Pty) Limited	**23 000**	24 439
	Morgan Creek Properties Ten (Pty) Limited	**–**	1 924
	New Adventure Investments 72 (Pty) Limited	**–**	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	**350 819**	440 284
	Reclassification of subsidiaries*	**(350 819)**	–
		–	440 284

* *These loans have been reassessed by the directors and are considered to form part of the investment in subsidiaries (refer note 11)*

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 R202 616 000 (2011: R280 217 000) 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.

All the above loans are unsecured, interest free and are repayable on demand. The company does not intend to call up payment of these loans within the next 12 months.

	Group	
	2012	2011
	R'000	R'000
13. INVESTMENTS		
In order to secure the acquisition of the last three Investment Property Companies, Bonatla purchased a non-controlling share holding in the Investment Property Holding Companies from certain investors	**2 096**	2 096
Less: Fair value adjustment	**(918)**	(548)
Fair value of investments	**1 178**	1 548

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

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

Fair value information

Financial assets at fair value through other comprehensive income are recognised at fair value, which is therefore equal to their carrying amounts.

Fair value hierarchy of financial assets at fair value through other comprehensive income

For financial assets recognised at fair value, disclosure is required of a fair value hierarchy which reflects the significance of the inputs used to make the measurements.

Level 1 represents those assets which are measured using unadjusted quoted prices for identical assets.

Level 2 applies inputs other than quoted prices that are observable for the assets either directly (as prices) or indirectly (derived from prices).

Level 3 applies inputs which are not based on observable market data (unobservable input).

Unlisted shares	**1 178**	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	
	2012	2011	**2012**	2011
	R'000	R'000	**R'000**	R'000
Shown under non-current assets				
Prepayments	**54 497**	55 079	**–**	–
Others	**–**	99	**–**	–
	54 497	55 178	**–**	–
Shown under current assets – prepayments	**833**	582	**–**	–
Total	**55 330**	55 760	**–**	–

15. DEPOSITS

	Group		Company	
	2012	2011	**2012**	2011
	R'000	R'000	**R'000**	R'000
Non-refundable deposit	**50 000**	50 000	**–**	–
Rates deposit	**–**	471	**–**	–
Electricity deposits	**–**	10	**–**	–
	50 000	50 481	**–**	–

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.

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. This deposit has reduced to nil as a result of rates been charged until the transfer took place.

16. INVENTORIES

	Group		Company	
	2012	2011	**2012**	2011
	R'000	R'000	**R'000**	R'000
Finished goods	**–**	186	**–**	–
Raw materials	**217**	301	**–**	–
	217	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 24.

		Group		Company	
		2012	2011	**2012**	2011
		R'000	R'000	**R'000**	R'000
17.	**TRADE AND OTHER RECEIVABLES**				
	Trade receivables	**519**	1 719	**–**	–
	Sibuyelo Matwane Community Trust – advance payment	**234**	216	**–**	–
	Investment Property Holding companies	**61 192**	57 206	**–**	–
	Rental equalisation reserve	**1 172**	847	**–**	–
	Prepayments – income plan distribution	**–**	3 986	**–**	–
	Loans	**27 777**	9 325	**–**	–
	Other	**2 867**	2 145	**–**	–
	Gross receivables	**93 561**	75 444	**–**	–
	Impairment	**(7 160)**	–	**–**	–
	Total	**86 601**	75 444	**–**	–

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:

	2012	2011
Current and 30 days	**364**	537
60 days	**24**	391
Older than 60 days	**131**	791
Total	**519**	1 719

Trade and other receivables which are less than 60 days past due are not considered to be impaired. All the above amounts are considered recoverable and no impairment is required. This includes the outstanding amount of R131 000 (2011 : R 791 000), 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 R234 000 (2011: R216 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.

Investment Property Holding companies

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

17. TRADE AND OTHER RECEIVABLES (continued)

Rental equalisation reserve

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

Prepayments – Income Plan distribution

In terms of the agreement for the acquisition of the 12 Investment Property 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 R nil (2011: R 3 986 000) represents voluntary distributions, made in advance, before the shares have been issued.

These voluntary distributions have in 2012 been incorporated into the amounts owed by the Investment Property Holding companies.

Loans

These loans of R27 777 000 (2011: R 9 325 000) are unsecured and are interest free and will be settled by withholding dividends made to the non-controlling shareholders in Carbon and Processing Technologies (Pty) Limited.

Other

Included in other are:

R703 000 (2011: R703 000) 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.

R1 200 000 (2011: Rnil) relating to a claim against Midnight Storm, a company that owned the Blaauwberg property where a hotel was being constructed, that was bought relating to a business rescue operation. This claim has been impaired in full.

18. CASH AND CASH EQUIVALENTS

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

	Group		Company	
	2012	2011	**2012**	2011
	R'000	R'000	**R'000**	R'000
Bank balances	**1 044**	1 217	**64**	62

19. NON-CURRENT ASSETS HELD FOR SALE

Investment properties held for sale	**40 500**	13 000	**–**	–

The company intends to dispose of the land and buildings situated at 20 Madeline Street, Florida, Johannesburg during 2013 (value R13 000 000), at Hillcrest, Durban for R22 500 000 and at Stand 961, Witkoppies Ext 18, Klerksdorp for R5 000 000.

Madeline Street – a covering mortgage bond of R4 000 000 has been raised as security for a R4 000 000 loan.

Bishops Court – a mortgage bond of R4 767 000 exists on the property.

Austin Crossing – this property has been given as security for a short-term loan with a balance of R2 029 000 as at 31 December 2012.

	Group 2012 R'000	Group 2011 R'000	Company 2012 R'000	Company 2011 R'000
20. SHARE CAPITAL AND PREMIUM				
20.1 Share capital				
Authorised				
2 000 000 000 (2011: 2 000 000 000) ordinary shares of 1 cent each	**20 000**	20 000	**20 000**	20 000
Nil (2011: 28 730 140) convertible "B" preference shares of 1 cent each	**–**	287	**–**	287
200 000 000 (2011: 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 end of the year:				
869 724 813 (2011: 500 209 728) ordinary shares of 1 cent each	**8 697**	5 002	**8 697**	5 002
20.2 Convertible preference share capital				
Nil (2011: 28 730 140) convertible "B" preference shares of 1 cent each	**–**	287	**–**	287
Less: Converted into 349 515 085 ordinary shares (to be issued)	**–**	(287)	**–**	(287)
Balance at the end of the year	**–**	–	**–**	–
20.3 Share premium				
At the beginning of the year	**220 838**	249 281	**220 838**	249 281
Shares issued during the year	**25 235**	–	**25 235**	–
Preference shares converted into ordinary shares	**–**	(28 443)	**–**	(28 443)
Shares issued to settle vendor liability	**1 300**	–	**1 300**	–
At the end of the year	**247 373**	220 838	**247 373**	220 838
20.4 Total share capital and premium	**256 070**	225 840	**256 070**	225 840
20.5 Shares to be issued				
75 582 597 ordinary shares of 1 cent each at a premium of 69 cents per share (2011: 75 582 597)	**52 908**	52 908	**52 908**	52 908
23 636 363 ordinary shares of 1 cent each at a premium of 54 cents per share (2011: 23 636 363))	**13 000**	13 000	**13 000**	13 000
270 750 312 ordinary shares of 1 cent each at a premium of 74 cents per share (2011: 270 750 312)	**203 063**	203 063	**203 063**	203 063
	268 971	268 971	**268 971**	268 971
Other – to settle vendor liabilities				
35 000 000 ordinary shares of 1 cent each at a Premium of 9 cents per share (2011: nil)	**3 500**	–	**3 500**	–
50 000 000 ordinary shares of 1 cent each at a premium of 7 cents per share (2011: 64 000 000)	**4 000**	5 120	**4 000**	5 120

	Group 2012 R'000	Group 2011 R'000	Company 2012 R'000	Company 2011 R'000
20. SHARE CAPITAL AND PREMIUM (continued)				
20.5 Shares to be issued (continued)				
Nil ordinary shares of 1 cent each at a premium of 6,5 cents per share (2011: 20 000 000)	**–**	1 500	**–**	1 500
250 000 ordinary shares of 1 cent each at a premium of 7 cents per share (2011: nil)	**20**	–	**20**	–
Nil ordinary shares of 1 cent each at a premium of 7,22 cents per share (2011: 349 515 085)	**–**	28 730	**–**	28 730
	276 491	304 321	**276 491**	304 321
Less: Fair value of shares to be issued	**(37 173)**	(37 173)	**–**	–
Total	**239 318**	267 148	**276 491**	304 321
Less: Treasury shares (note 21)	**(17 461)**	(17 461)	**–**	–
Total	**221 857**	249 687	**276 491**	304 321

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 2011 and have been converted into ordinary shares in 2012 .

In terms of a resolution passed by the directors of the Investment 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, 1 130 275 187 ordinary shares (2011: 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 2012 R'000	Group 2011 R'000	Company 2012 R'000	Company 2011 R'000
21. TREASURY SHARES	**(17 461)**	(17 461)	**–**	–

Part of the consideration for the disposal of Copper Moon 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 be at a discount to the net asset value of shares as at 31 December 2012.

		Group		Company	
		2012	2011	**2012**	2011
		R'000	R'000	**R'000**	R'000
22.	**OTHER RESERVES**				
	Balance at the beginning of the year – available-for-sale financial assets reserve	**(548)**	–	**–**	–
	Fair value adjustment of unlisted investments	**(370)**	(548)	**–**	–
	Balance at the end of the year – available-for-sale financial asset reserve	**(918)**	(548)	**–**	–
	Total (gains)/losses on available-for-sale financial assets are recognised in other comprehensive income/(loss)				
23.	**NON-CONTROLLING 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. These non-controlling shareholders of Carbon and Processing Technologies (Pty) Limited have contractually agreed to accept the losses of this company for the 2011 and 2012 financial years.

		Group		Company	
		2012	2011	**2012**	2011
		R'000	R'000	**R'000**	R'000
24.	**BORROWINGS**				
	Unsecured				
	Loan from A Dube This loan is unsecured, interest free and will be repaid In 2013 out of cash generated from operating activities.	**613**	–	**–**	–
	Loan from W van Zyl and TC Erasmus This loan is unsecured, interest free and will be repaid in 2013 out of cash generated from operating activities.	**370**	–	**–**	–
	Loan from Hail Investments This loan is unsecured, bears interest at the prime plus 4% and will be repaid in 2013 out of funds to be raised. (No interest was charged in 2011.)	**2 264**	3 400	**–**	–
	Loan from Buz Way Properties (Pty) Limited This loan is unsecured, interest-free and will be repaid in 2013 out of cash generated from operating activities.	**27**	27	**–**	–
	Loan from Rara Avis Property Investments (Pty) Limited This loan is unsecured, bears interest at prime plus 4%. (No interest was charged in 2011.)	**–**	325	**–**	–
	Loan from The Lion Match Company 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 2013 out of cash generated from operating activities.	**89**	3 059	**–**	–

		Group		Company	
		2012	2011	**2012**	2011
		R'000	R'000	**R'000**	R'000
24.	**BORROWINGS (continued)**				
	Unsecured (continued)				
	Loan from Karbotek	**–**	335	**–**	–
	This loan is unsecured, interest-free.				
	Interest totalling R502 953 on the Hail Investments and the Rara Avis Properties unsecured loans for 2011 has been waived.				
	Loan from Gemini Moon	**1**	–	**–**	–
	This loan is unsecured, interest free and will be repaid in 2013 out of cash generated from operating activities.				
	Secured				
	Loans from:				
	CDA Property Consultants (Pty) Limited	**17 484**	15 781	**–**	–
	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 2014, 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 (Pty) Limited's loan has been waived in 2011.				
	Nedbank				
	Nedbank – Bonds	**14 027**	16 981	**–**	–
	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 R125 887 over the next 44 months. Secured over Investment property with a value of R22 500 000 (2011: R22 500 000).	**4 768**	5 824	**–**	–
	Chambers Ground Floor – loan bearing interest at prime, repayable in monthly instalments of R67 985 over the next 38 months. Secured over Investment property with a value of R8 500 000 (2011: R8 500 000).	**2 269**	2 865	**–**	–

