

## BONATLA PROPERTY HOLDINGS LIMITED

(Registration number 1996/014533/06) Share code: BNT ISIN: ZAE000013694

BALANCE SHEET AT 30 SEPTEMBER 2004							
		Group			ompany		
	2004 R'000	2003 R'000		2004 R'000	2003 R'000		
ASSETS							
Current assets	13,740	563,488		19,189	106,772		
Investment properties Investment in subsidiaries Investments Trade and other receivables Short term loans Cash and cash equivalents	6,000 - 2,495 413 656 4,176	549,519 - 8,528 4,149 589 703		19,189 - - - -	106,744 28		
Total assets	13,740	563,488		19,189	106,772		
EQUITY AND LIABILITIES							
Equity capital and reserves	(9,937)	126,064		19,090	104,280		
Share capital and premium Debentures Accumulated loss	56,196 - (66,133)	148,870 8,000 (30,806)		56,196 (37,106)	148,870 8,000 (52,590)		
Current liabilities	23,677	437,424		99	2,492		
Debentures Deferred tax Interest bearing borrowings Interest rate swap liability Taxation Trade and other payables Bank overdraft	2,274 16,356 1,814 3,233	2,469 26 401,587 14,573 1,583 12,933 4,253		- - - 14 85 -	2,469 - - - - 23		
Total equity and liabilities	13,740	563,488		19,189	106,772		

	Group			Company		
	2004 R'000	2003 R'000		2004 R'000	2003 R'000	
CASH FLOWS FROM OPERATING ACTIVITIES	(24,107)	(4,879)		90	(1,087)	
Cash (absorbed by)/ generated from operations Interest received Interest paid Dividends paid	(5,871) 1,480 (21,926)	66,398 741 (69,772) (7)		90	(358) - (722) (7)	
Normal taxation refunded/(paid)	210	(2,239)		_	-	
CASH FLOWS FROM INVESTING ACTIVITIES	534,190	68,318		102,954	8,157	
Purchase of tangible assets – additions Proceeds on disposal of investment properties Additions to listed investments Decrease/(increase) in investments	544,519 (18,192) 7,863	(591) 68,909 -		102,954	- - 8,157	
CASH FLOWS FROM FINANCING ACTIVITIES	(502,357)	(64,648)		(103,044)	(7,070)	
Cancellation of undertaking to issue shares Issue of shares Return of capital to shareholders Redemption of debentures Payment of interest bearing borrowings	(92,674) (10,370) (399,313)	(3,178) 500 - (4,498) (57,472)		(92,674) (10,370)	(3,178) 500 - (4,392)	
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS Cash and cash equivalents	7,726	(1,209)		-	-	

(3.550) (2.341)

(3.550)

4.176

at beginning of year

Cash and cash equivalents at end of year

INCOME STATEMENT FOR THE	YEAR EN	DED 30	SEPTEMBER	2004
	2004 R'000	Group 2003 R'000	Co 2004 R'000	ompany 2003 R'000
Turnover	27,663	117,721	_	_
Operating costs	(23,604)	(43,563)	-	(223)
Operating profit/(loss)	4,059	74,158	_	(223)
Fair value adjustment of investment properties Reversal of impairment/	1,000	(12,711)	-	-
(impairment) of interest in subsidiaries Management contract cancellation fee		(8,000)	15,399	(51,620)
Results from operating activities	5,059	53,447	15,399	(51,843)
Interest received	1,480	741	_	,
Finance charges	(21,926)	(69,772)	_	(722)
Loss on disposal of investment properties	(1,326)	_	_	_
Profit on redemption of debentures	99	-	99	-
Fair value adjustment of listed and unlisted investments	(16,721)	-	_	-
Fair value adjustment of interest rate swap	(1,782)	(14,574)	_	_
(Loss)/Profit before taxation	(35,117)	(30,158)	15,498	(52,565)
Taxation	(210)	(10,852)	(14)	_
(Loss)/Profit after taxation	(35,327)	(41,010)	15,484	(52,565)
Reconciliation of earnings	cents	cents		•
Loss per share Loss per income statement	(19.06) (35,327)			
Weighted average number of shares Headline loss per share	185,347 (18.73)	186,811 (16.69)		
Reconciliation between loss and	(10.70)	(10.00)		
headline loss:	(35 307)	(/(1.010)		
Loss per income statement Adjusted for:	(35,327)	(41,010)		
- Fair value adjustment to investment				
properties	(1,000)	8,898		
<ul> <li>Fair value adjustment of other financial assets</li> </ul>	369	930		
<ul> <li>Loss on disposal of investment propertie</li> </ul>		-		
- Profit on redemption of debentures	(84)			
Headline loss	(34,716)	(31,182)		

# **UNQUALIFIED AUDITED RESULTS FOR THE** YEAR ENDED 30 SEPTEMBER 2004 AND FURTHER CAUTIONARY ANNOUNCEMENT

# NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2004

The attached financial results were prepared in accordance with the South African Statement of Generally Accepted Accounting Practice and the South African Companies Act, 1973.

