Balwin
PROPERTIES

Annual Financial Statements

for the 12 months ending 29 February 2016

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The reports and statements set out below comprise the consolidated and separate annual financial statements presented to the shareholders:

These consolidated and separate annual financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa.

The consolidated annual financial statements have been compiled under the supervision of J Weltman (Chief Financial Officer) CA(SA)

BALWIN PROPERTIES LIMITED
(Previously Balwin Properties Limited)
Incorporated in the Republic of South Africa
Registration number: 2003/028851/06
Share code: BWN
ISIN: ZAE000209532

AUDIT AND RISK COMMITTEE REPORT

The Audit and Risk committee operates under a formal mandate that has been approved by the board and has conducted its affairs in compliance and discharged its responsibilities as stipulated in the committee's terms of reference which is available on request.

Due to the size of the Group, the board decided to combine the Audit and Risk committees.

Audit and risk committee members

The committee consisted of four non-executive directors, all of whom were independent. At a combined shareholders meeting held on 27 September 2015, the Audit and Risk committee was established and the members confirmed by shareholders.

After the reporting period, Rex Tomlinson resigned as a director and member of the committee on 31 March 2016. The current members of the audit and risk committee are therefore Kholeka Mzondeki (chairman), Basani Maluleke and Hilton Saven.
The committee's composition is in line with the requirements of the Companies Act, having a minimum of three independent non-executive directors.

During the period under review, the following meetings were held and the attendance of the meetings was as follows:

Member	23 November 2015	24 February 2016
Basani Maluleke	✔	✔
Kholeka Mzondeki	✔	✔
Rex Tomlinson	✔	✔
Hilton Saven	✔	✔

Roles and responsibilities

The committee's roles and responsibilities include its statutory duties as defined in the Companies Act of South Africa ("the Act") and the responsibilities assigned to it by the board. The committee reports to both the board and shareholders.

Statutory duties

During the year, the committee has performed the following statutory duties:

- Nominated, for appointment as external auditors of the Group under section 90, Deloitte & Touche as registered auditors who, in the opinion of the committee, are independent of the Group;
- Determined the fees to be paid to the external auditors and their terms of engagement;
- Ensured that the appointment of the external auditors complies with the provisions of the Act and any other legislation relating to the appointment of external auditors;
- Determined, subject to the provisions of chapter 3 of the Act, the nature and extent of any non-audit services that the external auditors may provide to the Group or that the external auditor must not provide to the Group;
- Adopted a non-audit services policy to pre-approve any proposed agreement with the external auditors for the Provision of non-audit services to the Group; and
- Prepared this report:
  - describing how the committee carried out its functions;
  - stating whether the committee is satisfied that the external auditor was independent of the Group; and
  - commenting in any way that the committee considers appropriate on the financial statements, the accounting practices and the internal financial controls of the Group.

AUDIT AND RISK COMMITTEE REPORT
CONTINUED

External auditor

During the year under review, the committee undertook the following

- Nominated Deloitte and Touche as the external auditor, with Patrick Kleb as the designated auditor to the shareholders for appointment as auditor for the financial year ended 29 February 2016 and ensured that the appointment complied with all legal and regulatory requirements for the appointment of an auditor;
- Confirmed that the auditor and the designated auditor are accredited by the JSE;
- Approved the external audit engagement letter, the plan and the budgeted audit fees payable to the external auditor;
- Reviewed the audit and evaluated the effectiveness of the auditor;
- Obtained a statement from the auditor confirming that its independence was not impaired;
- Determined the nature and extent of all non-audit services provided by the external auditor and pre-approved all non- audit services undertaken;
- Obtained assurances from the external auditor that adequate accounting records were being maintained;
- Confirmed that no reportable irregularities had been identified or reported by the auditors under Auditing Profession Act; and
- Nominated the external auditor and the designated independent auditor for each of the subsidiary companies for the financial year ended 29 February 2016.

Internal control and internal audit

During the year, the committee:

- Appointed RWFC Financial Consultants as internal auditors; and
- Reviewed assurance that proper accounting records were maintained and that the systems safeguard the Group's assets against unauthorised use or disposal.

