

**BONATLA PROPERTY HOLDINGS LIMITED**

(Incorporated in the Republic of South Africa

(Registration number 1996/014533/06)

Share code: BNT &amp; ISIN code: ZAE000013694

("Bonatla" or "the company")

**INTERIM RESULTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2014****Abridged Consolidated Statement of Financial Position**

	As at 30 June 2104 6 months	As at 30 June 2013 6 months	As at 31 December 2013 Year
	Unaudited	Restated Unaudited	Audited
	R'000	R'000	R'000
<b>ASSETS</b>			
<b>Non-Current assets</b>	<b>300 420</b>	198 649	300 596
Property, plant and equipment	49 999	47 762	49 994
Investment property	93 385	-	93 385
Goodwill	38 200	45 000	38 200
Investments	1 016	1 178	1 016
Prepayments	53 623	54 205	53 914
Loans	10 339	-	9 968
Deferred taxation	3 858	504	4 119
Deposits	50 000	50 000	50 000
<b>Current assets</b>	<b>109 161</b>	119 213	102 795
Inventories	371	715	733
Trade and other receivables	107 957	117 366	101 070
Prepayments - current portion	583	583	583
Cash and cash equivalents	250	549	409
<b>Assets held for sale and discontinued operations</b>	<b>13 000</b>	183 001	13 160
<b>Total assets</b>	<b>422 581</b>	500 863	416 551
<b>EQUITY AND LIABILITIES</b>			
<b>Equity capital and reserves</b>	<b>303 514</b>	375 816	311 970
Share capital	256 070	256 070	256 070
Shares to be issued	221 857	221 857	221 857
Accumulated loss	(187 052)	(118 535)	(179 508)
Available-for-sale financial assets reserve	(1 080)	(918)	(1 080)
Equity contribution	18 354	18 354	18 354
Non-controlling interests	(4 635)	(1 012)	(3 723)
<b>Non-current liabilities</b>	<b>64 075</b>	30 091	62 924
Borrowings - long term	37 769	22 592	39 057
Deferred taxation	26 306	7 499	23 867
<b>Current Liabilities</b>	<b>54 992</b>	31 225	36 290
Borrowings - short term	20 774	11 403	13 163
Trade and other payables	28 297	17 467	19 207
Bank overdraft	112	566	-
Taxation	5 809	1 789	3 920

<b>Liabilities associated with assets held for sale and discontinued operations</b>	<b>-</b>	<b>63 731</b>	<b>5 367</b>
<b>Total equity and liabilities</b>	<b>422 581</b>	<b>500 863</b>	<b>416 551</b>
	<b>cents</b>	<b>cents</b>	<b>cents</b>
Net asset value per share	<b>24.18</b>	29.94	24.86
Net tangible asset value per share	<b>21.14</b>	26.36	21.81
Ordinary Shares in issue (including to be issued)	<b>1 255 099 285</b>	1 255 099 285	1 255 099 285
Diluted asset value per share	<b>24.18</b>	29.94	24.86
Diluted tangible asset value per share	<b>21.14</b>	26.36	21.81
Total shares (ordinary) and including to be issued	<b>1 255 099 285</b>	1 255 099 285	1 255 099 285