The accounting policies are consistent with those used in the annual financial statements for the year ended 50 September 2003.

Operations

The operational results of 2004 financial year are not comparable in any aspect with the previous financial year. The profit of R5 059 000 as recorded reflects the disposal of the entire property portfolio.

The loss after taxation of R35 117 000 is mainly due to the following items:

- a. A loss on disposal of investment properties of R1 326 000.
   b. A fair value adjustment of listed and unlisted investments or.
   c. A fair value of the interest rate swap of R1 782 000.
   d. Finance charges of R21 926 000.

### MANAGEMENT

Primo Property Managers (Pty) Ltd were responsible in respect of the management of the Alpina/Ixia properties and RMB Property Managers (Pty) Ltd in respect of the sale to Momentum Property Investments (Pty) Ltd.

### TRANSFER OF THE PROPERTIES AND RETURN OF CAPITAL

INANSPER OF THE PROPERTIES AND RETURN OF CAPITAL
On 15 August 2003 the shareholders of Bonatla approved the sale of the entire property portfolio to Momentum Property
Investments (Pty) Ltd, Ixia Trading 532 (Pty) Ltd, VKV Properties (Pty) Ltd, Whirlprops (36) (Pty) Ltd and Catalyst Property
Asset Managers (Pty) Ltd.
At balance sheet date the entire portfolio had been transferred to the various purchasers and a return of capital of
R95.2 million or 50 cents per share was made to the shareholders on 16 February 2004.

At balance sheet date the only investment property left in Bonatla was Stand 206 Vanderbijlpark which was revalued from book to market value at R6 million as it is required by AC 133.

The purchase price of 13 properties sold to Ixia Trading 532 (Pty) Ltd was discharged by way of 9 022 199 Alpina B Class linked units issued at R2.00 per linked unit.

The unlisted 9 022 199 Alpina B class linked units were also valued downwards to R1.65 million in order to reflect the purchase price paid by Alpina in its settlement with Bonatla after the financial year-end.

### POST-BALANCE SHEET EVENTS

After the balance sheet date the directors in agreement with Nedcor closed the interest rate swap in February 2005. The closing balance of the swap was R26.135 million. The full balance of the interest rate swap is to be repaid in the form of five-year preference shares to the Nedcor Group.

The Stand 206 Vanderbijlpark (Pty) Ltd was sold for a gross consideration of R6 million and transfer took place on 7 October 2005.

### RELATED PARTY TRANSACTIONS

rties with whom the group transacted during the year are as follows

### 1. Broll Real Estate (Gauteng) (Proprietary) Limited

R8 million fee paid to Broll/Catatyst Property Asset Managers (Pty) Limited in 2003. The directors of Broll were also directors of Bonatla for part of the year.

Bonatla paid Broll an amount of R8 million in 2003 for the termination of the asset management agreement, which Bonatla was required to do in order to facilitate the sale of the property portfolio.

2. Hightower Properties (Proprietary) Limited

A commission of R6,2 million was paid to Hightower Properties (Pty) Limited which is a wholly owned subsidiary of Globus Investments (Pty) Limited. (Globus) and a related party by virtue of the fact that Primo Property Services (Pty) Limited (Primo) is a fellow subsidiary of Globus and Primo is the property administration manager of the Bonatia

### 3. Primo Properties (Proprietary) Limited

Primo is a subsidiary of Globus and is the property administration manager. It receives a fee of 5% of gross revenue on Bonatla's property portfolio.

The 8 000 000 unsecured convertible debentures of R1.00 each were redeemed at par (R8 million)

The R8 million was paid to Globus which is a related party by virtue of the fact that Primo is a subsidiary of Globus and Primo is the property administration manager of the Bonatla portfolio.

4. VKV Properties (Pty) Limited

As approved at the general meeting, the Welkom Square property was sold to VKV for R29.9 million. VKV is a wholly-owned subsidiary of Globus and a related party by virtue of the fact that Prima is a fellow subsidiary of Globus and Primo is the property administration manager of the Bonatla portfolio.

### 5. Ixia Trading 532 (Pty) Limited

Ixia is a private company incorporated in accordance with the laws applicable in South Africa and has a number of directors who are also directors of Globus, Primo and Hightower. Ixia acquired certain properties from the Bonatla portfolio.

# THE INTEREST RATE SWAP RESOLUTION

As reported in the previous year's financial report, the interest rate swap agreement was signed on 22 November 2002 by the asset managers at that time, Catalyst Asset Managers (Pty) Ltd. This swap was not linked to the mortgages on the properties of the group and thus introduced a major speculative risk.

The interest rate swap was closed in February 2005 and its final balance was R26 133 000.

A fair value adjustment of (R9 777 000) impacted on the income statement for the period.

Current liabilities include an amount of R6 356 000 arising from the closure of the interest rate swap.

Subsequent to the reporting date, the group has raised finance to fund the repayment of the indebtedness to its bankers arising from the finalisation of the arrangement.