Financial statements

During the year, the committee:

- Confirmed, based on managements review that the interim and annual financial statements were drawn up on the going-concern basis;
- Examined the published interim and annual financial statements and other financial information, prior to the board's approval;
- Considered the accounting treatment of significant or unusual transactions and accounting judgments by management;
- Considered the appropriateness of accounting policies and any changes made;
- Reviewed the audit report on the consolidated and separate annual financial statements;
- Reviewed the representation letter relating to the annual financial statements signed by management;
- Considered any problems identified as well as any legal and tax matters that could materially affect the financial statements;
- Met separately with management, the external auditor and internal auditor; and
- Concluded that the consolidated and separate annual financial statements fairly present the financial position of the Group and Company at the end of the financial year and the results of operations and cash flow for the financial year.

Having reviewed the audited consolidated and separate annual financial statements of the Group and Company, which are available at the Company's registered office, particularly to ensure that disclosure was adequate and that fair presentation had been achieved, the committee has recommended the approval of the annual financial statements to the board.

Chief Financial Officer and finance function

As required by the JSE Listings Requirements 3.84(h), the committee has:

- Considered the experience and expertise of the Chief Financial Officer, Jonathan Weltman, and concluded that these were satisfactory; and
- Considered the expertise, resources and experience of the finance function and concluded that these were appropriate.

Legal, regulatory and corporate governance requirements

During the year under review, the committee:

- Reviewed with management all legal matters that could have a material impact on the Group;
- Monitored complaints received via the Company's ethics line or otherwise; and
- Considered reports provided by management regarding compliance with legal and regulatory requirements.

Risk management and information technology

During the year under review, the committee:

- Reviewed and approved the Company's risk management plan defining Balwin's risk management methodology;
- Reviewed risk reports containing pertinent risks and opportunities aligned to the group's vision and mission, emerging events and reportable incidents; and
- Reviewed the Company's policies on the risk assessment and risk management, including fraud risks and information technology and found them to be sound.

Committee evaluation

The Code of Corporate Practices and Conduct as contained in the King Report on Corporate Governance, 2009 recommends an annual assessment of boards, board committees and individual directors. King III recommends that the evaluation be conducted by an independent service provider, via the Chairman or in-house as required.

Due to the committee only being established in September 2015, a formal committee evaluation was not conducted during the reporting period and will be conducted in the current financial year.

Election of committee at annual general meeting

Pursuant to the provisions of section 94(2) of the Companies Act, which requires that a public company must elect an Audit committee at each annual general meeting, it is proposed in the notice of annual general meeting to be held on 7 September 2016 that Kholeka Mzondeki, Basani Maluleke and Hilton Saven be re-appointed as members of the audit and risk committee until the next annual general meeting in 2017.

Recommendation of the integrated report for approval by the board

The annual financial statements was approved by the board on 20 May 2016.

Kholeka Mzondeki
Chairman Audit and Risk Committee

20 May 2016

DIRECTORS' RESPONSIBILITY STATEMENT AND APPROVAL

The directors are required in terms of the Companies Act of South Africa to maintain adequate accounting records and are responsible for the content and integrity of the consolidated and separate annual financial statements and related financial information included in this report. It is their responsibility to ensure that the consolidated and separate annual financial statements fairly present the state of affairs of the Group 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. The external auditor is engaged to express an independent opinion on the consolidated and separate annual financial statements.

The consolidated and separate 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 Group 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 Group and all employees are required to maintain the highest ethical standards in ensuring the Group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Group is on identifying, assessing, managing and monitoring all known forms of risk across the Group. While operating risk cannot be fully eliminated, the Group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined 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 consolidated and separate 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 Group and Company's cash flow forecast for the year to 28 February 2017 and, in light of this review and the current financial position, they are satisfied that the Group and the Company has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditor is responsible for independently auditing and reporting on the consolidated and separate financial statements. The consolidated and separate financial statements have been examined by the Group's external auditor and the report is presented on page 7.

The consolidated and separate annual financial statements set out on pages 8 to 41, which have been prepared on the going-concern basis, were approved by the board on 20 May 2016 and were signed on their behalf by:

SV Brookes
Chief Executive Director

J Weltman
Chief Executive Director

COMPANY SECRETARY'S CERTIFICATION

In terms of section 88(2)(e) of the Act, I Sirkien van Schalkwyk, duly authorised on behalf of the Company Secretary, JUBA Statutory Services Proprietary Limited, certify that to the best of my knowledge and belief the company has lodged with the Companies and Intellectual Property Commission for the financial year ended 29 February 2016, all such returns and notices as are required in terms of the aforesaid Act and that all such returns and notices appear to be true, correct and up-to-date.