#### **Abridged Consolidated Statements of Profit or Loss and Other Comprehensive Income**

	<b>For the 6 months ended 30 June 2014</b>	<b>For the 6 months ended 30 June 2013</b>	<b>For the 12 months ended 31 December 2013</b>
	<b>Unaudited R'000</b>	<b>Unaudited R'000</b>	<b>Audited R'000</b>
Revenue	4 117	13 542	19 459
Cost of sales	(4 639)	(4 260)	(9 728)
Gross margin	(522)	9 282	9 731
Other income	13	25	426
Operating costs	(7 228)	(13 705)	(44 220)
Impairment – goodwill	-	-	(6 800)
Results from operating activities	(7 737)	(4 398)	(40 863)
Investment revenue	553	-	297
Finance charges	(3 263)	(3 923)	(8 434)
Loss before taxation	(10 447)	(8 321)	(49 000)
Taxation	(590)	383	(2 892)
Loss from continuing operations	(11 037)	(7 938)	(51 892)
Profit/(loss) from discontinued operations	2 580	6 926	(11 417)
Loss for the period	(8 457)	(1 012)	(63 309)
Other comprehensive loss	-	-	(162)
Total comprehensive loss for the period	(8 457)	(1 012)	(63 471)
Attributable to:			
– owners of the parent – continuing operations	(10 125)	(6 411)	(47 815)
– discontinued operations	2 580	6 926	(11 417)
	(7 545)	515	(59 232)
– non-controlling interest	(912)	(1 527)	(4 239)
Total comprehensive loss for the period	(8 457)	(1 012)	(63 471)
Loss for the period	(8 457)	(1 012)	(63 309)
Attributable to:			
– owners of the parent – continuing operations	(10 125)	(6 411)	(47 653)
– discontinued operations	2 580	6 926	(11 417)
	(7 545)	515	(59 070)
– non-controlling interest	(912)	(1 527)	(4 239)
Loss for the year	(8 457)	(1 012)	(63 309)

	<b>Cents</b>	Cents	Cents
Basic (loss)/earnings per share from continuing operations	<b>(0.60)</b>	0.04	(4.71)
Diluted basic (loss)/earnings per share from continuing operations	<b>(0.60)</b>	0.04	(4.71)
Headline (loss)/earnings per share	<b>(0.60)</b>	0.26	(2.76)
Diluted headline (loss)/earnings per share	<b>(0.60)</b>	0.26	(2.76)
Weighted average ordinary shares in issue for basic and headline (loss)/earnings per share	1 255 099 285	1 255 099 285	1 255 099 285
Weighted average ordinary and preference shares in issue for diluted (loss)/earnings per share	1 255 099 285	1 255 099 285	1 255 099 285

#### **Abridged Consolidated Statements of Cash Flow**

	<b>As at 30 June 2014 6 months</b>	As at 30 June 2013 6 months	As at 31 December 2013 12 months
	<b>Unaudited R'000</b>	Unaudited R'000	Audited R'000
<b>Cash outflows from operating activities</b>	<b>(3 200)</b>	(39 490)	(72 558)
<b>Cash outflows from investing activities</b>	<b>(396)</b>	(1 903)	(3 084)
<b>Cash inflows from financing activities</b>	<b>3 325</b>	43 558	77 528
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(271)</b>	2 165	1 886
Cash and cash equivalents at the beginning of the period	<b>409</b>	(1 477)	(1 477)
Cash and cash equivalents at the end of the period	<b>138</b>	688	409

### Abridged Consolidated Statements of Changes in Equity

	Share Capital	Share Premium	Treasury Shares	Shares To be Issued	Available For sale Financial Assets Reserve	Restated Retained Earnings/ (Accumulated Loss)	Restated Equity Contribution	Restated Non- Controlling Interests	Total
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
<b>Balance at 31 December 2012</b>	8 697	247 373	(17 461)	239 318	(918)	(100 180)	18 354	(18 354)	376 829
Total comprehensive loss for the 6 months	-	-	-	-	-	514	-	(1 527)	(1 013)
Increase in investment in subsidiary	-	-	-	-	-	(18 869)	-	18 869	-
<b>Balance at 30 June 2013</b>	8 697	247 373	(17 461)	239 318	(918)	(118 535)	18 354	(1 012)	375 816
Total comprehensive loss for the 6 months	-	-	-	-	(162)	(59 585)	-	(2 711)	(62 458)
Increase in investment in subsidiary	-	-	-	-	-	(1 387)	-	-	(1 387)
<b>Balance at 31 December 2013</b>	8 697	247 373	(17 461)	239 318	(1 080)	(179 507)	18 354	(3 723)	311 971
Total comprehensive loss for the 6 months	-	-	-	-	-	(7 545)	-	(912)	(8 457)
Increase in investment in subsidiary	-	-	-	-	-	-	-	-	-
<b>Balance at 30 June 2014</b>	8 697	247 373	(17 461)	239 318	(1 080)	(187 052)	18 354	(4 635)	303 514

## COMMENTARY

### 1 Basis of preparation

The unaudited abridged interim results for the six months ended 30 June 2014 (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 as well as the JSE Listings Requirements.