	Group		Company	
	2012	2011	**2012**	2011
	R'000	R'000	**R'000**	R'000
24. BORROWINGS (continued)				
Secured (continued)				
Chambers 2 and 3 – loan bearing interest at prime, repayable in monthly instalments of R163 014 over the next 51 months. Secured over Investment property with a value of R13 000 000 (2011: R13 000 000).	**6 990**	8 292	**–**	–
Term loan The loan is secured, bears interest at prime plus 2% and is repayable by monthly payments of R739 757 (2011: R 320 624) until January 2016.	**31 867**	12 621	**–**	–
HP Instalment Sale This is secured, bears interest at prime plus 2% and is repayable by monthly instalments of R126 092.	**–**	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 pledge and cession in favour of Nedbank in terms of which Erf 627 and 628 Estcourt (Pty) Limited cedes all its rights, title and interest in and to the proceeds in respect of a buy-back agreement entered into by and between Erf 627 and 628 (Pty) Limited and the supplier of the new rotary kiln, Jacobi Carbons AG, whereby Jacobi Carbons AG undertakes to buy back the activator for an amount not less than 80% (eighty percent) of the original purchase price of approximately USD477 000, which undertaking shall remain valid for a period of one year from the date of installation and commissioning of the rotary kiln;
- a deed of pledge and cession in terms of which Erf 627 and 628 Estcourt (Pty) Limited cedes to Nedbank all of its rights, title and interest in and to the proceeds from the supply agreement entered into, by and between Erf 627 and 628 Estcourt (Pty) Limited and Jacobi Carbons AG whereby Jacobi Carbons AG buys and the borrower sells 100% of the activated carbon produced by Erf 627 and 628 Estcourt (Pty) Limited for a period of five years from the date of commissioning of the new kiln;
- 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 of 24 000 000 ordinary shares in Bonatla Property Holdings Limited held by Dusty Moon Investments 225 (Pty) Limited;
- 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;

24. BORROWINGS (continued)

Secured (continued)

- a suretyship incorporating a cession of claims limited to R19 500 000 on Nedbank's standard terms and conditions given by Carbon and Processing Technologies (Pty) Limited (previously 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 limited to R19 500 000 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 and pledge of 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;
- 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;
- 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;
- a deed of pledge and cession in terms of which Erf 627 and 628 Estcourt (Pty) Limited cedes to Nedbank all of its rights, title and interest in and to all present and future debtors of the borrower;
- a deed of pledge and cession in terms of which Erf 627 and 628 Estcourt (Pty) Limited cedes to Nedbank all of its rights, title and interest in and to all proceeds from contracts of insurance in respect of the freehold properties, plant and equipment and debtors;
- a suretyship incorporating a cession of claims by AM Dube in the sum of R9 750 000;
- a suretyship incorporating a cession of claims by Dusty Moon Investments 225 (Pty) Limited in the sum of R9 750 000;
- a suretyship incorporating a cession of claims by IC MacLean limited in the sum of R9 750 000;

24. BORROWINGS (continued)

Secured (continued)

- unrestricted suretyship, incorporating a cession of claims, by Hail Investments (Pty) Limited, in consideration of any indebtedness incurred or to be incurred by Property 259 Properties (Pty) Limited;
- a deed of pledge and cession in terms of which Bonatla Properties (Pty) Limited cedes to Nedbank all its rights and interests in and to 61 ordinary shares in Carbon and Processing Technologies (Pty) Limited;
- a deed of pledge and cession in terms of which Cambridge Park Mall (Pty) Limited cedes to Nedbank all its rights and interests in and to 1 000 fully paid and unlisted shares in Erf 627 and 628 (Pty) Limited;
- a second ranking covering mortgage bond for R35 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 limited guarantee of R35 million by Bonatla Properties (Pty) Limited;
- a limited guarantee of R35 million by Bonatla Property Holdings Limited;
- a limited guarantee of R35 million by Erven 627 and 628 Estcourt (Pty) Limited;
- an undertaking by Karbotek Carbon Technologies (Pty) Limited not to dispose of or grant any security over its intellectual property rights in respect of production of activated carbon for term the of the loan agreement;
- an undertaking by Bonatla Property Holdings Limited to fund any shortfalls of payments due by Nungu Trading 472 (Pty) Limited in the term loan agreement;
- a first ranking covering mortgage bond for R7 000 000 registered in favour of Nedbank over Erven 1627 and 1628, Estcourt Township, KwaZulu-Natal;
- a deed of pledge and cession by Carbon and Processing Technologies (Pty) Limited (previously 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 first ranking covering mortgage bond for R7 000 000 registered in favour of Nedbank over Erven 627 and 628 Estcourt (Pty) Limited;
- a general notarial bond for an amount of R12 000 000 registered in favour of Nedbank over all movable assets of Erven 627 and 628 Estcourt (Pty) Limited, located on Erven 1627 and 1628 Estcourt Township, KwaZulu-Natal;
- a deed of pledge and cession of 29 unlisted shares in Carbon and Processing Technologies (Pty) Limited (previously M & P Boating (Pty) Limited) held by Dusty Moon Investments 225 (Pty) Limited in respect of the lease rental obligations incurred by Carbon and Processing Technologies (Pty) Limited;
- a limited guarantee of R2,5 million by Bonatla Property Holdings Limited;
- a limited guarantee of R2,5 million by Bonatla Properties (Pty) Limited;
- a limited guarantee of R7 million by Erven 627 and 628 Estcourt (Pty) Limited;
- a cross-guarantee between Nungu Trading 472 (Pty) Limited and Carbon and Processing Technologies (Pty) Limited for R2,5 million;
- a cession of directors'/shareholders' loans by AM Dube;
- a cession of directors'/shareholders' loans by IC Maclean;
- a letter of undertaking by Karbotek Carbon Technologies (Pty) Limited and Erven 627 and 628 Estcourt (Pty) Limited not to claim royalties payments and any rental payments from Carbon and Processing Technologies (Pty) Limited; and
- a deed of cession and pledge of Erven 627 and 628 Estcourt (Pty) Limited lease rentals receivable in respect of the lease agreement entered into and by and between Carbon and Processing Technologies (Pty) Limited, lessee and Erven 627 and 628 Estcourt (Pty) Limited.

	Group		Company	
	2012	2011	**2012**	2011
	R'000	R'000	**R'000**	R'000
24. BORROWINGS (continued)				
Secured (continued)				
Merchant Factors Secured by a First covering mortgage bond for R12 000 000 over the Flextronics property, a first sectional title mortgage bond for R6 000 000 over unit no's 1 to 6 of the Madeline Street property, a cession of rentals by Madeline Street Properties (Pty) Ltd, a cession of rentals by Austin Crossing Properties (Pty) Ltd and a cession of a short-term insurance policy in the name of Madeline Street Properties (Pty) Ltd. Cross-company guarantees by Bonatla Property Holdings Limited and Bonatla Properties (Pty) Limited and suretyship by Tropical Paradise Trading 334 (Pty) Limited, Austin Crossing Properties (Pty) Limited and Madeline Street Properties (Pty) Limited. This loan bears interest at prime plus 21% and is repayable on 30 June 2013, or may be extended for a further six months.	**16 357**	12 220	**–**	–
Disclosed as follows:				
Shown under non-current liabilities				
CDA Property Consultants (Pty) Limited	**17 427**	9 788	**–**	–
Nedbank Limited – bonds	**10 954**	12 656	**–**	–
Nedbank Limited – term loan	**26 295**	8 765	**–**	–
Nedbank Limited – HP Instalment Sale	**–**	5 674	**–**	–
	54 676	36 883	**–**	–
Shown under current liabilities				
CDA Property Consultants (Pty) Limited	**57**	5 993	**–**	–
Rara Avis Property Investments (Pty) Limited	**–**	324	**–**	–
Nedbank bonds – current portion	**3 073**	4 326	**–**	–
Nedbank term loan – current portion	**5 572**	3 847	**–**	–
Nedbank HP Instalment Sales – current position	**–**	1 513	**–**	–
W van Zyl, TC Erasmus	**370**	–	**–**	–
Hail Investments	**2 264**	3 400	**–**	–
Buz Way Properties (Pty) Limited	**27**	27	**–**	–
Rand Merchant Factors	**16 357**	12 220	**–**	–
The Lion Match Company	**89**	3 059	**–**	–
Gemini Moon Trading 177 (Pty) Limited	**1**	–	**–**	–
A Dube	**613**	–	**–**	–
Karbotek	**–**	335	**–**	–
	28 423	35 044	**–**	–

The interest rates charged on the long-term borrowings approximate discount rates for equivalent loans.

In terms of its articles of association, the company has no restrictions on its borrowing powers.

		Group 2012 R'000	Group 2011 R'000	Company 2012 R'000	Company 2011 R'000
25.	**DEFERRED TAXATION**				
	Deferred taxation liability/(asset)				
	Investment property	**18 978**	12 427	**–**	–
	Straight-line rental	**328**	237	**–**	–
	Difference between tax value and carrying value of assets	**5 710**	3 812	**–**	–
	Assessed losses	**(2 727)**	(1 563)	**–**	–
	Total	**22 289**	14 913	**–**	–
	Balance at the beginning of the year	**14 913**	9 649	**–**	–
	Deferred tax on fair value adjustment	**4 002**	415	**–**	–
	Deferred tax on change in inclusion rate	**2 549**	–	**–**	–
	Deferred tax on straight-line rental accrual	**91**	206	**–**	–
	Deferred tax on sale of building	**–**	(106)	**–**	–
	Deferred tax on assessed loss – utilised	**(1 164)**	2 569	**–**	–
	Deferred tax on difference between tax value and carrying value of assets	**1 898**	2 180	**–**	–
	Balance at the end of the year	**22 289**	14 913	**–**	–
	Non-current asset	**(3 684)**	(2 361)	**–**	–
	Non-current liability	**25 973**	17 274	**–**	–
	Total	**22 289**	14 913	**–**	–
	Deferred tax per Statement of Comprehensive Income is reconciled as follows:				
	Deferred tax on straight-line rental accrual	**91**	206	**–**	–
	Sale of investment property	**–**	1 047	**–**	–
	Fair value adjustment – change in inclusion rate	**2 549**	–	**–**	–
	Fair value adjustment – Investment property	**4 002**	3 480	**–**	–
	Difference tax value and carrying value of fixed assets	**1 898**	2 180	**–**	–
	Assessed loss utilised	**(1 164)**	(912)	**–**	–
	Total	**7 376**	6 001	**–**	–

Deferred tax assets and liabilities arise from the fair value adjustment of the Investment property and on the straightline rental accrual. Deferred tax on the revaluation of Investment property changed from 14% to 18,67% resulting in an increase in the deferred tax in 2012.

The Heights building was fair valued upwards in 2012 by R22 440 000 and the Austin Crossing building was fair valued downwards by R1 000 000 in 2012 resulting in a further increase in the deferred tax.

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.

		Group		Company	
		2012	2011	**2012**	2011
		R'000	R'000	**R'000**	R'000
26.	**TRADE AND OTHER PAYABLES**				
	Trade payables	**9 676**	8 832	**–**	–
	Sundry suppliers	**1 309**	–	**–**	–
	Customer prepayments	**751**	1 041	**–**	–
	Value-added tax	**1 911**	460	**–**	–
	Sundry accruals	**691**	574	**–**	–
	Shareholders for dividends	**65**	65	**65**	65
	Rental deposits	**1 112**	348	**–**	–
	Payments in advance – sale of Bishops Court	**7 700**	–	**–**	–
	Others	**5 966**	1 198	**–**	–
	PAYE, UIF and SDL	**51**	158	**–**	–
	Total	**29 232**	12 676	**65**	65

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

Sundry suppliers relate to commission payable to the Property Manager in terms of leases renewed in 2012.

Customer prepayments relate to tenants paying their January 2013 (January 2012) rentals in December 2012 (December 2011).

Sundry accruals relate to the Securities transfer tax payable on the acquisition of the 12 Investment Property companies.

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

Payments in advance relates to a down payment of the sale of Bishops Court, which took place in 2013.

Others include an amount of R5,1 million which was awarded in terms of a High Court order granted in 2013 as a legal settlement relating to the acquisition of certain investment property companies.