Sirkien Van Schalkwyk
Company Secretary

20 May 2016

DIRECTORS' REPORT

The directors have pleasure in submitting their report on the activities of Balwin Properties Limited (referred to as "the Company") and its subsidiaries (altogether referred to as "the Group" or "consolidated") for the year ended 29 February 2016.

1. Review of financial results and activities

The Group recorded a profit for the year ended 29 February 2016 of R558 566 637. This represented an increase from the profit of the prior year of R335 174 309.

2. State of affairs

All matters material to the appreciation of the Group's affairs and the results are disclosed in the accompanying financial statements and do not require further comment or explanation.

All profits and losses are attributable to the main activities of the Group.

3. Share capital

Authorised			Number of shares 2016	2015
Ordinary shares			**1 000 000 000**	–
Ordinary Type A shares of R0.10 each			–	1 000
Ordinary Type B shares of R0.10 each			–	400
Ordinary Type C shares of R0.10 each			–	400
Ordinary Type E shares of R0.10 each			–	4 000
Issued	**2016 R**	**2015 R**	**Number of shares 2016**	**2015**
Ordinary shares	**661 853 712**	5 800	**469 662 237**	5 800

69.7 million shares were issued for cash in the current financial year and 2.5 million shares were issued as part of the share-based payment transaction.

The difference between the 472.2 million shares issued on 15 October 2015 and the 469.7 million shares in issue reflected above is due to the share-based payment transaction in the current year.

4. Dividends

The Company's dividend policy is to consider a final dividend in respect of each financial year. At its discretion, the board may consider a special dividend, where appropriate. Depending on the perceived need to retain funds for expansion or operating purposes, the board may pass on the payment of dividends.

Dividends of R419 682 571 were declared during the 2016 financial year (2015: R94 117 647).

5. Directors and prescribed officer

The directors and prescribed officer in office at the date of this report are as follows:

Directors		Changes
SV Brookes	Executive Director	
RN Gray	Executive Director	Appointed 23 November 2015
U Gschnaidtner	Executive Director	Resigned 20 September 2015
J Weltman	Executive Director	
H Saven	Independent non-executive Director (Chairman)	Appointed 21 September 2015
R Tomlinson	Independent non-executive Director	Appointed 21 September 2015, resigned 31 March 2016
B Maluleke	Independent non-executive Director	Appointed 25 September 2015
K Mzondeki	Independent non-executive Director	Appointed 25 September 2015
R Zekry	Non-executive Director	Appointed 21 September 2015

Prescribed officer

U Gschnaidtner

DIRECTORS' REPORT CONTINUED

6. Events after the reporting period

Shareholders are referred to the announcement dated 6 April 2016 in which Balwin Properties Limited ("Balwin") announced that it had concluded a formal acquisition agreement with Portimix Proprietary Limited for the acquisition of development rights in the Johannesburg Waterfall node based on the terms and conditions as outlined in the agreement.

Rex Tomlinson resigned as director effective 31 March 2016. CIS Secretarial Services resigned as Company Secretary effective 30 April 2016 and JUBA Statutory Services Proprietary Limited was appointed.

The directors are not aware of any other material event, other than the approval of the consolidated and separate financial statements, which occurred after the reporting date and up to the date of this report.

7. Going concern

The directors believe that the Group and Company have adequate financial resources to continue in operation for the foreseeable future and accordingly the consolidated and separate annual financial statements have been prepared on a going-concern basis. The directors have satisfied themselves that the Group and Company are in a sound financial position and that they have access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the Group. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the Group and Company.

8. Independent auditor

Deloitte & Touche were appointed as the auditor for the Group for the 2016 financial year.

At the AGM, the shareholders will be requested to reappoint Deloitte & Touche as the independent external auditor of the Company and to confirm Patrick Kleb as the designated lead audit partner for the 2017 financial year.

9. Company secretary

The company secretary is JUBA Statutory Services Proprietary Limited.

Postal address	PO Box 4896 Rietvalleirand 0174
Business address	No. 1 Carlsberg 430 Nieuwenhuyzen street Erasmuskloof Ext 2 0181

10. Preparation of financial statements

The consolidated and separate annual financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act of South Africa. In the prior year the financial statements were prepared in accordance with International Financial Reporting Standards for small- and medium-sized entities.