### 2 Commentary on results

The revenue decreased by 69,6% in the period under review, cost of sales increased by 8,9% while operating costs decreased by 47,3%. The decrease in revenue is mainly attributable to performance fees being charged in the prior period.

The gearing ratio of the company increased from 9,0% to 19,3%.

### 3 Segment information

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

#### Segment assets

	<b>30-Jun-14</b>	30-Jun-13	31-Dec-13
	<b>R'000</b>	R'000	R'000
Investment property - Leisure	<b>54 485</b>	55 037	54 765
Investment property - Industrial	<b>325</b>	325	325
Investment property - Commercial and retail	<b>168 426</b>	258 324	164 884
Manufacturing	<b>106 806</b>	123 077	104 438
Head office	<b>92 539</b>	64 100	92 139
Consolidated	<b>422 581</b>	500 863	416 551

The assets held for sale are reflected in the Investment property - Commercial and Retail segment.

#### Segment liabilities

Investment property - Industrial	<b>596</b>	555	572
Investment property - Commercial and retail	<b>49 706</b>	65 501	48 818
Manufacturing	<b>21 660</b>	11 860	15 660
Head office	<b>47 105</b>	47 130	39 531
Consolidated	<b>119 067</b>	125 046	104 581

**Segment revenues and results by reportable segment**

	<b>Net Segment Revenue</b>	<b>Net Segment revenue</b>	<b>Net Segment revenue</b>
<b>Continuing operations</b>			
Investment Property - Industrial	-	-	-
Investment Property - Commercial and Retail	<b>3 792</b>	4 730	9 023
Manufacturing	<b>326</b>	612	2 235
Head Office	-	8 200	8 200
From continuing operations	<b>4 118</b>	13 542	19 458
<b>Discontinued operations</b>			
Investment Property - Commercial and Retail	<b>1 096</b>	7 715	10 147

The Head Office revenue decreased due to a risk and performance fee being charged in 2013.  
The Manufacturing revenue decreased due to more maintenance downtime in 2014.

<b>Segment results after elimination of inter-segment revenue and costs</b>			
Investment Property - Leisure	<b>(291)</b>	(291)	(583)
Investment Property - Industrial	<b>(24)</b>	(132)	(149)
Investment Property - Commercial and Retail	<b>1 106</b>	1 762	1 263
Manufacturing	<b>(3 873)</b>	(9 936)	(35 532)
Head Office	<b>(4 655)</b>	(4 199)	(5 864)
	<b>(7 737)</b>	(4 398)	(40 865)
Investment revenue	<b>553</b>	-	297
Finance charges	<b>(3 263)</b>	(3 923)	(8 435)
Loss before tax	<b>(10 447)</b>	(8 321)	(49 003)
Taxation	<b>(590)</b>	383	(2 892)
Profit/(loss) from discontinued operations	<b>2 580</b>	6 926	(11 416)
Loss for the period	<b>(8 457)</b>	(1 012)	(63 311)
Other comprehensive loss	-	-	(162)
<b>Total comprehensive loss</b>	<b>(8 457)</b>	(1 012)	(63 473)

**4 Investment property**

There have been no material changes in investment property.

**5 Investment in subsidiaries**

There have been no changes in investment in subsidiaries.

**6 Assets held for sale and discontinued operations**

The company intends to dispose of the Madeline Street property.

