UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2012 AND THE RENEWAL OF THE CAUTIONARY ANNOUNCEMENT

BONATLA PROPERTY HOLDINGS

BONATLA PROPERTY HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)
(Registration number 1996/014533/06)
Share code: BNT ISIN: ZAE000013694
("Bonatla" or "the company")

ABRIDGED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	As at 30 June 2012 Six months Unaudited R'000	As at 30 June 2011 Six months Unaudited R'000	As at 31 December 2011 Year Audited R'000
ASSETS				
Non-current assets		**424 132**	382 854	404 554
Property, plant and equipment		**49 822**	25 294	50 063
Investment property	4	**220 000**	216 310	195 560
Goodwill	5	**45 000**	3 261	48 261
Other intangible assets	5	**1**	28 145	1 102
Investments	6	**1 604**	2 096	1 548
Pre-payments		**54 871**	55 371	55 178
Deferred taxation		**2 353**	2 377	2 361
Deposits		**50 481**	50 000	50 481
Current assets		**77 444**	88 846	77 730
Inventories		**321**	–	487
Trade and other receivables		**74 888**	87 405	75 444
Pre-payments – current portion		**582**	582	582
Cash and cash equivalents		**1 653**	859	1 217
Non-current assets held for sale	7	**13 000**	42 500	13 000
Total assets		**514 576**	514 200	495 284
EQUITY AND LIABILITIES				
Equity capital and reserves		**380 119**	403 108	382 903
Share capital	8	**227 340**	254 570	225 840
Shares to be issued	9	**247 067**	238 308	249 687
Accumulated loss		**(89 183)**	(89 770)	(92 624)
Minority interests	10	**(5 105)**	–	–
Non-current liabilities		**79 375**	67 172	54 157
Borrowings – long term	11	**56 070**	51 929	36 883
Deferred taxation		**23 305**	15 243	17 274
Current liabilities		**55 082**	43 920	58 224
Borrowings – short term	11	**32 619**	29 653	35 044
Trade and other payables		**14 117**	8 844	12 676
Bank overdraft		**1 952**	1 270	5 361
Taxation		**6 394**	4 153	5 143
Total equity and liabilities		**514 576**	514 200	495 284
		cents	cents	cents
Net asset value per share		**31,16**	61,09	31,03
Net tangible asset value per share		**27,47**	56,33	27,03
Ordinary shares in issue (including to be issued)		**1 219 849 285**	659 815 961	1 233 849 285
Diluted asset value per share		**31,16**	42,25	31,03
Diluted tangible asset value per share		**27,47**	38,96	27,03
Total shares (ordinary and preference) and including to be issued		**1 219 849 285**	954 179 000	1 233 849 285

ABRIDGED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Note	For the six months ended 30 June 2012 Unaudited R'000	For the six months ended 30 June 2011 Unaudited R'000	For the 12 months ended 31 December 2011 Audited R'000
Revenue		**16 449**	20 477	37 653
Cost of sales		**(10 924)**	(6 570)	(16 052)
Gross margin		**5 525**	13 907	21 601
Other income		**1 050**	6 753	17 240
Operating costs		**(12 744)**	(9 687)	(23 014)
Goodwill – impairment		**–**	(35)	(36)
Bargain purchase		**–**	15 927	16 927
Fair value adjustment	4	**24 440**	–	–
Operating profit		**18 271**	26 865	32 718
Results from operating activities		**18 271**	26 865	32 718
Investment revenue		**1**	1 501	2 803
Finance charges		**(7 250)**	(4 978)	(8 764)
Profit before taxation		**11 022**	23 388	26 757
Taxation		**(7 290)**	(3 829)	(9 820)
Profit from continuing operations		**3 732**	19 559	16 937
Loss from discontinued operations	12	**(5 396)**	(148)	(380)
(Loss)/profit for the period		**(1 664)**	19 411	16 557
Other comprehensive income		**–**	–	–
Total comprehensive (loss)/income for the period		**(1 664)**	19 411	16 557
Represented by:				
Ordinary shareholders – continuing operations		**8 837**	19 559	16 937
– discontinued operations		**(5 396)**	(148)	(380)
Ordinary shareholders		**3 441**	19 411	16 557
Minority shareholders		**(5 105)**	–	–
Total comprehensive (loss)/income for the period		**(1 664)**	19 411	16 557
Earnings per share information (cents)				
Earnings per share		**0,28**	2,94	1,70
Diluted earnings per share		**0,28**	2,33	1,70
Weighted average ordinary shares in issue for basic and headline earnings per share		**1 219 849 285**	659 689 468	973 002 000
Weighted average ordinary and preference shares in issue for diluted earnings per share		**1 219 849 285**	834 535 780	973 002 000