There has been no change in the measurement basis applied upon the first time adoption of IFRS. As such, no opening statements of financial position have been presented for the 2014 financial year. Furthermore, there has been no change to the balances presented in the financial statements and thus no reconciliations are required to explain the impact of the transition to IFRS on the Group and Company's reported financial position, financial performance and cash flows.

11. Date of authorisation for issue of financial statements

The consolidated and separate annual financial statements have been authorised for issue by the directors on 20 May 2016. No authority was given to anyone to amend the consolidated and separate annual financial statements after the date of issue.

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Balwin Properties Limited

We have audited the consolidated and separate financial statements of Balwin Properties Limited set out on pages 8 to 44, which comprise the statements of financial position as at 29 February 2016, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

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 the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated and separate 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 about whether the 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, 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 financial statements present fairly, in all material respects, the consolidated and separate financial position of Balwin Properties Limited as at 29 February 2016, 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 the requirements of the Companies Act of South Africa.

Other matter paragraph

The financial statements of the prior year were audited by the predecessor auditor. The opinion expressed by the predecessor auditor was an unmodified opinion and the date of the report was on 17 April 2015.

Other reports required by the Companies Act

As part of our audit of the consolidated and separate financial statements for the year ended 29 February 2016, we have read the Directors' report, the Audit and Risk Committee's report and the Company Secretary's certification for the purpose of identifying whether there are material inconsistencies between these reports and the audited 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.

Report on Other Legal and Regulatory Requirements

In terms of the Independent Regulatory Board for Auditors (IRBA) Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Deloitte & Touche has been the auditor of Balwin Properties Limited for 1 year.

Deloitte & Touche

Deloitte & Touche
Registered Auditors

Per Patrick Kleb
Partner

20 May 2016

STATEMENTS OF FINANCIAL POSITION
AS AT 29 FEBRUARY 2016

		Group		Company	
Figures in Rand	Notes	2016	2015	2016	2015
ASSETS					
Non–current assets					
Property, plant and equipment	3	**40 805 624**	30 697 348	**40 805 624**	29 990 441
Investment property	4	**–**	2 392 460	**–**	–
Investment in subsidiary	5	**–**	–	**100**	100
Deferred tax	6	**5 678 890**	1 899 978	**5 678 890**	1 899 978
		46 484 514	34 989 786	**46 484 614**	31 890 519
Current assets					
Developments under construction	7	**1 342 792 726**	687 449 735	**1 342 792 726**	687 449 735
Loans to subsidiary	8	**–**	–	**2 203 342**	2 220 099
Other receivables	9	**32 448 462**	143 442 750	**32 003 458**	140 722 021
Other financial assets	10	**7 375 152**	33 672 067	**7 375 152**	33 673 267
Current tax receivable		**490 827**	–	**–**	–
Cash and cash equivalents	11	**462 288 496**	129 928 165	**459 064 527**	128 294 738
		1 845 395 663	994 492 717	**1 843 439 205**	992 359 860
Total assets		**1 891 880 177**	1 029 482 503	**1 889 923 819**	1 024 250 379
EQUITY AND LIABILITIES					
Equity					
Stated capital/share capital	12	**661 853 712**	5 800	**661 853 712**	5 800
Foreign currency translation reserve	13	**(833 830)**	(1 437 067)	**–**	–
Retained income		**841 171 051**	696 256 830	**838 525 465**	696 458 710
Total equity		**1 502 190 933**	694 825 563	**1 500 379 177**	696 464 510
Liabilities					
Non–current liabilities					
Other financial liabilities	14	**80 957 013**	51 528 508	**80 957 013**	51 528 508
Current liabilities					
Trade and other payables	15	**93 765 036**	67 126 716	**93 620 434**	64 275 637
Other financial liabilities	14	**161 242 284**	195 952 492	**161 242 284**	195 952 492
Current tax payable		**39 800 568**	13 263 587	**39 800 568**	9 243 595
Provisions	16	**13 924 343**	6 785 637	**13 924 343**	6 785 637
		308 732 231	283 128 432	**308 587 629**	276 257 361
Total liabilities		**389 689 244**	334 656 940	**389 544 642**	327 785 869
Total equity and liabilities		**1 891 880 177**	1 029 482 503	**1 889 923 819**	1 024 250 379