In terms of the arrangement between the company and the bankers, the latter will procure that a third party will subscribe at a subscription price of R0.01 together with a premium thereon of R0.99 per preference share for:

8 000 0000 cumulative redeemable "A" shares in the company; and

19 730 140 convertible "B" preference shares in the company.

The proceeds of these preference share issues will be used exclusively to repay the interest rate swap indebtedness.

The "A" preference shares will confer the right upon the holder to receive out of the profits of the company "A" preference dividends in priority to any payments of dividends to holders of any other classes of shares in the capital of the company, (including any other class of preference share and ordinary share).

"A" preference dividends will be cumulative preferential cash dividends per "A" preference shares calculated on a daily basis on the subscription price at the applicable percentage on 31 July and 31 January of each year.

The applicable percentage will be 85% per annum of the prime rate and a penalty rate of the prime rate plus 2% on arrears.

The "A" preference dividends in respect of any "A" preference shares will accrue up to the redemption date. The "A" preference shares are to be redeemed on the 5th anniversary of the subscription date.

The "B" preference shares will confer the right upon the holder to receive out of the profits of the company "B" preference dividends in priority to any payments of dividends to holders of any other classes of shares in the capital of the company save only for the holders of any "A" preference shares.

"B" preference dividends will be cumulative preferential cash dividend per "B" preference shares calculated on a daily basis on the subscription price at the applicable percentage on 31 July and 31 January of each year.

The applicable percentage will be 85% per annum of the prime rate and a penalty rate of the prime rate plus 2% on arrears.

The "B" preference dividends in respect of any "B" preference shares will accrue up to the conversion date. The "B" preference shares are to be converted on the 5th anniversary of the subscription date to ordinary smarket value per ordinary share in the share capital of the company.

market value per ordinary share in the share capital of the company.

The aforesaid agreements are subject to certain suspensive conditions and in the event that all the suspensive conditions relating to the issue of the 'A' and 'B' preference shares are not fulfilled by the due date therefore, the bankers have agreed that they will upon receipt of a written notice to that effect from the third party and the company, subordinate the group's interest rate swap indebtedness, as follows:

It will not demand or accept repayment of the interest swap indebtedness or any portion thereof if the effect of such repayment would be that group's liabilities would exceed its assets fairly valued.

It will agree not to demand or accept repayment of the interest rate swap indebtedness or any portion thereof if the effect of such repayment would be that the group's liabilities exceeds its assets fairly valued.

The written notice from the company and the third party confirming that all the suspensive conditions have not been fulfilled by due date will only be effective if they are received by the bankers before 28 February 2006.

# FURTHER CAUTIONARY ANNOUNCEMENT

FURTHER CAUTIONARY ANNOUNCEMENT
Further to the previous cautionary announcement, shareholders are advised that negotiations are continuing which, if
successfully concluded, will have a material effect on the shares of the company. Shareholders are accordingly advised to
continue to exercise caution in dealing in the company's shares until a further announcement in this regard is made. The above results were audited by the company's auditors, Grant Thornton, and their unqualified report is available for inspection at the company's registered office detailed below during office hours.

Johannesburg 16 November 2005

# Directors:

# Company Secretary:

rvices (Pty) Ltd, Registered Office: Suite 5, The Piazza, corner Jan Smuts Avenue and Republic Road, 2194 (PO Box 724, Melville, 2019)

# LPC Manhattan (Ptv) Ltd

**Transfer Secretary**Computershare Investor Services 2004 (Pty) Ltd, 70 Marshall Street, Johannesburg, 2001

	Share capital R'000	Share premium R'000	Shares to be issued R'000	Convertible debentures R'000	Retained earnings/ (Accumulated loss) R'000	Total R'000
GROUP						
Balance at 1 October 2002	1,851	146,519	3,178	8,000	10,204	169,752
Recovery of amounts previously expensed	-	_	(2,678)	_	-	(2,678)
Issue of shares	2	498	(500)	_	-	_
Net loss for year	_	_	_	_	(41,010)	(41,010)
Balance at 30 September 2003	1,853	147,017	_	8,000	(30,806)	126,064
Redemption of debentures	-	· -	_	(8,000)	`	(8,000)
Return of capital to shareholders	_	(92,674)	_		_	(92,674)
Net loss for year	_		_	_	(35,327)	(35,327)
Balance at 30 September 2004	1,853	54,343	-	-	(66,133)	(9,937)
COMPANY						
Balance at 1 October 2002	1,851	146,519	3,178	8,000	(25)	159,523
Recovery of amounts previously expensed	_	_	(2,678)		<del>-</del>	(2,678)
Issue of shares	2	498	(500)	_	_	
Net loss for year	_	_	-	_	(52,565)	(52,565)
Balance at 30 September 2003	1,853	147,017	_	8,000	(52,590)	104,280
Redemption of debentures	, <u>.</u>		_	(8,000)		(8,000
Return of capital to shareholders	_	(92,674)	_	-	_	(92,674)
Net profit for year		* * *			15,484	15,484
Balance at 30 September 2004	1,853	54,343	_	_	(37,106)	19,090