**7 Share capital**

	Share capital and share premium R'000	Number of shares
<b>Reconciliation</b>		
Shares issued – 31 December 2013	8 697	869 724 813
– ordinary share capital	8 697	
– share premium	247 373	
<b>Total – 30 June 2014</b>	<b>256 070</b>	<b>869 724 813</b>

**8 Shares to be issued**

Ordinary – 12 Bluezone property acquisitions	231 798	369 969 272
– settle liabilities	7 520	85 250 000
Total number of ordinary shares to be issued	239 318	455 219 272
Less: Treasury shares	(17 461)	(69 844 800)
<b>Fair value shares to be issued at 30 June 2014</b>	<b>221 857</b>	<b>385 374 472</b>

Total issued shares and shares to be issued	1 255 099 285
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Weighted average shares in issue for basic and headline (loss)/earnings per share	1 255 099 285
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Weighted average shares in issue for diluted basic and headline (loss)/earnings per share	1 255 099 285
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**9 Equity contribution**

The equity contribution reflects the group's share of the recapitalisation of Carbon and Processing Technologies (Pty) Limited by this company's non-controlling shareholders.

**10 Non-controlling interests**

The minority shareholders in the activated carbon and charcoal business shared in their proportions of the loss (R1,53 million) made during the first six months of 2014.

**11 Borrowings**

Total borrowings increased from R52,2 million to R58,5 million at 30 June 2014.

**12 Prior period error and restatement of the comparative period**

The group increased its investment in a subsidiary prior to June 2013. The interim report as issued for the period ended June 2013 did however not reflect the losses in the subsidiary that were acquired on the increase on this investment. This restatement on the acquisition of the losses has no effect on the statement of profit or loss and other comprehensive income.

Management has decided that, in order to more appropriately reflect the fact that the non-controlling shareholders of a subsidiary have taken responsibility to recapitalise the subsidiary company to the extent of the losses it suffered without a change in their voting rights or beneficial shareholding in the same company, to restate the comparative period. This has resulted in the addition of an additional classification in equity capital and reserves that deals with the group's share of the equity contribution made. This restatement has no effect on the statement of profit or loss and other comprehensive income.

The restatement has the following effects on the Statements of Changes in Equity and the Statements of Financial Position:

	<b>Retained earnings/ (Accumulated Loss) R'000</b>	<b>Equity Contribution R'000</b>	<b>Non- Controlling Interests R'000</b>
Balance as at December 2012 as previously reported	(100 180)	-	-
Recapitalisation of subsidiary company by the non-controlling shareholders	-	18 354	(18 354)
Restated balance as at December 2012	(100 180)	18 354	(18 354)
Increase in investment in subsidiary	(18 869)	-	18 869
Total comprehensive loss for the 6 months as previously reported	514	-	(1 527)
Restated balance as at June 2013	(118 535)	18 354	(1 012)
Total comprehensive loss for the 6 months as previously reported	(59 585)	-	(2 711)
Increase in investment in subsidiary	(1 388)	-	-
Balance as at December 2013	(179 508)	18 354	(3 723)

### 13 Profit/(loss) from discontinued operations

The net cash outflows from the discontinued operations are as follows:

Cash inflows from operating activities	<b>1 224</b>	4 547	4 426
Cash (outflows)/inflows from investing activities	<b>(17)</b>	50 840	108 169
Cash outflows from financing activities	<b>(1 113)</b>	(55 635)	(113 481)
Net increase/(decrease) in cash and cash equivalents	<b>94</b>	(248)	(886)
Cash and cash equivalents at the beginning of the period	<b>67</b>	953	953
Cash and cash equivalents at the end of the period	<b>161</b>	705	67

The breakdown of the profit from discontinued operations is as follows:

Revenue	<b>1 096</b>	7 715	10 147
Cost of sales	<b>(140)</b>	(1 780)	(2 327)
Gross margin	<b>956</b>	5 935	7 820
Other operating income	<b>3 168</b>	11	11
Operating expenses	<b>(61)</b>	(449)	(522)
Loss on disposal of subsidiaries	<b>(17)</b>	(1 375)	(17 389)
Results from operating activities	<b>4 046</b>	4 122	(10 080)
Investment income	-	13	21
Finance charges	<b>(441)</b>	(946)	(1 360)
Profit/(loss) before taxation	<b>3 605</b>	3 189	(11 419)
Taxation	<b>(1 025)</b>	3 737	2
Profit/(loss) after taxation	<b>2 580</b>	6 926	(11 417)



<b>14</b>	<b>Reconciliation of headline (loss)/profit</b>			
	(Loss)/profit attributable to ordinary equity holders of the parent entity	(7 545)	515	(59 070)
	Fair value adjustment (net of deferred tax)	-	-	191
	Impairment – goodwill	-	1 387	6 800
	Loss on disposal of businesses	17	1 375	17 389
	<b>Headline (loss)/profit</b>	<b>(7 528)</b>	<b>3 277</b>	<b>(34 690)</b>
	<b>Earnings per share information</b>	<b>cents</b>	<b>cents</b>	<b>cents</b>
	(Loss)/earnings per share (cents)	(0.60)	0.04	(4.71)
	Diluted basic (loss)/earnings per share (cents)	(0.60)	0.04	(4.71)
	Headline (loss)/earnings per share (cents)	(0.60)	0.26	(2.76)
	Diluted headline (loss)/earnings per share (cents)	(0.60)	0.26	(2.76)
	Weighted average shares in issue for basic and headline (loss)/earnings per share	1 255 099 285	1 255 099 285	1 255 099 285
	Weighted average shares in issue for diluted basic and headline (loss)/earnings per share	1 255 099 285	1 255 099 285	1 255 099 285
<b>15</b>	<b>Events after the reporting date</b>			
	The company is engaged in negotiations for certain disposals and acquisitions which are expected to be announced in due course.			
<b>16</b>	<b>Dividends</b>			
	No dividends were declared during the period.			
<b>17</b>	<b>Management of the property portfolio</b>			
	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.			
<b>18</b>	<b>Board of directors</b>			
	Mr RL Rainier (Non-executive)			
	Mr MH Brodie deceased on 15 March 2014			
	Mr NG Vontas (Chief Executive Officer)			
	Ms C Douglas			
	Mr W Voigt (Financial Director)			
	Mr R Bernstein (Independent Non-Executive)			
	Mr M Nurick (Independent Non-Executive) - appointed 12 September 2014			
	Mr Q D'Oliveira (Independent Non-Executive) - appointed 21 September 2014			
<b>19</b>	<b>Contingent liabilities</b>			
	The directors are not aware of any contingent liabilities that, in their opinion, may have a material effect on Bonatla's financial position.			
<b>20</b>	<b>Future prospects</b>			
	Against the tighter economic conditions which continue to prevail and continue to exert increasing pressures on commercial property industry, the company has rationalised its property portfolio mainly composed of B grade properties with short leases and non strategic locations. The company has also entered agreements already announced on SENS to increase sizeably its portfolio with quality property investments and developments. 2015 will see the completion of the initial portfolio acquisitions.			
	Shareholders are referred to the previous announcements on SENS and are reminded that the company is trading under a cautionary announcement.			

This report has been prepared by Wilfried Voigt, Financial Director.

30 September 2014  
Johannesburg

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**Directors**

NG Vontas, RL Rainier, C Douglas, W Voigt, R Bernstein, M Nurick, Q D'Oliveira

**Registered address**

31, 8th Street, Houghton, Johannesburg, 2198

**Company secretary**

Arcay Client Support (Pty) Limited

**Transfer secretaries**

Computershare Investor Services (Pty) Limited

**Auditors**

Nolands Inc.

**Sponsors**

Arcay Moela Sponsors (Pty) Limited