STATEMENTS OF COMPREHENSIVE INCOME

Figures in Rand	Notes	Group 2016	Group 2015	Company 2016	Company 2015
Revenue	17	**2 083 512 353**	1 354 928 529	**2 083 512 353**	1 352 346 467
Cost of sales		**(1 188 400 247)**	(868 037 064)	**(1 188 400 247)**	(881 068 618)
Gross profit		**895 112 106**	486 891 465	**895 112 106**	471 277 849
Other income	18	**13 095 888**	47 092 186	**11 450 194**	22 189 609
Operating expenses		**(134 584 815)**	(80 042 044)	**(133 127 230)**	(73 318 645)
Share-based payment charge	19	**(6 030 155)**	–	**(6 030 155)**	–
Operating profit	20	**767 593 024**	453 941 607	**767 404 915**	420 148 813
Interest income	21	**10 796 991**	5 489 646	**10 796 991**	37 635 139
Finance costs	22	**(251 050)**	(4 283 353)	**(251 050)**	(3 895 945)
Profit before taxation		**778 138 965**	455 147 900	**777 950 856**	453 888 007
Taxation	23	**(219 572 328)**	(119 973 591)	**(220 021 656)**	(118 172 292)
Profit for the year		**558 566 637**	335 174 309	**557 929 200**	335 715 715
Other comprehensive income:					
Items that may be reclassified to profit or loss:					
Exchange differences on translating foreign operations	24	**603 237**	7 159 672	**–**	–
Total comprehensive income for the year		**559 169 874**	342 333 981	**557 929 200**	335 715 715
Basic and diluted earnings per share					
Basic (cents)		**131.57**	83.79	**131.42**	83.93
Diluted earnings (cents)		**130.79**	83.79	**130.64**	83.93

STATEMENTS OF
CHANGES IN EQUITY

Figures in Rand	Stated capital/ share capital	Foreign currency translation reserve	Retained income	Total equity
Group				
Balance at 1 March 2014	5 800	(8 596 739)	455 200 168	446 609 229
Profit for the year	–	–	335 174 309	335 174 309
Other comprehensive income	–	7 159 672	–	7 159 672
Total comprehensive income for the year	–	7 159 672	335 174 309	342 333 981
Dividends	–	–	(94 117 647)	(94 117 647)
Balance at 1 March 2015	5 800	(1 437 067)	696 256 830	694 825 563
Profit for the year	**–**	**–**	**558 566 637**	**558 566 637**
Other comprehensive income	**–**	**603 237**	**–**	**603 237**
Total comprehensive income for the year	**–**	**603 237**	**558 566 637**	**559 169 874**
Issue of shares (69 662 237 on 15 October 2015)	**661 853 712**	**–**	**–**	**–**
Share-based payment	**–**	**–**	**6 030 155**	**6 030 155**
Dividends	**–**	**–**	**(419 682 571)**	**(419 682 571)**
Balance at 29 February 2016	**661 853 712**	**(833 830)**	**841 171 051**	**1 502 190 933**
Notes	12	13 & 24		
Company				
Balance at 1 March 2014	5 800	–	452 650 613	452 656 413
Profit for the year			335 715 715	335 715 715
Other comprehensive income	–	–	–	–
Total comprehensive income for the year	–	–	335 715 715	335 715 715
Dividends	–	–	(94 117 647)	(94 117 647)
Balance at 1 March 2015	5 800	–	694 248 681	694 254 481
Profit for the year	**–**	**–**	**557 929 200**	**557 929 200**
Other comprehensive income	**–**	**–**	**–**	**–**
Total comprehensive income for the year	**–**	**–**	**557 929 200**	**557 929 200**
Issue of shares (69 662 237 on 15 October 2015)	**661 847 912**	**–**	**–**	**661 847 912**
Share-based payment	**–**	**–**	**6 030 155**	**6 030 155**
Dividends	**–**	**–**	**(419 682 571)**	**(419 682 571)**
Balance at 29 February 2016	**661 853 712**	**–**	**838 525 465**	**1 500 379 177**
Note	12			