ABRIDGED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

GROUP	Share capital R'000	Con-vertible pre-ference share capital R'000	Share premium R'000	Treasury shares R'000	Shares to be issued R'000	Retained earnings/ (Accumu-lated loss) R'000	Minority interests R'000	Total R'000
Balance at 31 December 2010	5 002	287	249 281	–	190 491	(109 181)	–	335 880
Ordinary shares to be issued to settle vendor liability					47 927			47 927
Total comprehensive income for the six months						19 411		19 411
Balance at 30 June 2011	5 002	287	249 281	–	238 418	(89 770)	–	403 218
Preference shares converted		(287)	(28 443)		28 730			–
Treasury shares				(17 461)				(17 461)
Total comprehensive loss for the six months						(2 854)		(2 854)
Balance at 31 December 2011	5 002	–	220 838	(17 461)	267 148	(92 624)	–	382 903
Ordinary shares to be issued –cancelled					(1 120)			(1 120)
Ordinary shares issued	200		1 300		(1 500)			–
Total comprehensive loss for the six months						3 441	(5 105)	(1 664)
Balance at 30 June 2012	**5 202**	**–**	**222 138**	**(17 461)**	**264 528**	**(89 183)**	**(5 105)**	**380 119**

ABRIDGED CONSOLIDATED STATEMENTS OF CASH FLOW

	As at 30 June 2012 six months Unaudited R'000	As at 30 June 2011 six months Unaudited R'000	As at 31 December 2011 12 months Audited R'000
Cash outflows from operating activities	**(12 306)**	(23 448)	(31 501)
Cash (outflows)/inflows from investing activities	**(611)**	30 099	32 025
Cash inflows/(outflows) from financing activities	**16 762**	(8 217)	(5 823)
Net increase/(decrease) in cash and cash equivalents	**3 845**	(1 566)	(5 299)
Cash and cash equivalents at the beginning of the period	**(4 144)**	1 155	1 155
Cash and cash equivalents at the end of the period	**(299)**	(411)	(4 144)
Reflected on the Statements of Financial Position as follows:			
Cash and cash equivalents	**1 653**	859	1 217
Bank overdraft	**(1 952)**	(1 270)	(5 143)
Total per above	**(299)**	(411)	(4 144)

COMMENTARY

1 Basis of preparation

The unaudited abridged interim results for the six months ended 30 June 2012 (prepared in accordance with IAS 34 – Interim Financial Reporting) have been prepared in accordance with accounting policies consistent with International Financial Reporting Standards and with those applied in previous periods.

2 Commentary on results

In spite of the difficulties in the manufacturing business where the kiln, purchased last year, was not operational by 30 June 2012, and which incurred losses of R10,4 million for the first six months, the company made a profit after tax of R3,441 million.

The Board of Directors decided to withdraw from the document and storage business and to concentrate on the Investment property business. A once-off impairment of R5,4 million was incurred. Action has been taken to recover all related costs to the company.

The Bebinchand Seevnarayan litigation was lost and R1,5 million was expensed in the 2011 year (after 30 June 2011) and R1,8 million was expensed in the period ended 30 June 2012.

The revenue during the first six months of 2012 (compared to the first six months of 2011) has decreased by 20% due to lower production of the manufacturing segment and a risk and performance fee being charged in 2011 (not applicable in 2012).