27.	**BANK OVERDRAFT**				
	Overdraft facilities from certain banking institutions	**2 521**	5 361	**–**	–
28.	**TAXATION**				
	South African normal taxation	**5 922**	5 143	**–**	–

29. PRIOR YEAR ERRORS

The non-controlling shareholders of Carbon and Processing Technologies (Pty) Limited have contractually agreed to accept the losses of this company for the 2011 and 2012 years. In 2011 this acceptance of losses was treated as other income, but after extensive deliberation and advice from our IFRS advisors, it was decided that the more appropriate accounting treatment would be to treat this as an equity contribution from non-controlling shareholders. Acting on this advice, the prior year comparatives have been restated accordingly. The change in accounting treatment has no effect on the earnings per share or headline earnings per share attributable to the owners of the parent.

The group incorrectly included fair value adjustments relating to investments held (refer note 13) in operating costs in the statement of comprehensive income in the prior year. The prior year has been restated to correctly disclose the fair value adjustment as other comprehensive income/(loss).

The effect of these restatements on the prior results is as follows:

- Other income has decreased by R16 735 000
- Operating costs have decreased by R548 000
- Other comprehensive loss has increased by R548 000
- (Loss)/earnings and diluted (loss)/earnings increased by R548 000
- Total comprehensive loss for the year increased by R16 735 000
- (Loss)/earnings per share and diluted (loss)/earnings per share have increased by 0,06 cents per share
- Headline (loss)/earnings and diluted headline (loss)/earnings increased by R548 000
- Headline (loss)/earnings per share and diluted headline (loss)/earnings per share have increased by 0,05 cents per share

	Group		Company	
	2012	2011	**2012**	2011
	R'000	R'000	**R'000**	R'000
30. REVENUE				
Rental and recoveries	**28 323**	27 909	**–**	–
Straight-line rental accrual	**324**	688	**–**	–
Fees	**–**	4 283	**–**	–
Charcoal and other	**868**	4 773	**–**	–
Total	**29 515**	37 653	**–**	–

The fees relate to a risk and performance fee charged to the Investment Property Holding companies in 2011 for getting the 12 Investment Property companies out of judicial management.

Charcoal and other relate to revenue derived in the Manufacturing business. The decrease in this revenue is as a result of unforeseen problems experienced during the manufacturing process.

	Group		Company	
	2012	2011	**2012**	2011
	R'000	R'000	**R'000**	R'000
31. COST OF SALES				
Cost of sales – goods sold	**2 809**	5 523	**–**	–
Cost of sales – property expenses	**15 406**	10 529	**–**	–
	18 215	16 052	**–**	–

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 in 2011 (2012: nil).

The cost of sales – property expenses have increased substantially in 2012 due to the operations of the last three Investment Property companies being accounted for 12 months in 2012 (2011: six months).

		Group		Company	
		2012	2011	**2012**	2011
		R'000	R'000	**R'000**	R'000
32.	**OTHER INCOME**				
	Profit on sale of company	**–**	467	**–**	–
	Fees reversed	**1 120**	–		
	Other	**100**	–		
	Bad debts recovered	**29**	38	**–**	–
		1 249	505	**–**	–

The profit on the sale of the company relates to the sale of Copper Moon Trading 249 (Pty) Limited.

Refer note 29 for the prior year error.

		Group		Company	
		2012	2011	**2012**	2011
		R'000	R'000	**R'000**	R'000
33.	**OPERATING COSTS**	**34 472**	22 466	**–**	–
	The major operating costs increases are due to:				
	Charcoal (Manufacturing) business (excluding amounts included in the costs below)	**8 361**	8 366	**–**	–
	Bad debts	**3 273**	–	**–**	–
	Commissions	**1 145**	88	**–**	–
	Directors' salaries and fees	**2 140**	2 520	**–**	–
	Impairments	**3 934**	–	**–**	–
	JSE compliance costs	**1 009**	1 601	**–**	–
	Legal costs	**2 281**	3 906	**–**	–
	Loss incurred on legal settlement	**5 214**	–	**–**	–

The impairments consist of a claim of R1,2 million being impaired (refer note 17) and loans of R2,734 million to the investment holding companies being impaired (refer note 17).

The loss incurred on legal settlement is in terms of a High Court order granted in 2013 and relates to the acquisition of certain investment property companies and (refer note 26).

For a more detailed breakdown, refer to note 5.3.

34.	**FAIR VALUE ADJUSTMENT**				
	Revaluation of properties				
	The Heights building was fair valued upwards by	**22 440**	–	**–**	–
	The Austin Crossing building was fair valued downwards by	**(1 000)**	–	**–**	–
		21 440	–	**–**	–

	Group 2012 R'000	Group 2011 R'000	Company 2012 R'000	Company 2011 R'000
35. (LOSS)/PROFIT FROM OPERATIONS				
Results from operating activities for the period are stated after accounting for the following:				
Expenditure	**(483)**	16 531	**(91 863)**	–
Auditors' remuneration	**1 023**	525	**–**	–
– Fees	**1 023**	525	**–**	–
Bad debts	**3 273**	–	**–**	–
Commissions	**1 145**	88	**–**	–
Consulting fees	**2 470**	2 377		
Depreciation and amortisation	**460**	99	**–**	–
– Office equipment	**8**	2	**–**	–
– Computer equipment	**8**	6	**–**	–
– Computer software	**1**	1	**–**	–
– Furniture and fittings	**2**	1	**–**	–
– Plant and equipment	**441**	89	**–**	–
Impairment – goodwill	**–**	36	**–**	–
Impairment – loans to subsidiary companies	**–**	–	**91 863**	–
Legal fees	**2 281**	3 906	**–**	–
Listing-related costs	**1 008**	1 601	**–**	–
Pension fund contributions	**684**	703	**–**	–
Operating lease rentals	**854**	1 024	**–**	–
Staff costs	**5 484**	4 989	**–**	–
Travel – local	**393**	158	**–**	–
Security	**183**	187	**–**	–
Forex loss	**–**	296	**–**	–
Impairments – loans and claims	**3 934**	–	**–**	–
Repairs and maintenance	**906**	1 564	**–**	–
Loss incurred on legal settlement	**5 214**	–	**–**	–

Refer to note 29 for the restatement as a result of a prior year error.

		Group		Company	
		2012	2011	**2012**	2011
		R'000	R'000	**R'000**	R'000
36.	**INVESTMENT REVENUE**				
	Interest – other relates to the interest charged to the Investment Property Holding companies:				
	Interest – banks	**13**	60	**–**	–
	Interest – other	**–**	2 743	**–**	–
	Total investment revenue	**13**	2 803	**–**	–
37.	**FINANCE CHARGES**				
	Interest paid:				
	– Mortgage	**1 354**	2 420	**–**	–
	– Related parties	**2 501**	–	**–**	–
	– On short term loans raised	**4 010**	2 437	**–**	–
	– Penalty interest on R35 million borrowing in 2007	**1 853**	1 500	**–**	–
	– Finance charges – instalment sales	**417**	180	**–**	–
	– On term loan	**2 663**	1 430	**–**	–
	– Others	**1 051**	797	**–**	–
	Total	**13 849**	8 764	**–**	–

- 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 short-term loans raised (2011 – interest charged on the R22 305 000 loan which was used to pay for the Section 311 costs.
- Penalty interest on Agreement entered into 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		Company	
	2012	2011	**2012**	2011
	R'000	R'000	**R'000**	R'000
38. TAXATION				
38.1 South African normal taxation				
– Current year	**266**	3 819	**–**	–
Deferred taxation				
– Current year – refer to note 25	**7 376**	6 001	**–**	–
Total	**7 642**	9 820	**–**	–
38.2 Reconciliation of tax expenses				
(Loss)/profit before taxation	**(14 319)**	10 570	**–**	–
Tax at the applicable rate of 28%	**(4 009)**	2 960	**–**	–
Tax effect of adjustments on taxable income				
Effect of Bargain purchase	**–**	(4 740)	**–**	–
Non-taxable income/expenses not allowed for taxation	**1 607**	(91)	**–**	–
Timing differences unprovided for	**21**	–	**–**	–
Effect of impairment losses	**1 206**	10	**–**	–
Effect of revaluation of assets	**(2 001)**	–	**–**	–
Change in capital gains inclusion rate	**2 549**	–	**–**	–
Capital Gains Tax on sale of property	**–**	5 516	**–**	–
Tax loss carried forward	**8 269**	6 165	**–**	–
	7 642	9 820	**–**	–

	Group		Company	
	2012 R'000	2011 R'000	**2012 R'000**	2011 R'000
39. PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS				
The directors decided to withdraw from the Document Storage business to enable them to concentrate solely on the Investment Property and Manufacturing businesses.				
The net cash inflows/(outflows) from the discontinued operations is as follows:				
Cash inflows/(outflows) from operating activities	**31**	(883)	**–**	–
Cash (outflows) from investing activities	**–**	(28)	**–**	–
Cash inflows from financing activities	**–**	880	**–**	–
Net increase/(decrease) in cash and cash equivalents	**31**	(71)	**–**	–
Cash and cash equivalents at the end of the year	**–**	(31)	**–**	–
Reflected on the statement of financial position as follows:				
Bank overdraft	**–**	(31)	**–**	–
Total as per above	**–**	(31)	**–**	–
The breakdown of the profit/(loss) from discontinued operations is as follows:				
Revenue	**–**	2 938	**–**	–
Cost of sales	**–**	(1 182)	**–**	–
Gross margin	**–**	1 756	**–**	–
Operating expenses	**(5 395)**	(2 127)	**–**	–
Results from operating activities	**(5 395)**	(371)	**–**	–
Finance charges	**–**	(9)	**–**	–
(Loss) before taxation	**(5 395)**	(380)	**–**	–
Taxation	**–**	–	**–**	–
(Loss) after taxation	**(5 395)**	(380)	**–**	–
40. OTHER COMPREHENSIVE LOSS				
And restatement of prior year results				
In order to secure the acquisition of the last three Investment Property companies, Bonatla purchased a non-controlling shareholding in the Investment Property Holding companies from certain investors.				
A further fair value adjustment was made in 2012 in order to fairly value the investments made as at 31 December 2012.				
Fair value adjustment	**(370)**	(548)	**–**	–

The fair value adjustment was incorrectly included in operating costs in the statement of comprehensive income in the prior year. The statement of comprehensive income has therefore been restated to correctly disclose the fair value adjustment as other comprehensive income/(loss). Refer note 29 for the prior year error.

		Group	
		2012	2011
		R'000	R'000
41.	**BASIC EARNINGS/(LOSS) AND HEADLINE (LOSS)/EARNINGS PER SHARE**		
	Reconciliation of headline earnings:		
	(Loss)/income for the year attributable to owners of the parent	**(8 104)**	17 105
	Headline (loss)/earnings attributable to owners of the parent – note 41.3	**(18 846)**	214
	(Loss)/earnings per share (cents)	**(0,66)**	1,76
	Diluted (loss)/earnings per share (cents)	**(0,66)**	1,76
	Headline (loss)/earnings per share (cents)	**(1,54)**	0,02
	Diluted headline (loss)/earnings per share (cents)	**(1,54)**	0,02
	Refer to note 29 for the restatements as a result of the prior year error.		
41.1	**Basic (loss)/earnings per share**		
	The (loss)/earnings and weighted number of ordinary shares used in the calculation of basic (loss)/earnings per share from continuing and discontinued operations are as follows:		
	Profit/(loss) for the year attributable to owners of the company	**(8 104)**	17 105
	(Loss)/earnings from continuing operations used in the calculation of basic (loss)/earnings per share	**(2 709)**	17 485
	(Loss) from discontinued operations	**(5 395)**	(380)
	Weighted average shares in issue for basic (loss)/earnings per share	**1 225 699**	973 002
41.2	**Diluted (loss)/earnings per share**		
	The (loss)/earnings and weighted number of ordinary shares used in the calculation of diluted (loss)/earnings per share from continuing and discontinued operations are as follows:		
	(Loss)/earnings from continuing operations	**(3 079)**	16 937
	(Loss) from discontinued operations	**(5 395)**	(380)
	The weighted average shares for the purposes of diluted (loss)/earnings per share are as follows:		
	Weighted number of shares		
	Shares in issue	**869 725**	500 210
	Weighted shares issued	**5 850**	–
	Shares to be issued	**419 969**	490 397
	Total weighted issued shares and to be issued	**1 295 544**	990 607
	Less: Weighted Treasury shares	**(69 845)**	(17 605)
	Net total weighted issued shares and to be issued	**1 225 699**	973 002
	Weighted average shares in issue for diluted (loss)/earnings per share	**1 225 699**	973 002
41.3	**Reconciliation of headline (loss)/earnings**		
	(Loss)/earnings for the year attributable to owners of the company	**(8 104)**	17 105
	Fair value adjustment	**(15 003)**	–
	Impairment – goodwill and intellectual property	**4 261**	36
	Bargain purchase	**–**	(16 927)
	Headline (loss)/earnings	**(18 846)**	214

42. 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.