STATEMENTS OF
CASH FLOWS

Figures in Rand	Notes	Group 2016	Group 2015	Company 2016	Company 2015
Cash flows from (used in) operating activities					
Cash generated from operations	25	**268 191 992**	94 023 372	**268 062 677**	90 371 024
Interest income		**10 796 991**	5 489 646	**10 796 991**	5 489 647
Dividends received		**–**	–	**–**	32 145 492
Finance costs		**(251 050)**	(4 283 353)	**(251 050)**	(3 895 945)
Taxation paid	26	**(197 305 086)**	(121 763 970)	**(195 453 595)**	(117 087 799)
Net cash from (used in) operating activities		**81 432 847**	(26 534 305)	**83 155 023**	7 022 419
Cash flows from investing activities					
Purchase of property, plant and equipment	3	**(15 689 532)**	(11 183 612)	**(15 689 532)**	(11 183 607)
Proceeds on sale of property, plant and equipment		**105 817**	19 192 241	**105 817**	4 712 730
Proceeds on sale of investment property	4	**3 525 568**	191 700 475	**–**	–
Proceeds from loans to group companies		**–**	–	**–**	88 343 977
Proceeds from loans to subsidiary		**–**	–	**16 757**	–
Net movement of financial assets		**26 296 915**	21 628 719	**26 298 085**	20 431 598
Net cash from investing activities		**14 238 768**	221 337 823	**10 731 127**	102 304 698
Cash flows from (used in) financing activities					
Proceeds on share issue	12	**661 847 912**	–	**661 847 912**	–
Other financial liabilities repaid		**(700 076 113)**	(434 393 389)	**(700 076 113)**	(434 393 389)
Other financial liabilities raised		**694 794 410**	455 344 072	**694 794 410**	541 439 644
Net movement in shareholders loan		**–**	(3 552 019)	**–**	(3 551 856)
Net movement in finance leases		**–**	(842 429)	**–**	(842 429)
Dividends paid		**(419 682 571)**	(94 117 647)	**(419 682 571)**	(94 117 647)
Net cash from (used in) financing activities		**236 688 716**	(77 561 412)	**236 883 638**	8 534 323
Total cash and cash equivalents movement for the year		**332 360 331**	117 242 106	**330 769 788**	117 861 440
Cash and cash equivalents at the beginning of the year		**129 928 165**	12 686 059	**128 294 739**	10 433 298
Total cash and cash equivalents at end of the year	11	**462 288 496**	129 928 165	**459 064 527**	128 294 738

ACCOUNTING POLICIES

1. Presentation of consolidated and separate annual financial statements

The financial statements, comprising Balwin Properties Limited (referred to as "the Company") and its subsidiaries (altogether referred to as "the Group" or "consolidated"), incorporate the following principal accounting policies, set out below. In these accounting policies "the Group" refers to both the Group and Company.

The consolidated and separate annual financial statements have been consistently prepared in accordance with International Financial Reporting Standards ("IFRS") and its interpretations adopted by the Independent Accounting Standards Board, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act 2008 ("the Act") of South Africa. The consolidated and separate annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

In the prior year the financial statements were prepared in accordance with IFRS for Small- and Medium-sized Entities. There has been no change in the measurement basis applied upon the first-time adoption of IFRS. As such, no opening statements of financial position have been presented for the 2014 financial year. Furthermore, there has been no change to the balances presented in the financial statements and thus no reconciliations are required to explain the impact of the transition to IFRS on the Group and Company's reported financial position, financial performance and cash flows.

1.1 Consolidation

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Group and all investees which are controlled by the Group.

The group has control of an investee when it has power over the investee; it is exposed to or has rights to variable returns from involvement with the investee; and it has the ability to use its power over the investee to affect the amount of the investor's returns.

The accounting policies of the subsidiary is consistent with those of the holding company. In the Company's separate financial statements the investment in the subsidiary is stated at cost less accumulated impairment losses.

The results of subsidiaries are included in the financial statements from the effective date of acquisition to the effective date of disposal.

Adjustments are made when necessary to the financial statements of subsidiaries to bring their accounting policies in line with those of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

1.2 Significant judgements and sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Impairment of loans and other receivables

The Group assesses its loans and other receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the Group makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The Group recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the Group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

Recognition of cost of constructed residential units sold

The Group uses certain assumptions and key factors in the management of, and reporting for, the recognition of the cost of constructed residential units sold, realised on the sale of developments. The assumptions are material and relate to the estimation of costs to completion of respective developments as well as the determination of the percentage of completion. The Group relies on management's experience and expertise, and monitors its estimation frequently.

1.3 Investment property

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

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

1.4 Property, plant and equipment

Property, plant and equipment are tangible assets which the Group holds for its own use or for rental to others and which are expected to be used for more than one year.