3 Segmental analysis

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

Segmental assets	30 June 2012 six months R'000	30 June 2011 six months R'000	31 December 2011 12 months R'000
Investment property – Leisure	**55 586**	55 954	55 877
Investment property – Industrial	**50 409**	50 218	58 188
Investment property – Commercial and Retail	**333 162**	338 750	303 800
Document storage	**–**	5 626	6 160
Head office	**19 768**	24 708	18 769
Manufacturing	**55 651**	38 944	52 490
Consolidated	**514 576**	514 200	495 284

Segmental liabilities	Before re-allocation 30 June 2012 six months R'000	Re-allocation 30 June 2012 six months R'000	After re-allocation 30 June 2012 six months R'000	30 June 2011 six months R'000	31 December 2011 12 months R'000
Investment property – Leisure	**–**	**–**	**–**	–	–
Investment property – Industrial	**24 443**	**(16 429)**	**8 014**	19 286	27 793
Investment property – Commercial and Retail	**52 092**	**27 429**	**79 521**	48 172	35 970
Document storage	**–**	**–**	**–**	–	764
Head office	**42 649**	**(3 000)**	**39 649**	37 263	34 245
Manufacturing	**15 273**	**(8 000)**	**7 273**	6 371	13 609
Consolidated	**134 457**	**–**	**134 457**	111 092	112 381

- The document and storage business was discontinued and the assets and liabilities as at 31 December 2011 have been impaired.
- The Investment property – Commercial and Retail assets increased due to The Tut, The Heights buildings being revalued by R24,4 million.
- The Investment property – Commercial and Retail liabilities (before the re-allocation) increased due to the deferred tax of R4,562 million on the fair value adjustment, the Nedbank term loan of R4,171 million and the maintenance costs of R1,915 million incurred in 2012.
- The Head office liabilities (before the re-allocation) increased due to loans of R3,571 million being raised, a litigation obligation of R1,853 million accrued and interest of R1,253 million due to 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 commitment with a medium term facility and to reduce the cost of the borrowings.
- The non-current assets held for sale of R13 million are reflected in the Investment property – Commercial and Retail segment.

3 Segmental analysis continued

Segment revenues and results by reportable segment: income statement

Net revenue after elimination of inter-segment revenue:	30 June 2012 six months R'000	30 June 2011 six months R'000	31 December 2011 12 months R'000
Continuing operations			
Investment property – Leisure	**–**	–	–
Investment property – Industrial	**–**	1 643	995
Investment property – Commercial and Retail	**14 655**	10 677	25 598
Document storage	**–**	–	–
Head office	**1 002**	5 284	6 286
Manufacturing	**792**	2 873	4 774
Total revenue	**16 449**	20 477	37 653
Discontinued operations	**–**	–	2 938
Total	**16 449**	20 477	40 591

- The document and storage business was discontinued.
- The Head office – a risk and performance fee was charged in 2011. This is not applicable in 2012.
- The Manufacturing segments revenue is down due to down time and problems associated with the commissioning of the new kiln.
- The Investment property – Commercial and Retail segments revenue increased due to the revenue of the last three Bluezone Investment properties only being accounted for from 1 July 2011. This additional income, reflected also in the first six months of 2012, was partially offset by no revenue from the three Investment properties which were sold in 2011.

Segment results after elimination of inter-segment revenue and costs	30 June 2012 six months R'000	30 June 2011 six months R'000	31 December 2011 12 months R'000
Investment property – Leisure	**(292)**	(822)	(1 176)
Investment property – Industrial	**(64)**	1 101	765
Investment property – Commercial and Retail	**4 508**	7 279	13 310
Document storage	**–**	–	–
Head office	**(6 042)**	1 095	(3 921)
Manufacturing	**(4 279)**	2 320	6 849
Results from operating activities	**(6 169)**	10 973	15 827
Investment revenue	**1**	1 501	2 803
Finance charges	**(7 250)**	(4 978)	(8 764)
(Loss)/profit before taxation and discontinued operations	**(13 418)**	7 496	9 866
Fair value adjustment	**24 440**	–	–
Goodwill – impairment	**–**	(35)	(36)
Bargain purchase	**–**	15 927	16 927
Profit before taxation and discontinued operations	**11 022**	23 388	26 757
Taxation	**(7 290)**	(3 829)	(9 820)
Loss from discontinued operations	**(5 396)**	(148)	(380)
Total comprehensive (loss)/income	**(1 664)**	19 411	16 557