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

	Group		Company	
		Restated		
	2012	2011	**2012**	2011
	R'000	R'000	**R'000**	R'000
(Loss)/profit on ordinary activities before taxation	**(14 319)**	10 570	**(91 863)**	–
Adjustments	**5 713**	(11 165)	**91 863**	–
– Depreciation	**460**	99	**–**	–
– Investment income	**(13)**	(2 803)	**–**	–
– Finance charges	**13 849**	8 764	**–**	–
– Lease payments	**583**	582	**–**	–
– (Profit) on sale of non-current assets held for sale	**–**	(468)	**–**	–
– Goodwill impairment	**–**	36	**–**	–
– Bargain purchase	**–**	(16 927)	**–**	–
– Impairment – loans and claims	**7 060**	–	**91 863**	–
– Loss incurred on legal settlement	**5 214**	–	**–**	–
– Fair value adjustment	**(21 440)**	–	**–**	–
– Shares to be issued	**–**	100	**–**	–
Operating (loss) before changes in working capital	**(8 606)**	(595)	**–**	–
– Decrease/(increase) in working capital	**15 078**	(22 142)	**–**	195
– Decrease in stock	**270**	19	**–**	–
– (Increase)/decrease in trade and other receivables	**(508)**	14 807	**–**	195
– (Increase) in prepayments	**(153)**	(97)	**–**	–
– Increase/(decrease) in trade and other payables	**14 988**	(36 390)	**–**	–
– Decrease/(increase) in deposits	**481**	(481)	**–**	–
Cash generated by/(utilised in) operations	**6 472**	(22 737)	**–**	195

42.2 Taxation

Opening balance	**5 143**	1 111	**–**	–
Disposal of Copper Moon Trading 249 (Pty) Limited	**–**	(169)	**–**	–
Penalties and interest	**513**	–	**–**	–
Business combination – Madeline Street Properties (Pty) Limited – included in trade and other payables	**–**	382	**–**	–
Charge to the statement of comprehensive income	**266**	3 819	**–**	–
Closing balance	**5 922**	5 143	**–**	–
Movements for the year	**–**	–	**–**	–

	Group 2012 R'000	Group 2011 R'000	Company 2012 R'000	Company 2011 R'000
43. NET CASH AND CASH EQUIVALENTS				
Cash and cash equivalents	**1 044**	1 217	**64**	62
Bank overdraft	**(2 521)**	(5 361)	**–**	–
	(1 477)	(4 144)	**64**	62

44. 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 2012 R'000	Group 2011 R'000	Company 2012 R'000	Company 2011 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	**1 800**	600	**–**	–
– Commission on renewal of leases	**1 090**	–	**–**	–
– Interest on loan account	**2 113**	–	**–**	–
– Raising fee	**65**	–	**–**	–
– Consulting fee	**560**	–	**–**	–
– Loan account balance (see note 23)	**(17 484)**	(15 781)	**–**	–
Rara Avis Property Investments (Pty) Limited				
– Interest on loan account balance	**8**	–	**–**	–
– Loan account balance	**–**	(324)	**–**	–
Gemini Moon Trading 177 (Pty) Limited				
– Loan account balance	**(1)**	(1)	**–**	–
Buz Way Properties (Pty) Limited				
– Loan account balance	**(27)**	(27)	**–**	–
Hail Investments (Pty) Limited				
– Loan account balance	**(2 264)**	(3 400)	**–**	–
– Interest on loan account	**381**	–	**–**	–
Buker SA (Pty) Limited				
– Consulting fees	**–**	100	**–**	–
Extra Dimensions 1396 CC				
– Introducing commission relating to the acquisition of the Investment Property companies	**125**	475	**–**	–

		Group		Company	
		2012	2011	**2012**	2011
		R'000	R'000	**R'000**	R'000
44.	**RELATED PARTY TRANSACTIONS (continued)**				
	C Douglas				
	– Rental of offices	**240**	132	**–**	–
	– Venue hire	**10**	–	**–**	–
	A Dube				
	– Loan account balance	**(613)**	–	**–**	–
	Idube Trust				
	– Loan account balance	**14 170**	–	**–**	–
	Dusty Moon Trading 225 (Pty) Limited				
	– Loan account balance	**13 607**	–	**–**	–

A Dube is a trustee of the Idube Trust.

IC MacLean is a director/shareholder of Dusty Moon Trading 225 (Pty) Limited.

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

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

C Douglas is a director and shareholder of the following companies:

CDA Property Consultants (Pty) Limited, Rara Avis Property Investments (Pty) Limited, Gemini Moon Trading 177 (Pty) Limited and Hail Investments (Pty) Limited.

In 2011, CDA Property Consultants (Pty) Limited purchased the 27 730 140 convertible "B" Preference shares for R12 million. These shares were converted into 349 515 085 ordinary shares in 2012.

The 349 515 085 ordinary shares were issued in 2012, but were reflected in shares to be issued in 2011. See note 20.5.

44. RELATED PARTY TRANSACTIONS (continued)

44.1 Compensation of key personnel

The remuneration of key personnel for the year ended 31 December 2012 was as follows:

	Fees R'000	Salary R'000	Bonus R'000	Other benefits including directors' fees R'000	Total 2012 R'000
Executive directors					
– RL Rainier	–	300	–	–	**300**
– DA Scott (Resigned 1 March 2012)	–	1 080	–	–	**1 080**
– NG Vontas	–	760	–	–	**760**
– DWB King (Resigned 1 March 2012)	–	–	–	–	**–**
– CF de Lange (Resigned 1 March 2012)	–	–	–	–	**–**
– C Douglas	–	–	–	–	**–**
Total	**–**	**2 140**	**–**	**–**	**2 140**

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 R'000
Executive directors					
– RL Rainier	–	120	–	–	120
– DA Scott (Resigned 31 May 2013)	–	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

Fees paid to non-executive directors	**Appointed**	**Resigned**	**2012 Fees R'000**	2011 Fees R'000
– MMH Brodie	01/10/1997	–	**–**	–
– SST Ngcobo	01/02/2007	12/04/2013	**–**	–
– W Voigt	26/08/2011	–	**–**	–
– I Dawood	16/08/2011	31/01/2012	**–**	–

45. 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.

46. RISK MANAGEMENT

The group's activities exposed it to a variety of financial risks: market 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 16.

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
Group at 31 December 2012					
Financial assets					
Cash and cash equivalents	**1 044**	**1 044**	**–**	**–**	**–**
Investments	**1 178**	**–**	**–**	**–**	**1 178**
Total loans and trade and other receivables	**84 619**	**84 619**	**–**	**–**	**–**
Loans	**83 110**	**83 110**	**–**	**–**	**–**
Trade and other receivables	**1 509**	**1 509**	**–**	**–**	**–**
Financial assets held at fair value	**86 841**	**85 663**	**–**	**–**	**1 178**

		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
46.	**RISK MANAGEMENT (continued)**					
	Financial liabilities					
	Bank overdraft	**(2 521)**	**(2 521)**	**–**	**–**	**–**
	Loans from banks	**(45 895)**	**(8 645)**	**(10 360)**	**(26 890)**	**–**
	Loans from related parties	**(20 388)**	**(2 962)**	**–**	**(17 426)**	**–**
	Loans from other entities	**(16 816)**	**(16 816)**	**–**	**–**	**–**
	Trade and other payables	**(27 270)**	**(26 093)**	**–**	**(65)**	**(1 112)**
	Financial liabilities held at fair value	**(112 890)**	**(57 037)**	**(10 360)**	**(44 381)**	**(1 112)**
	Group at 31 December 2011					
	Financial assets					
	Cash and cash equivalents	1 217	1 217	–	–	–
	Investments	1 548	1 548	–	–	–
	Total loans and trade and other receivables	70 611	70 611	–	–	–
	Loans to other entities	66 531	66 531	–	–	–
	Trade and other receivables	4 080	4 080	–	–	–
	Financial assets held at fair value	73 376	73 376	–	–	–
	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 identities	(15 614)	(15 614)	–	–	–
	Trade and other payables	(12 057)	(10 604)	–	(64)	(1 389)
	Financial liabilities held at fair value	(89 345)	(45 017)	(9 686)	(33 253)	(1 389)
	Company at 31 December 2012					
	Financial assets					
	Cash and cash equivalents	**64**	**64**	**–**	**–**	**–**
	Investments in subsidiaries	**356 595**	**–**	**–**	**–**	**356 595**
	Financial assets held at fair value	**356 659**	**64**	**–**	**–**	**356 595**
	Financial liabilities					
	Trade and other payables	**(65)**	**(65)**	**–**	**–**	**–**
	Financial liabilities held at fair value	**(65)**	**(65)**	**–**	**–**	**–**

	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
46. RISK MANAGEMENT (continued)					
Company at 31 December 2011					
Financial assets					
Cash and cash equivalents	62	62	–	–	–
Investments in subsidiaries	5 776	–	–	–	5 776
Loans to subsidiaries	440 284	–	–	–	440 284
Financial assets held at fair value	446 122	62	–	–	446 060
Financial liabilities					
Trade and other payables	(65)	(65)	–	–	–
Financial liabilities held at fair value	(65)	(65)	–	–	–

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		**Company**	
	2012 R'000	2011 R'000	**2012 R'000**	2011 R'000
First National Bank	**966**	1 105	**–**	–
Standard Bank	**70**	112	**64**	62
Nedbank	**8**	–	**–**	–
Total cash and cash equivalents	**1 044**	1 217	**64**	62
Trade and other receivables – note 17	**86 601**	75 444	**–**	–
Less: Prepayments – Income Plan	**–**	(3 986)	**–**	–
Rental equalisation reserve	**(1 172)**	(847)	**–**	–
Value added tax	**(810)**	–	**–**	–
Total loans and trade and other receivables – refer above	**84 619**	70 611	**–**	–
Loans to subsidiaries	**–**	–	**350 819**	440 284

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 2011 and 2012, the group's borrowings were denominated in Rand.

46. RISK MANAGEMENT (continued)

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 R82 089 000 (2011: R71 927 000) at variable interest rates for the year ended 31 December 2012. 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 (2011: profit) before tax for the year ended 31 December 2012 would increase/decrease by around R821 000 (2011: R719 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.

Capital is comprised of share capital, share premium, other reserves and retained earnings.

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%.

47. EVENTS SUBSEQUENT TO THE REPORTING DATE

Cautionary announcements

Negotiations are still ongoing in relation to the acquisition of 200 000 m^2 at the Durban Point Development, the acquisition of 75.1% in both the Guilder Investments and the Jozini transactions.

Acquisition of a further interest in Carbon and Processing Technologies (Pty) Limited ("CP Tech")

Bonatla has acquired a further 25% interest in CP Tech and its loan account from I Dube Trust for R2 000 000 in cash. The Trust is a related party, as defined in the JSE Listings Requirements and, accordingly, shareholder approval of, and a fairness opinion on, the acquisition will be required to be included in the circular to shareholders.

In addition, in order to strengthen the balance sheet of CP Tech, CP Tech undertook a rights offer to existing shareholders in the amount of R23 000 000 on 1 March 2013. Bonatla followed its rights by the capitalisation of its loan in the amount of R17 480 000. The balance of the CP Tech non-controlling shareholders did not follow their rights and Bonatla accordingly took up additional rights of R5 520 000 by a further capitalisation of its loan. This increased Bonatla's shareholding in CP Tech to 90%.

Authorisation of financial statements

These financial statements were approved by the Board of Directors for issue on 18 July 2013. The shareholders will have to approve these financial statements at the annual general meeting to be held on 28 August 2013.

48. CONTINGENCIES

Litigation

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.

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: Tarifa Properties CC

Litigation relating to development/management fees and interest for a property development. On the merits of the matter, the directors of Bonatla are of the opinion that the claimant has little chance of succeeding in the matter.

Claim re: LDP Inc

Claim regarding a purchase of specific claims against various companies. On the merits of the matter, the directors of Bonatla are of the opinion that the claimant has little chance of succeeding in the matter.

Claim re: D King

Claim from previous executive director regarding issue of shares. On the merits of the matter, the directors of Bonatla are of the opinion that the claimant has little chance of succeeding in the matter.

The directors, 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.

49. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Categories of financial assets and liabilities

All non-current loans receivable and payable are stated at market related discount rates for equivalent loans. 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 fair value R'000	Other R'000	Total carrying amount R'000	Fair value R'000
Group					
2012					
Financial assets					
Trade and other receivables	**84 619**	**–**	**–**	**84 619**	**84 619**
Investments	**–**	**–**	**1 178**	**1 178**	**1 178**
Cash and cash equivalents	**1 044**	**–**	**–**	**1 044**	**1 044**
	85 663	**–**	**1 178**	**86 841**	**86 841**
Financial liabilities					
Interest-bearing borrowings	**–**	**82 089**	**–**	**82 089**	**82 089**
Interest-free borrowings	**–**	**1 010**	**–**	**1 010**	**1 010**
Trade and other payables	**–**	**27 270**	**–**	**27 270**	**27 270**
Bank overdraft	**–**	**2 521**	**–**	**2 521**	**2 521**
	–	**112 890**	**–**	**112 890**	**112 890**
Group					
2011					
Financial assets					
Trade and other receivables	70 611	–	–	70 611	70 611
Investments	–	–	1 548	1 548	1 548
Cash and cash equivalents	1 217	–	–	1 217	1 217
	71 828	–	1 548	73 376	73 376
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

	Loans and receivables R'000	Liabilities at fair value R'000	Other R'000	Total carrying amount R'000	Fair value R'000
49. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)					
Company					
2012					
Financial assets					
Investments in subsidiaries	**350 819**	**–**	**5 776**	**356 595**	**356 595**
Cash and cash equivalents	**64**	**–**	**–**	**64**	**64**
	350 883	**–**	**5 776**	**356 659**	**356 659**
Financial liabilities					
Trade and other payables	**–**	**65**	**–**	**65**	**65**
Amount due to subsidiary	**–**	**–**	**–**	**–**	**–**
	–	**65**	**–**	**65**	**65**
Company					
2011					
Financial assets					
Trade and other receivables	–	–	–	–	–
Investments in subsidiaries	–	–	5 776	5 776	5 776
Amount due by subsidiaries	440 284	–	–	440 284	440 284
Cash and cash equivalents	62	–	–	62	62
	440 346	–	5 776	446 122	446 122
Financial liabilities					
Trade and other payables	–	65	–	65	65
Amount due to subsidiary	–	–	–	–	–
	–	65	–	65	65

ANALYSIS OF SHAREHOLDERS

as at 31 December 2012

SHAREHOLDER PROFILE

Bonatla Property Holdings Limited: Shareholder Analysis Tables
Register date: 31 December 2012
Issued share capital: 869 724 813 (2011: 500 209 728) units

	Number of shareholders	%	Number of shares	%
UNITHOLDERS' CLASSIFICATION				
1 – 1 000 units	416	19,80	66 671	0,01
1 001 – 10 000 units	373	17,75	2 177 548	0,25
10 001 – 100 000 units	840	39,98	39 081 392	4,49
100 001 – 1 000 000 units	418	19,90	96 896 635	11,14
1 000 001 units and over	54	2,57	731 502 567	84,11
	2 101	**100,00**	**869 724 813**	**100,00**
DISTRIBUTION OF SHAREHOLDERS				
Banks	1	0,05	100	0,00
Close corporations	137	6,52	39 319 214	4,52
Individuals	1 686	80,24	236 114 515	27,15
Nominees and trusts	101	4,81	159 566 590	18,35
Other corporations	55	2,62	22 350 405	2,57
Private companies	105	5,00	411 730 289	47,34
Public companies	16	0,76	643 700	0,07
	2 101	**100,00**	**869 724 813**	**100,00**
NON-PUBLIC/PUBLIC SHAREHOLDERS				
Non-public shareholders	7	0,33	335 072 173	38,53
Directors of the company holdings (direct and indirect)	7	0,33	335 072 173	38,53
Strategic holdings (more than 10%)	–	–	–	–
Public shareholders	2 094	99,67	534 652 640	61,47
	2 101	**100,00**	**869 724 813**	**100,00**
BENEFICIAL SHAREHOLDERS HOLDING 5% OR MORE				
CDA Property Consultants (Pty) Limited			170 542 786	19,61
Dreamworld Investments 158 (Pty) Limited			80 440 000	9,25
Sibuyelo Matiwane Community Trust			44 400 000	5,11
SHARES TO BE ISSUED				
CDA Property Consultants (Pty) Limited (replacement of shares lent to the company)			164 281 275	
Former Bluezone shareholders			221 093 197	
			385 374 472	
NON-PUBLIC/PUBLIC SHAREHOLDERS (AFTER SHARES TO BE ISSUED)				
Non-public shareholders	7	0,33	499 353 448	39,79
Directors of the company holdings (direct and indirect)	7	0,33	499 353 448	39,79
Strategic holdings (more than 10%)	–	–	–	–
Public shareholders	2 094	99,67	755 745 837	60,21
	2 101	**100,00**	**1 255 099 285**	**100,00**
BENEFICIAL SHAREHOLDERS HOLDING 5% OR MORE (AFTER SHARES TO BE ISSUED)				
CDA Property Consultants (Pty) Limited			334 824 061	26,68
Dreamworld Investments 158 (Pty) Limited			80 440 000	6,41

BONATLA PROPERTY HOLDINGS LIMITED

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

Notice is hereby given that the fifteenth annual general meeting of shareholders of Bonatla Property Holdings Limited will be held in the Boardroom of Arcay Moela Sponsors (Pty) Limited, One Health Building, Woodmead North Office Park, 54 Maxwell Drive, Woodmead, at 10:00 on Wednesday, 28 August 2013 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, 26 July 2013 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 17:00 on Friday, 23 August 2013. Thus the last day to trade to be recorded on the share register is Friday, 16 August 2013.

Accordingly, only shareholders who are registered in the register of members of the company at 17:00 on Friday, 23 August 2013 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 2012, together with the report of the directors and the auditors be and are hereby approved and confirmed."

Explanatory note for Ordinary Resolution Number 1

The annual financial statements are required to be approved in terms of the Companies Act, 2008 (No. 71 of 2008) ("The Act").

ORDINARY RESOLUTION NUMBER 2

"RESOLVED that Mr MH Brodie, 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."

Max, who is a former chairman of Primedia Limited, Currie Motors Limited, Curfin, Safcor and Rebhold Limited/Rebserve Limited and formerly a director of Bidvest Group Limited and Malbak Limited, has had more than 40 years' experience with various property companies and is well respected in the business community. He was the ex-executive Manager at Mvelaphanda Group Limited.

ORDINARY RESOLUTION NUMBER 3

"RESOLVED that Mr RL Rainier, 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."

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

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

Explanatory note for Ordinary Resolutions Number 2 and 3

In accordance with the MOI of the Company, one-third of the directors is required to retire at each meeting and may offer themselves for re-election. In terms of the MOI of the Company the CEO, during the period of his service contract, is not taken into account when determining which directors are to retire by rotation.

ORDINARY RESOLUTION NUMBER 4

"RESOLVED that Nolands Inc., with Mr Alan Mundell as designated auditor at partner status, 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."

Explanatory note for Ordinary Resolution Number 4

Nolands Inc. has indicated their willingness to be appointed as the Company's auditors until the next annual general meeting. The Audit Committee has satisfied itself as to the independence of Nolands Inc. The Audit Committee has the power in terms of the Act to approve the remuneration of the external auditors. The remuneration and non-audit fees paid to the auditors during the year ended 31 December 2012 are contained in note 35 of the annual financial statements.

ORDINARY RESOLUTION NUMBER 5

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

Explanatory note for Ordinary Resolution Number 5

In terms of Section 61(8)(c)(ii) of the Act, shareholders are required to approve the appointment of the Audit Committee members.

ORDINARY RESOLUTION NUMBER 6

"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.

Explanatory note for Ordinary Resolution Number 6

Even though the Company currently has no unissued shares available, this authority is requested to be put in place in the event that unissued shares become available for the Company to issue.

ORDINARY RESOLUTION NUMBER 7

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

Explanatory note for Ordinary Resolution Number 7

Chapter 2 of King III dealing with boards and directors requires companies to every year table their remuneration policy to shareholders for a non-binding advisory vote at the annual general meeting. This vote enables shareholders to express their views on the remuneration policy adopted and on their implementation.

This ordinary resolution is of an advisory nature only and failure to pass this resolution will therefore not have any legal consequences relating to existing arrangements. However, the board will take the outcome of the vote into consideration when considering the Company's remuneration policy.

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.

SPECIAL RESOLUTION NUMBER 1

"RESOLVED that the approval of the remuneration payable to the directors for the financial year commencing 1 January 2013 is: Chairman – Director's fee of R8 000 per meeting attended.

Other directors – Directors' fees of R4 000 per meeting attended with any additional work to be remunerated at an hourly rate ranging from R500 to R1 000."

Explanatory note for Special Resolution Number 1

In terms of Section 69(9) of the Act, shareholders are required to approve the remuneration of directors.

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."

Explanatory note for Special Resolution Number 2

The purpose of this resolution is to enable the Company to enter into funding arrangements with its subsidiaries and to allow intergroup loans between subsidiaries.

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 sponsor 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.

Explanatory note

The reason for and effect of this special resolution is to grant the Company and its subsidiaries a general authority to facilitate the acquisition by the Company and/or its subsidiaries of the Company's own shares, which general authority shall be valid until the earlier of the next annual general meeting of the Company or the variation or revocation of such general authority by special resolution at any subsequent general meeting of the Company, provided that this general authority shall not extend beyond 15 months from the date of the passing of this special resolution number 3.

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."

SPECIAL RESOLUTION NUMBER 4 – INTRODUCTION OF MEMORANDUM OF INCORPORATION

"RESOLVED that the existing Memorandum and Articles of Association of the company, adopted in accordance with the provisions of the Companies Act, No. 61 of 1973, be and are hereby deleted in their entirety and substituted by a new Memorandum of Incorporation approved by the Johannesburg Stock Exchange (a copy of which has been tabled at this meeting and initialled by the Chairman of the meeting for purposes of identification) in accordance with the provisions of the Companies Act, No. 71 of 2008 ("the MOI") and with effect from the date of registration of the MOI by the Companies and Intellectual Property Commission."

Explanatory note for Special Resolution Number 4

The purpose of this resolution number 4 is to replace the company's existing Memorandum and Articles of Association with a Memorandum of Incorporation as required in terms of the Company's Act, No. 71 of 2008.

LITIGATION STATEMENT

In terms of paragraph 11.26 of the JSE Listings Requirements, the directors, whose names appear on page 6 of this annual report of which the notice of annual general meeting forms part, are aware of the current legal or arbitration proceedings 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.

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.

VOTING AND PROXIES

The ordinary resolutions (numbers 1 to 6) 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).

Ordinary resolution number 7 requires a 75% vote in favour in accordance with the provisions of the JSE Listings Requirements.

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).

Certificated shareholders and dematerialised shareholders with "own name" registration

If you are unable to attend the annual general meeting of Bonatla Property Holdings Limited shareholders to be held at 10h00 on Wednesday, 28 August 2013, in the Boardroom of Arcay Moela Sponsors (Pty) Limited, One Health Building, Woodmead North Office Park, 54 Maxwell Drive, Woodmead and wish to be represented thereat, you should complete and return the attached form of proxy in accordance with the instructions contained therein and lodge it with, or post it to, the transfer secretaries, Computershare Investor Services (Pty) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) so as to be received by them by no later than 10h00 on Monday, 26 August 2013.

Dematerialised shareholders, other than those with "own name" registration

If you hold dematerialised shares in Bonatla Property Holdings Limited through a CSDP or broker and do not have an "own name" registration, you must timeously advise your CSDP or broker of your intention to attend and vote at the annual general meeting or be represented by proxy thereat in order for your CSDP or broker to provide you with the necessary authorisation to do so, or should you not wish to attend the annual general meeting in person, you must timeously provide your CSDP or broker with your voting instruction in order for the CSDP or broker to vote in accordance with your instruction at the annual general meeting.