Segmental analysis by sector	GLA m²	%
Offices	**15 708**	29,7
Retail	**1 145**	2,2
Industrial	**17 000**	32,1
Student accommodation	**19 081**	36
	52 934	100,0

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

4 Investment property

The Tut, The Heights buildings at Philip Nel Park, Tshwane was revalued from R70,560 million to R95 million resulting in a fair value adjustment of R24,440 million. A major revamp of the 19 buildings has been completed which will allow higher rentals to be charged next year, which will still be below the market rate. The valuation methodology of all the investment properties has not changed.

5 Goodwill and other intangible assets

Goodwill of R3,261 million, Intellectual Property of R1 million and computer software of R100 728 was impaired resulting from the document and storage business being discontinued. These figures are included in the R5,396 million reflected as loss from discontinued operations.

6 Investments

Bonatla purchased a claim from an Investor which had an investment in a company that had been placed into liquidation. This was done in order to apply for a business rescue of the company. This investment has been impaired to the amount which is expected to be received from the liquidator.

7 Non-current assets held for sale

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

8 Share capital

Reconciliation:	Share capital and share premium R'000	Number of shares
Shares issued – 31 December 2011	**5 002**	500 209 728
– 2 April 2012	**200**	20 000 000
– ordinary share capital	**5 202**	
– share premium	**222 138**	
Total – 30 June 2012	**227 340**	520 209 728

9 Shares to be issued

Ordinary – 12 Bluezone property acquisitions	**268 971**	369 969 272
– CDA preference shares converted	**28 730**	349 515 085
– settle liabilities	**4 000**	50 000 000
Total number of ordinary shares in issue (and to be issued)	**301 701**	769 484 357
Less:		
Fair value of shares to be issued – adjustment (three Investment properties companies acquired in 2011)	**(37 173)**	–
Treasury shares	**(17 461)**	(69 844 800)
Fair value shares to be issued at 30 June 2012	**247 067**	699 639 557
Total issued shares and shares to be issued		**1 219 849 285**
Note that 14 million shares to settle liabilities of R1 120 000 was cancelled in 2012		
Weighted average shares in issue for basic and headline (loss)/earnings per share		1 219 849 285
Weighted average shares in issue for diluted basic and headline (loss)/earnings per share		1 219 849 285

10 Minority interests

The minority shareholders in the activated carbon and charcoal business shared in their proportions of the loss (R5,105 million) made during the first six months of 2012.

11 Borrowings

Total borrowings increased by R16 762 000 from R71 927 000 (at 31 December 2011) to R88 689 000 at 30 June 2012. This increase was used to finance the legal costs and a claim purchased relating to the business rescue of the company owning the Blaauwberg Hotel, the working capital requirements of the activated carbon and charcoal business, the costs of the circular detailed in 19 below and maintenance costs relating to the Investment properties.

12 Loss from discontinued operations

The directors decided to withdraw from the document and storage business to enable them to concentrate solely on the Investment property and the Manufacturing businesses.