Each shareholder, whether present in person or represented by proxy, is entitled to attend and vote at the annual general meeting. On a show of hands every shareholder who is present in person or by proxy shall have one vote, and, on a poll, every shareholder present in person or by proxy shall have one vote for each share held by him/her.

A form of proxy (white) which sets out the relevant instructions for use is attached for those members who wish to be represented at the annual general meeting of members. Duly completed forms of proxy must be lodged with the transfer secretaries of the Company to be received by not later than 10h00 on Monday, 26 August 2013.

By order of the Board

Arcay Client Support (Pty) Limited
Company Secretary to Bonatla Property Holdings Limited
Ground Floor, One Health Building
Woodmead North Office Park
54 Maxwell Drive
Woodmead, 2191

18 July 2013

SHAREHOLDERS' CALENDAR

15th Annual General Meeting	August 2013
Interim results for the half-year to 30 June 2013	September 2013
Preliminary announcement for the year ended 31 December 2012	March 2014
2013 Annual Report	June 2014

EXTRACTS OF THE PROPOSED NEW MEMORANDUM OF INCORPORATION

6. ISSUE OF SHARES AND VARIATION OF RIGHTS

6.1 The Company is authorised to issue –

6.1.1.1 Such number of ordinary Shares, of the same class, as set out in Schedule 1 hereto, each of which ranks pari passu as contemplated in the JSE Listing Requirements in respect of all rights and entitles the holder to

6.1.1.2 Vote, in person or by proxy, on any matter to be decided by the Shareholders and to 1 (one) vote per voting right in the case of a vote by means of a poll;

6.1.1.3 participate proportionally in any distribution made by the Company; and

6.1.1.40 receive proportionally the net assets of the Company upon its liquidation;

6.1.2 such number of each of such further classes of Shares, if any, as are set out in Schedule 1 hereto subject to the preferences, rights, limitations and other terms associated with each such class set out therein.

6.2 The Board shall not have the power to –

6.2.1 create Shares of any class; or

6.2.2 convert one class of shares into one or more other classes; or

6.2.3 increase or decrease the number of authorised Shares of any class of the Shares; or

6.2.4 consolidate and reduce the number of the Company's issued and authorised Shares of any class; or

6.2.5 subdivide its Shares of any class by increasing the number of its issued and authorised Shares of that class without an increase of its capital; or

6.2.6 reclassify any classified Shares that have been authorised but not issued; or

6.2.7 classify any unclassified Shares that have been authorised but not issued; or

6.2.8 vary the preferences, rights, limitations or other terms of any Shares, or

6.2.9 change the name of the Company,

and such powers shall only be capable of being exercised by the Shareholders by way of a special resolution of the Shareholders.

6.3 Each Share issued by the Company has associated with it an irrevocable right of the Shareholder to vote on any proposal to amend the preferences, rights, limitations and other terms associated with that Share as contemplated in clause 20.2.

6.4 Subject to clause 20.2.2, the authorisation and classification of Shares, the numbers of authorised Shares of each class, and the preferences, rights, limitations and other terms associated with each class of Shares as set out in this Memorandum of Incorporation may be changed only by an amendment of this Memorandum of Incorporation by special resolution of the Shareholders and in accordance with the JSE Listings Requirements, and such amendments shall not be implemented without a special resolution adopted by the holders of Shares of that class at a separate meeting.

6.5 No Shares may be authorised in respect of which the preferences, rights, limitations or any other terms of any class of Shares may be varied in response to any objectively ascertainable external fact or facts as provided for in sections 37(6) and 37(7).

6.6 The Company may only issue Shares which are fully paid up and freely transferable, unless otherwise required by statute, and only within the classes and to the extent that those Shares have been authorised by or in terms of this Memorandum of Incorporation. The JSE will not list shares that are not fully paid for upon listing.

6.7 The Board may, subject to clause 6.11 and the further provisions of this clause 6.7, resolve to issue Shares of the Company at any time, but only –

6.7.1 within the classes and to the extent that those Shares have been authorised by or in terms of this Memorandum of Incorporation; and

6.7.2 to the extent that such issue has been approved by the Shareholders in general meeting, either by way of a general authority (which may be either conditional or unconditional) to issue Shares in its discretion or a specific authority in respect of any particular issue of Shares, provided that, if such approval is in the form of a general authority to the Directors, it shall be valid only until the next annual general meeting of the Company and it may be varied or revoked by any general meeting of the Shareholders prior to such annual general meeting.

6.8 All issues of Shares for cash and all issues of options and convertible securities granted or issued for cash must, in addition, be in accordance with the JSE Listings Requirements.

6.9 All Securities of the Company for which a listing is sought on the JSE and all Securities of the same class as Securities of the Company which are listed on the JSE must, notwithstanding the provisions of section 40(5), but unless otherwise required by the Act, only be issued after the Company has received the consideration approved by the Board for the issuance of such Securities.

6.10 Subject to what may be authorised by the Act, the JSE Listings Requirements and at meetings of Shareholders in accordance with clause 6.12, and subject to clause 6.11, the Board may only issue unissued Shares if such Shares have first been offered to existing ordinary Shareholders in proportion to their shareholding on such terms and in accordance with such procedures as the Board may determine, unless such Shares are issued for the acquisition of assets by the Company.

6.11 Notwithstanding the provisions of clauses 6.2, 6.10 and 6.12, any issue of Shares, Securities convertible into Shares, or rights exercisable for Shares in a transaction, or a series of integrated transactions shall, in accordance with the provisions of section 41(3), require the approval of the Shareholders by special resolution if the voting power of the class of Shares that are issued or are issuable as a result of the transaction or series of integrated transactions will be equal to or exceed 30% (thirty percent) of the voting power of all the Shares of that class held by Shareholders immediately before that transaction or series of integrated transactions.

6.12 Notwithstanding the provisions of clause 6.10, the Shareholders may at a general meeting authorise the Directors to issue Shares of the Company at any time and/or grant options to subscribe for Shares as the Directors in their discretion think fit, provided that such transaction(s) has/have been approved by the JSE and comply with the JSE Listings Requirements.

6.13 Except to the extent that any such right is specifically included as one of the rights, preferences or other terms upon which any class of Shares is issued or as may otherwise be provided in this Memorandum of Incorporation, no Shareholder shall have any pre-emptive or other similar preferential right to be offered or to subscribe for any additional Shares issued by the Company.

6.14 In the event that there are listed cumulative and/or listed non-cumulative preference shares in the capital of the Company, the following right shall attach to such shares: "No further securities ranking in priority to, or pari passu with, existing preference shares, of any class, shall be created without a special resolution being passed at a separate general meeting of such preference Shareholders.

7. CERTIFICATED AND UNCERTIFICATED SECURITIES

7.1 Securities of the Company are to be issued in Certificated or Uncertificated form, as shall be determined by the Board from time to time. Except to the extent otherwise provided in the Act, the rights and obligations of Security holders shall not be different solely on the basis of their Securities being Certificated Securities or Uncertificated Securities and each provision of this Memorandum of Incorporation applies with respect to any Uncertificated Securities in the same manner as it applies to Certificated Securities, unless otherwise stated or indicated by the context.

7.2 Any Certificated Securities may cease to be evidenced by certificates and thereafter become Uncertificated Securities.

7.3 Any Uncertificated Securities may be withdrawn from the Uncertificated Securities Register, and certificates issued evidencing those Securities at the election of the holder of those Uncertificated Securities. A holder of Uncertificated Securities, who elects to withdraw all or part of the Uncertificated Securities held by it in an Uncertificated Securities Register, and obtain a certificate in respect of those withdrawn Securities, may so notify the relevant Participant or Central Securities Depository as required by the rules of the Central Securities Depository.

7.4 After receiving notice from a Participant or Central Securities Depository, as the case may be, that the holder of Uncertificated Securities wishes to withdraw all or part of the Uncertificated Securities held by it in an Uncertificated Securities Register, and obtain a certificate in respect thereof, the Company shall –

7.4.1 immediately enter the relevant Security holder's name and details of its holding of Securities in the Securities Register and indicate on the Securities Register that the securities so withdrawn are no longer held in Uncertificated form; and

7.4.2 within 10 (ten) business days (or 20 (twenty) business days in the case of a holder of Securities who is not resident within the Republic) prepare and deliver to the relevant person a certificate in respect of the Securities and notify the Central Securities Depository that the Securities are no longer held in Uncertificated form.

7.5 The Company may charge a holder of its Securities a reasonable fee to cover the actual cost of issuing any certificate as contemplated in this clause.

12. DEBT INSTRUMENTS

The Board may authorise the Company to issue secured or unsecured debt instruments as set out in section 43(2), but no special privileges associated with any such debt instruments as contemplated in section 43(3)(a) may be granted, and the authority of the Board in such regard is limited by this Memorandum of Incorporation.

24. COMPOSITION AND POWERS OF THE BOARD OF DIRECTORS

24.1 In addition to the minimum number of Directors that the Company must have to satisfy any requirement in terms of the Act to appoint an audit committee and a social and ethics committee, the Board must be comprised of not less than 4 (four) nor more than 20 (twenty) Directors.

24.2 The composition of the Board shall, to the extent possible, be in accordance with the recommendations of the King Report on Corporate Governance for South Africa 2009, as updated, amended or replaced from time to time.

24.3 Subject to the provisions of clause 24.5, all Directors shall be elected by an ordinary resolution of the Shareholders at a general or annual general meeting of the Company and no appointment of a Director in accordance with a resolution passed in terms of section 60 shall be competent.

24.4 Every person holding office as a Director, prescribed officer, Company Secretary or auditor of the Company immediately before the effective date of the Act will, as contemplated in item 7(1) of Schedule 5 to the Act, continue to hold that office.

24.5 In any election of Directors –

24.5.1 the election is to be conducted as a series of votes, each of which is on the candidacy of a single individual to fill a single vacancy, with the series of votes continuing until all vacancies on the Board have been filled; and

24.5.2 in each vote to fill a vacancy –

24.5.2.1 each vote entitled to be exercised may be exercised once; and

24.5.2.2 the vacancy is filled only if a majority of the votes exercised support the candidate.

24.6 Subject to the power of the Directors to fill a vacancy in terms of clause 24.10.1, the Company shall only have elected Directors and there shall be no appointed or ex officio Directors as contemplated in section 66(4).

24.7 Apart from satisfying the qualification and eligibility requirements set out in section 69, a person need not satisfy any eligibility requirements or qualifications to become or remain a Director or a prescribed officer of the Company.

24.8 No Director shall be appointed for life or for an indefinite period and the Directors shall rotate in accordance with the following provisions of this clause 24.8 –

24.8.1 at each annual general meeting referred to in clause 18.4, 1/3 (one third) of the non-executive Directors for the time being, or if their number is not 3 (three) or a multiple of 3 (three), the number nearest to 1/3 (one third), but not less than 1/3 (one third), shall retire from office, provided that if a Director is appointed as managing Director or as an employee of the Company in any other capacity, he or she shall not, while he or she continues to hold that position or office, be subject to retirement by rotation and he or she shall not, in such case, be taken into account in determining the rotation or retirement of Directors;

24.8.2 the Directors to retire in every year shall be those who have been longest in office since their last election or will have held office for three years since their last election, but as between persons who were elected as Directors on the same day, those to retire shall, unless they otherwise agree among themselves, be determined by lot;

24.8.3 a retiring Director shall be eligible for re-election and no person other than a retiring director shall be eligible for election as a director at any annual general meeting unless the directors recommend otherwise, or unless not less than three nor more than twenty-one days before the date appointed for the annual general meeting a member who is entitled to attend and vote at such annual general meeting shall have lodged written notice proposing such person as a director, together with the consent of that person to be elected as a director;

24.8.4 the Company, at the general meeting at which a Director retires in the above manner, or at any other general meeting, may fill the vacancy by electing a person thereto, provided that the Company shall not be entitled to fill the vacancy by means of a resolution passed in accordance with clause 23;

24.8.5 if at any meeting at which an election of Directors ought to take place the offices of the retiring Directors are not filled, unless it is expressly resolved not to fill such vacancies, the meeting shall stand adjourned and the further provisions of this Memorandum of Incorporation, including clauses 18.12 to 18.15 (inclusive) will apply mutatis mutandis to such adjournment, and if at such adjourned meeting the vacancies are not filled, the retiring Directors, or such of them as have not had their offices filled, shall be deemed to have been re-elected at such adjourned meeting;

24.8.6 any director appointed as such after the conclusion of the Company's preceding annual general meeting shall retire from office at the conclusion of the next annual general meeting held immediately after his appointment.

24.9 The Board, or through its nomination committee constituted in terms of clause 30, shall provide the Shareholders with a recommendation in the notice of the meeting at which the re-election of a retiring Director is proposed, as to which retiring Directors are eligible for re-election, taking into account that Director's past performance and contribution.

24.10 The Board has the power to –

24.10.1 fill any vacancy on the Board on a temporary basis, as set out in section 68(3), provided that such appointment must be confirmed by the Shareholders, in accordance with clauses 24.3 at the next general or annual general meeting of the Company, as required in terms of section 70(3)(b)(i); and

24.10.2 exercise all of the powers and perform any of the functions of the Company, as set out in section 66(1);

24.10.3 delegate to any one or more persons all such powers and do or delegate to any one or more persons the doing of all such acts (including the right to sub-delegate) as may be exercised or done by the company and are not in terms of the Act or by this Memorandum of Incorporation expressly directed or required to be exercised or done by a general meeting, subject, nevertheless, to that management and control –

24.10.3.1 not being inconsistent with; and

24.10.3.2 being in compliance with,

any resolution passed by a general meeting. No such resolution passed by a general meeting shall invalidate any prior act of the directors or any delegatee,

and the powers of the Board in this regard are only limited and restricted as contemplated in this clause 24.

24.11 The Directors may at any time and from time to time by power of attorney appoint any person or persons to be the attorney or attorneys and agent(s) of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors in terms of this Memorandum of Incorporation) and for such period and subject to such conditions as the Directors may from time to time think fit. Any such appointment may, if the Directors think fit, be made in favour of any company, the shareholders, directors, nominees or managers of any company or firm, or otherwise in favour of any fluctuating body of persons, whether nominated directly or indirectly by the Directors. Any such power of attorney may contain such provisions for the protection or convenience of persons dealing with such attorneys and agents as the Directors think fit. Any such attorneys or agents as aforesaid may be authorised by the Directors to sub-delegate all or any of the powers, authorities and discretions for the time being vested in them.

24.12 Save as otherwise expressly provided herein, all cheques, promissory notes, bills of exchange and other negotiable or transferable instruments, and all documents to be executed by the Company, shall be signed, drawn, accepted, endorsed or executed, as the case may be, in such manner as the Directors shall from time to time determine.

24.13 All acts performed by the Directors or by a committee of Directors or by any person acting as a Director or a member of a committee shall, notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of the Directors or persons acting as aforesaid, or that any of them were disqualified from or had vacated office, be as valid as if every such person had been duly appointed and was qualified and had continued to be a Director or member of such committee.

24.14 If the number of Directors falls below the minimum number fixed in accordance with this Memorandum of Incorporation, the remaining Directors must as soon as possible and in any event not later than 3 (three) months from the date that the number falls below such minimum, fill the vacancy/ies in accordance with clause 24.10.1 or convene a general meeting for the purpose of filling the vacancies, and the failure by the Company to have the minimum number of Directors during the said 3 (three) month period does not limit or negate the authority of the board of Directors or invalidate anything done by the board of Directors while their number is below the minimum number fixed in accordance with this Memorandum of Incorporation.

24.15 The Directors in office may act notwithstanding any vacancy in their body, but if after the expiry of the 3 (three) month period contemplated in clause 24.14, their number remains below the minimum number fixed in accordance with this Memorandum of Incorporation, they may, for as long as their number is reduced below such minimum, act only for the purpose of filling vacancies in their body in terms of section 68(3) or of summoning general meetings of the Company, but not for any other purpose.

24.16 A Director may hold any other office or place of profit under the Company (except that of auditor) or any subsidiary of the Company in conjunction with the office of Director, for such period and on such terms as to remuneration (in addition to the remuneration to which he may be entitled as a Director) and otherwise as a disinterested quorum of the Directors may determine.

24.17 A Director of the Company may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or in which the Company may be interested as shareholder or otherwise, provided that the appointment and remuneration in respect of such other office must be determined by a disinterested quorum of Directors.

24.18 Each Director and each alternate Director, prescribed officer and member of any committee of the Board (whether or not such latter persons are also members of the Board) shall, subject to the exemptions contained in section 75(2) and the qualifications contained in section 75(3), comply with all of the provisions of section 75 in the event that they (or any person who is a related person to them) have a personal financial interest in any matter to be considered by the Board.

24.19 The proposal of any resolution to Shareholders in terms of sections 20(2) and 20(6) of the Act, to permit or ratify an act of the Directors that is inconsistent with any limitation or restriction imposed by this Memorandum of Incorporation, or the authority of the Directors to perform such an act on behalf of the Company, is prohibited

24.20 A director shall cease to hold office as such if he:

24.20.1 is prohibited from being or is removed as or is disqualified from acting as a director of a company in terms of the Act;

24.20.2 gives notice to the Company of his resignation as a director with effect from the date of, or such later date as is provided for in, such notice;

24.20.3 absents himself from meetings of directors for six consecutive months without the leave of the other directors, and they resolve that his office shall be vacated, provided that this provision shall not apply to a director who is represented by an alternate who does not so absent himself;

24.20.4 is given notice, signed by members holding in the aggregate more than 50% of the total voting rights on a poll of all members then entitled to vote on a poll at a general meeting, of the termination of his appointment.

24.21 **Alternate directors**

24.21.1 Each Director may, may by notice in writing to the Company at any time:

24.21.2 nominate any one or more than one person in the alternative (including any of his co-Directors) to be his Alternate Director, subject to the approval of the other directors of that Alternate Director, which approval shall not be unreasonably withheld;

24.21.3 terminate any such appointment.

24.22 The appointment of an Alternate Director must be approved by Shareholders to the extent required in terms of the JSE Listings Requirements of the Act (as the case may be).

24.23 The appointment of an Alternate Director shall terminate when the Director to who he is an Alternate Director:

24.23.1 ceases to be a Director; or

24.23.2 terminates his appointment

provided that a Director retiring at any meeting shall not, subject to any applicable provisions of the Act and JSE Listings Requirements from time to time, for the purposes of this clause 24.22 be deemed to have ceases to be a Director.

24.24 An Alternate Director shall:

24.24.1 only be entitled to attend or act or vote at any meeting of Directors if the Director to whom he is an alternate is not present provided that:

24.24.1.1 he may attend a meeting of Directors at which the Director to whom he is an alternate is present if the other Directors agree thereto;

24.24.1.2 any person attending any meeting of Directors as a Director in his own right and/or as an alternate for one or more Directors shall have one vote in respect of each Director whom he represents, including himself if he is a Director;

24.24.2 only be entitled to sign a resolution passed otherwise than at a meeting of directors in terms of these articles if the director to whom he is an alternate is then absent from the town in which the office is situate, or is incapacitated;

24.24.3 subject to the aforegoing, general exercise all the rights of the director to whom he is an alternate in the absence or incapacity of that Director;

24.24.4 in all respects be subject to the terms and conditions existing with reference to the appointment, rights and duties and the holding of office of the Director to whom he is an alternate, but shall not have any claim of any nature whatever against the Company for any remuneration of any nature whatever.

25. DIRECTORS' MEETINGS

25.1 Save as may be provided otherwise herein, the Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings as they think fit.

25.2 The Directors may elect a chairperson, a deputy chairperson and/or any vice chairperson and determine the period for which each is to hold office. The chairperson, or in his absence the deputy chairperson or vice chairperson, shall be entitled to preside over all meetings of Directors. If no chairperson or deputy/vice chairperson is elected, or if at any meeting neither is present or willing to act as chairperson thereof within 10 (ten) minutes of the time appointed for holding the meeting, the Directors present shall choose 1 (one) of their number to be chairperson of such meeting.

25.3 In addition to the provisions of section 73(1), any Director shall at any time be entitled to call a meeting of the Directors.

25.4 The Board has the power to –

25.4.1 consider any matter and/or adopt any resolution other than at a meeting contemplated in section 74 and, accordingly, any decision that could be voted on at a meeting of the Board may instead be adopted by the written consent of a majority of the Directors, given in person or by Electronic Communication, provided that each Director has received notice of the matter to be decided and such resolution, inserted in the minute book, shall be as valid and effective as if it had been passed at a meeting of directors. Any such resolution may consist of several documents and shall be deemed to have been passed on the date on which it was signed by the last director who signed it (unless a statement to the contrary is made in that resolution);

25.4.2 conduct a meeting entirely by Electronic Communication, or to provide for participation in a meeting by Electronic Communication, as set out in section 73(3), provided that, as required by such section, the Electronic Communication facility employed ordinarily enables all persons participating in the meeting to communicate concurrently with each other without an intermediary and to participate reasonably effectively in the meeting;

25.4.3 determine the manner and form of providing notice of its meetings contemplated in section 73(4), provided that –

25.4.3.1 the notice period for the convening of any meeting of the Board will be at least 7 (seven) days unless the decision of the Directors is required on an urgent basis which justifies a shorter period of notice, in which event the meeting may be called on shorter notice. The decision of the chairperson of the Board, or failing the chairperson for any reason, the decision of any 2 (two) directors as to whether a matter should be decided on an urgent basis, and the period of notice to be given, shall be final and binding on the directors;

25.4.3.2 an agenda of the matters to be discussed at the meeting shall be given to each Director, together with the notice referred to in clause 25.4.3.1; and

25.4.4 proceed with a meeting despite a failure or defect in giving notice of the meeting, as provided in section 73(5),

and the powers of the Board in respect of the above matters are not limited or restricted by this Memorandum of Incorporation.

25.5 The quorum requirement for a Directors' meeting (including an adjourned meeting) to begin, the voting rights at such a meeting, and the requirements for approval of a resolution at such a meeting are as set out in section 73(5), subject only to clause 25.5.5, and accordingly –

25.5.1 if all of the Directors of the Company –

25.5.1.1 acknowledge actual receipt of the notice convening a meeting; or

25.5.1.2 are present at a meeting; or

25.5.1.3 waive notice of a meeting,

the meeting may proceed even if the Company failed to give the required notice of that meeting or there was a defect in the giving of the notice;

25.5.2 a majority of the Directors must be present at a meeting before a vote may be called at any meeting of the Directors;

25.5.3 each Director has 1 (one) vote on a matter before the Board;

25.5.4 a majority of the votes cast in favour of a resolution is sufficient to approve that resolution;

25.5.5 in the case of a tied vote –

25.5.5.1 the chairperson may not cast a deciding vote in addition to any deliberative vote; and

25.5.5.2 the matter being voted on fails.

25.6 Resolutions adopted by the Board –

25.6.1 must be dated and sequentially numbered; and

25.6.2 are effective as of the date of the resolution, unless any resolution states otherwise.

25.7 Any minutes of a meeting, or a resolution, signed by the chairperson of the meeting, or by the chairperson of the next meeting of the Board, are evidence of the proceedings of that meeting, or the adoption of that resolution, as the case may be.

26. DIRECTORS' COMPENSATION AND FINANCIAL ASSISTANCE

26.1 The Company may pay remuneration to the Directors for their services as Directors in accordance with a special resolution approved by the Shareholders within the previous 2 (two) years, as set out in section 66(8) and (9), and the power of the Company in this regard is not limited or restricted by this Memorandum of Incorporation.

26.2 Any Director who –

26.2.1 serves on any executive or other committee; or

26.2.2 devotes special attention to the business of the Company; or

26.2.3 goes or resides outside South Africa for the purpose of the Company; or

26.2.4 otherwise performs or binds himself to perform services which, in the opinion of the Directors, are outside the scope of the ordinary duties of a Director,

may be paid such extra remuneration or allowances in addition to or in substitution of the remuneration to which he may be entitled as a Director, as a disinterested quorum of the Directors may from time to time determine.

26.3 The Directors may also be paid all their travelling and other expenses necessarily incurred by them in connection with –

26.3.1 the business of the Company; and

26.3.2 attending meetings of the Directors or of committees of the Directors of the Company.

26.4 The Board may, as contemplated in and subject to the requirements of section 45, authorise the Company to provide financial assistance to a Director, prescribed officer or other person referred to in section 45(2), and the power of the Board in this regard is not limited or restricted by this Memorandum of Incorporation.