	Six months ended 30 June 2012 R'000	Six months ended 30 June 2011 R'000	Year ended 31 December 2011 R'000
The net cash outflows from the discontinued operations is as follows:			
Cash outflows from operating activities	**–**	–	(2)
Cash outflows from investing activities	**–**	–	(28)
Cash inflows/(outflows) from financing activities	**–**	–	–
Net decrease in cash and cash equivalents	**–**	–	(30)
Cash and cash equivalents at the beginning of the period	**–**	–	–
Cash and cash equivalents at the end of the period	**–**	–	(30)
Reflected on the Statements of Financial Position as follows:			
Cash and cash equivalents	**–**	–	–
Bank overdraft	**–**	–	(30)
Total as per above	**–**	–	(30)
The break-down of the loss from discontinued operations is as follows:			
Revenue	**–**	–	2 938
Cost of sales	**–**	–	(1 182)
Gross margin	**–**	–	1 756
Other income	**–**	10	–
Operating expenses	**(5 396)**	(158)	(2 127)
Results from operating activities	**(5 396)**	(148)	(371)
Investment income	**–**	–	–
Finance charges	**–**	–	(9)
Loss before taxation	**(5 396)**	(148)	(380)
Taxation	**–**	–	–
Loss after taxation	**(5 396)**	(148)	(380)

13 Reconciliation of headline (loss)/profit

	Six months ended 30 June 2012 R'000	Six months ended 30 June 2011 R'000	Year ended 31 December 2011 R'000
Profit attributable to ordinary equity holders of the parent entity	**3 441**	19 411	16 557
Goodwill and IP – impairment	**4 261**	35	36
Bargain purchase	**–**	(15 927)	(16 927)
Fair value adjustment (net of deferred tax)	**(19 878)**	–	–
Headline (loss)/profit	**(12 176)**	3 519	(334)
Earnings per share information	**cents**	cents	cents
Earnings per share	**0,28**	2,94	1,70
Diluted earnings per share	**0,28**	2,33	1,70
Headline (loss)/earnings per share	**(1,00)**	0,53	(0,03)
Diluted headline (loss)/earnings per share	**(1,00)**	0,42	(0,03)
Weighted average shares in issue for basic and headline (loss)/earnings per share	**1 219 849 285**	659 689 468	973 002 000
Weighted average shares in issue for diluted basic and headline (loss)/earnings per share	**1 219 849 285**	834 535 780	973 002 000

14 Events after the reporting date

Bonatla was not successful in its bid to have the Blaauwberg Hotel placed into business rescue. The Blaauwberg Hotel was placed into liquidation.

15 Dividends

No dividends were declared during the period.

16 Management of the property portfolio

There are no appointed asset managers and this function is managed by the company during the period under review. The property management function is carried out by CDA Property Consultants (Pty) Limited, of which the sole shareholder is C Douglas, who also is an Executive director of Bonatla.

17 Board of Directors

* Mr RL Rainier
\# Mr MH Brodie
* Mr DA Scott re-elected as director on 3 August 2012
* Mr DBW King – resigned as a director on 1 March 2012
* Mr NG Vontas re-elected as director on 3 August 2012
\# Mr SST Ngcobo
* Ms C Douglas re-appointed as a director on 3 August 2012
\# Mr I Dawood – resigned as director on 31 January 2012
\# Mr W Voigt – re-appointed as director on 3 August 2012
* executive director # non-executive and independent director

18 Contingent liabilities

Various litigations, which are being defended by Bonatla, have been instituted against Bonatla and the dates of the legal cases still have to be set down.

19 Future prospects

The activated carbon and charcoal business is expected to return to profitability in 2013.

The company is engaged in various acquisition negotiations which will be finalised after the existing shareholders have approved the circular, which is presently with the JSE Limited, awaiting their approval.

20 Renewal of cautionary announcement

Shareholders are referred to the previous cautionary announcements dated 27 January 2012, 6 March 2012 27 March 2012, 26 April 2012, 18 June 2012 and 29 June 2012, respectively, and are advised that certain negotiations referred to therein are still in progress.

Shareholders are accordingly advised to continue to exercise caution in dealing in their securities until a further announcement in this regard is made.

18 October 2012
Johannesburg

Directors:
MH Brodie, NG Vontas, SST Ngcobo, DA Scott, RL Rainier, C Douglas, W Voigt

Registered address:
623 Prince George Avenue, Brenthurst, Brakpan, 1541

Company Secretary:
Gold Equity Registrars C.C.

Transfer Secretaries:
Computershare Investor Services (Pty) Limited

Auditors:
Nolands Inc.

Sponsor:
Arcay Moela Sponsors (Pty) Limited

ince