28. INDEMNIFICATION OF DIRECTORS

28.1 The Company may –

28.1.1 advance expenses to a Director or directly or indirectly indemnify a Director in respect of the defence of legal proceedings, as set out in section 78(4);

28.1.2 indemnify a Director in respect of liability as set out in section 78(5); and/or

28.1.3 purchase insurance to protect the Company or a Director as set out in section 78(7),

and the power of the Company in this regard is not limited, restricted or extended by this Memorandum of Incorporation.

28.2 The provisions of clause 28.1 shall apply mutatis mutandis in respect of any former Director, prescribed officer or member of any committee of the Board, including the audit committee.

29. BORROWING POWERS

29.1 Subject to the provisions of clause 29.2 and the other provisions of this Memorandum of Incorporation, the Directors may from time to time:

29.1.1 borrow for the purposes of the Company such sums as they think fit; and

29.1.2 secure the payment or repayment of any such sums, or any other sum, as they think fit, whether by the creation and issue of Securities, mortgage or charge upon all or any of the property or assets of the Company.

29.2 The Directors shall procure (but as regards subsidiaries of the Company only insofar as by the exercise of voting and other rights or powers of control exercisable by the Company they can so procure) that the aggregate principal amount at any one time outstanding in respect of moneys so borrowed or raised by –

29.2.1 the Company; and

29.2.2 all the subsidiaries for the time being of the Company (excluding moneys borrowed or raised by any of such companies from any other of such companies but including the principal amount secured by any outstanding guarantees or suretyships given by the Company or any of its subsidiaries for the time being for the indebtedness of any other company or companies whatsoever and not already included in the aggregate amount of the moneys so borrowed or raised),

shall not exceed the aggregate amount at that time authorised to be borrowed or secured by the Company or the subsidiaries for the time being of the Company (as the case may be).

29.3 Notwithstanding the provisions of clause 29.1, no debt incurred or security given in breach of the provisions of clause 29.1 shall be invalid or ineffectual except in the case of express notice to the lender or the recipient of the security at the time when the debt was incurred or security given to the effect that the provisions of clause 29.1 had been or were thereby breached.

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 fifteenth annual general meeting of shareholders to be held at 10:00 on Wednesday, 28 August 2013 in the Boardroom of Arcay Moela Sponsors (Pty) Limited, One Health Building, Woodmead North Office Park, 54 Maxwell Drive, Woodmead.

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 Wednesday, 28 August 2013 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 2012, the directors' and auditors' report]			
Ordinary resolution number 2 [Re-election of Mr MH Brodie as a director in terms of Article 88 of the Memorandum of Incorporation]			
Ordinary resolution number 3 [Re-election of Mr RL Rainier as a director in terms of Article 88 of the Memorandum of Incorporation]			
Ordinary resolution number 4 [Confirm appointment of Nolands Inc. as auditors]			
Ordinary resolution number 5 [Confirm the appointment of MH Brodie as member of the Audit and Risk Committee]			
Ordinary resolution number 6 [Authority for directors to issue all or any of the unissued shares in the capital of the company for cash]			
Ordinary resolution number 7 [Confirm approval of remuneration policy]			
Special resolution number 1 (Confirmation of directors' fees payable as from 1 January 2013)			
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)			
Special resolution number 4 (Introduction of Memorandum of Incorporation)			

Signed at ______________ on ______________ 2013

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

1. Certificated shareholders and dematerialised shareholders with "own name" registration
If you are a certificated shareholder or have dematerialised your shares with "own name" registration and you are unable to attend the annual general meeting of Bonatla Property Holdings Limited shareholders to be held on Wednesday, 28 August 2013 , in the Boardroom of Arcay Moela Sponsors (Pty) Limited, One Health Building, Woodmead North Office Park, 54 Maxwell Drive, Woodmead and wish to be represented thereat, you must complete and return this form of proxy in accordance with the instructions contained herein and lodge it with, or post it to, the transfer secretaries, Computershare Investor Services (Pty) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) so as to be received by them by no later than 10h00 on Monday, 26 August 2013.

2. Dematerialised shareholders other than those with "own name" registration
If you hold dematerialised shares in Bonatla Property Holdings Limited through a CSDP or broker other than with an "own name" registration, you must timeously advise your CSDP or broker of your intention to attend and vote at the annual general meeting or be represented by proxy thereat, in order for your CSDP or broker to provide you with the necessary authorisation to do so, or should you not wish to attend the annual general meeting in person, you must timeously provide your CSDP or broker with your voting instruction in order for the CSDP or broker to vote in accordance with your instruction at the annual general meeting.

NOTES

1. This form is for use by certificated shareholders and dematerialised shareholders with "own-name" registration whose shares are registered in their own names on the record date and who wish to appoint another person to represent them at the meeting. If duly authorised, companies and other corporate bodies who are shareholders having shares registered in their own names may appoint a proxy using this form, or may appoint a representative in accordance with the last paragraph below.

   Other shareholders should not use this form. All beneficial holders who have dematerialised their shares through a Central Securities Depository Participant ("CSDP") or broker, and do not have their shares registered in their own name, must provide the CSDP or broker with their voting instructions. Alternatively, if they wish to attend the meeting in person, they should request the CSDP or broker to provide them with a letter of representation in terms of the custody agreement entered into between the beneficial owner and the CSDP or broker.

2. This proxy form will not be effective at the meeting unless received in the Boardroom of Arcay Moela Sponsors (Pty) Limited, One Health Building, Woodmead North Office Park, 54 Maxwell Drive, Woodmead, Republic of South Africa, not later than 09h00 on Wednesday, 28 August 2013.

3. This proxy shall apply to all the ordinary shares registered in the name of shareholders at the record date unless a lesser number of shares are inserted.

4. A shareholder may appoint one person as his proxy by inserting the name of such proxy in the space provided. Any such proxy need not be a shareholder of the Company. If the name of the proxy is not inserted, the chairman of the meeting will be appointed as proxy. If more than one name is inserted, then the person whose name appears first on the form of proxy and who is present at the meeting will be entitled to act as proxy to the exclusion of any persons whose names follow. The proxy appointed in this proxy form may delegate the authority given to him in this proxy by delivering to the Company, in the manner required by these instructions, a further proxy form which has been completed in a manner consistent with the authority given to the proxy of this proxy form.

5. Unless revoked, the appointment of proxy in terms of this proxy form remains valid until the end of the meeting even if the meeting or a part thereof is postponed or adjourned.

6. 6.1 If a shareholder does not indicate on this instrument that the proxy is to vote in favour of or against or to abstain from voting on any resolution; or

   6.2 the shareholder gives contrary instructions in relation to any matter; or

   6.3 any additional resolution/s which are properly put before the meeting; or

   6.4 any resolution listed in the proxy form is modified or amended,

   the proxy shall be entitled to vote or abstain from voting, as he thinks fit, in relation to that resolution or matter. If, however, the shareholder has provided further written instructions which accompany this form and which indicate how the proxy should vote or abstain from voting in any of the circumstances referred to in 6.1 to 6.4, then the proxy shall comply with those instructions.

7. If this proxy is signed by a person (signatory) on behalf of the shareholder, whether in terms of a power of attorney or otherwise, then this proxy form will not be effective unless:

   7.1 it is accompanied by a certified copy of the authority given by the shareholder to the signatory; or

   7.2 the Company has already received a certified copy of that authority.

8. The chairman of the meeting may, at his discretion, accept or reject any proxy form or other written appointment of a proxy which is received by the chairman prior to the time when the meeting deals with a resolution or matter to which the appointment of the proxy relates, even if that appointment of a proxy has not been completed and/or received in accordance with these instructions. However, the chairman shall not accept any such appointment of a proxy unless the chairman is satisfied that it reflects the intention of the shareholder appointing the proxy.

9. Any alterations made in this form of proxy must be initialled by the authorised signatory/ies.

10. This proxy form is revoked if the shareholder who granted the proxy:

    10.1 delivers a copy of the revocation instrument to the Company and to the proxy or proxies concerned, so that it is received by the Company by not later than 10h00 on Monday, 26 August 2013; or

    10.2 appoints a later, inconsistent appointment of proxy for the meeting; or

    10.3 attends the meeting in person.

11. If duly authorised, companies and other corporate bodies who are shareholders of the Company having shares registered in their own name may, instead of completing this proxy form, appoint a representative to represent them and exercise all of their rights at the meeting by giving written notice of the appointment of that representative. This notice will not be effective at the meeting unless it is accompanied by a duly certified copy of the resolution/s or other authorities in terms of which that representative is appointed and is received at the Company's registered office at 31 8th Street, Houghton, Johannesburg, 2198, Republic of South Africa, not later than 10h00 on Monday, 26 August 2013.

Summary of rights established by section 58 of the Companies Act, 71 of 2008 ("Companies Act"), as required in terms of subsection 58(8)(b)(i)

1. A shareholder may at any time appoint any individual, including a non-shareholder of the Company, as a proxy to participate in, speak and vote at a shareholders' meeting on his or her behalf (section 58(1)(a)), or to give or withhold consent on behalf of the shareholder to a decision in terms of section 60 (shareholders acting other than at a meeting) (section 58(1)(b)).

2. A proxy appointment must be in writing, dated and signed by the shareholder, and remains valid for one year after the date on which it was signed or any longer or shorter period expressly set out in the appointment, unless it is revoked in terms of paragraph 6.3 or expires earlier in terms of paragraph 10.4 below (section 58(2)).

3. A shareholder may appoint two or more persons concurrently as proxies and may appoint more than one proxy to exercise voting rights attached to different securities held by the shareholder (section 58(3)(a)).

4. A proxy may delegate his or her authority to act on behalf of the shareholder to another person, subject to any restriction set out in the instrument appointing the proxy ("proxy instrument") (section 58(3)(b)).

5. A copy of the proxy instrument must be delivered to the Company, or to any other person acting on behalf of the Company, before the proxy exercises any rights of the shareholder at a shareholders' meeting (section 58(3)(c)) and in terms of the memorandum of incorporation ("MOI") of the Company at least 48 hours before the meeting commences.

6. Irrespective of the form of instrument used to appoint a proxy:

   6.1 the appointment is suspended at any time and to the extent that the shareholder chooses to act directly and in person in the exercise of any rights as a shareholder (section 58)4)(a));

   6.2 the appointment is revocable unless the proxy appointment expressly states otherwise (section 58(4)(b)); and

   6.3 if the appointment is revocable, a shareholder may revoke the proxy appointment by cancelling it in writing or by making a later, inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and to the Company (section 58(4)(c)).

7. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of the date stated in the revocation instrument, if any, or the date on which the revocation instrument was delivered as contemplated in paragraph 6.3 above (section 58(5)).

8. If the proxy instrument has been delivered to a Company, as long as that appointment remains in effect, any notice required by the Companies Act or the Company's MOI to be delivered by the Company to the shareholder must be delivered by the Company to the shareholder (section 58(6)(a)), or the proxy or proxies, if the shareholder has directed the Company to do so in writing and paid any reasonable fee charged by the Company for doing so (section 58(6)(b)).

9. A proxy is entitled to exercise, or abstain from exercising, any voting right of the shareholder without direction, except to the extent that the MOI or proxy instrument provides otherwise (section 58(7)).

10. If a Company issues an invitation to shareholders to appoint one or more persons named by the Company as a proxy, or supplies a form of proxy instrument:

    10.1 the invitation must be sent to every shareholder entitled to notice of the meeting at which the proxy is intended to be exercised (section 58(8)(a));

    10.2 the invitation or form of proxy instrument supplied by the Company must:

    10.2.1 bear a reasonably prominent summary of the rights established in section 58 of the Companies Act (section 58(8)(b)(i));

    10.2.2 contain adequate blank space, immediately preceding the name(s) of any person(s) named in it, to enable a shareholder to write the name, and if desired, an alternative name of a proxy chosen by the shareholder (section 58(8)(b)(ii)); and

    10.2.3 provide adequate space for the shareholder to indicate whether the appointed proxy is to vote in favour of or against any resolution(s) to be put at the meeting, or is to abstain from voting (section 58(8)(b)(iii));

    10.3 the Company must not require that the proxy appointment be made irrevocable (section 58(8)(c)); and

    10.4 the proxy appointment remains valid only until the end of the meeting at which it was intended to be used, subject to paragraph 7 above (section 58(8)(d)).

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