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 is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the group and the cost can be measured reliably. Day-to-day servicing costs are included in profit or loss in the year in which they are incurred.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses, except for land which is stated at cost less any accumulated impairment losses.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Buildings	Straight-line	20
Plant and machinery	Straight-line	4
Furniture and fixtures	Straight-line	6
Motor vehicles	Straight-line	5
Office equipment	Straight-line	5
Computer equipment	Straight-line	3

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset. Land is not depreciated.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. Any gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

ACCOUNTING POLICIES CONTINUED

1. Presentation of consolidated and separate annual financial statements continued

1.5 Investment in subsidiary

In the Company's separate annual financial statements, the investment in subsidiary is 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 purchase of the subsidiary.

1.6 Financial instruments

Initial recognition and measurement

Financial instruments are recognised initially when the Group becomes a party to the contractual provisions of the instruments.

The Group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

Financial instruments at fair value through profit or loss are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in profit or loss for the period.

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Offset

Where a legally enforceable right to offset exists for recognised financial assets and financial liabilities, and there is an intention to settle the liability and realise the asset simultaneously, or to settle on a net basis, such related financial assets and financial liabilities are offset.

Loans to subsidiary

These include loans to the subsidiary and are recognised initially at fair value plus direct transaction costs. Loans to the subsidiary and investors are classified as loans and receivables.

Loans to shareholders

These financial assets are classified as loans and receivables.

Loans from shareholders are classified as financial liabilities measured at amortised cost.

Other receivables

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.

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 an other receivable is uncollectable, it is written off against the allowance account for other receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Other receivables are classified as loans and receivables.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

Bank overdraft and borrowings

Borrowings includes other financial liabilities (bond creditors). Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs.

1.7 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry-forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Deferred tax assets are measured at the tax rates that are expected to apply to the period when the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

1.8 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

1.9 Developments under construction

Developments under construction comprise the cost of the land and development and is stated at cost as the fair value of the developments cannot be reliably measured.

Borrowing costs are capitalised to the extent that they are directly attributable to the acquisition, construction or production of a qualifying asset. Refer to the accounting policy in note 1.16 for further detail on borrowing costs.

ACCOUNTING POLICIES CONTINUED

1. Presentation of consolidated and separate annual financial statements continued

1.10 Impairment of assets

The group assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the Group also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

The Group and Company assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

1.11 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

1.12 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), are recognised in the period in which the service is rendered and are 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 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.

1.13 Provisions and contingencies

Provisions are recognised when:

- the Group has a present obligation 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 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.

1.14 Revenue

Revenue of the Group comprises:

- Revenue from the sale of developed residential units;
- Bond commission; and
- Other revenue in the form of interest and dividends. Value added tax is excluded.

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the group and the amount can be measured reliably.

Revenue is recognised on the following basis:

- Revenue from the sale of developed residential units are recognised when the Group has transferred to the buyer the significant risks and rewards of ownership of the developed residential units, the amount of the revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Group.
- Bond commission is recognised when the developed residential unit is registered which is when the significant risks and rewards of ownership have transferred.

Revenue is measured at the fair value of the consideration received or receivable and is stated net of received rebates and discounts granted.

1.15 Other income

Other income includes interest, dividends and other items of income not derived from the main activities of the Group and Company.

Interest income is recognised as interest accrues using the effective interest rate method. Dividends are recognised when the shareholders' right to receive payment is established.

1.16 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings; and
- Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when:

- expenditures for the asset have occurred;
- borrowing costs have been incurred; and
- activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation is suspended during extended periods in which active development is interrupted. Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete. All other borrowing costs are recognised as an expense in the period in which they are incurred.

1.17 Expenses

Expenses, other than those specifically dealt with in another accounting policy, are recognised in profit and loss when it is probable that an outflow of economic benefits associated with a transaction will occur and that outflow can be measured reliably.

1. Presentation of consolidated and separate annual financial statements continued

1.18 Translation of foreign currencies

Currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in Rand by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

1.19 Segmental reporting

A segment is a distinguishable component of the Group that is engaged either in providing services (business segment), or in providing services within a particular economic environment (geographical segment), which is subject to risk and returns that are different from those of other segments.

1.20 Earnings per share and headline earnings per share

The calculation of earnings per share is based on profit for the period attributable to ordinary shareholders and the weighted average number of ordinary shares in issue during the period. Headline earnings per share is calculated in accordance with Circular 2/2015 issued by the South African Institute of Chartered Accountants.

1.21 Share-based payments

The Group issued equity-settled options to qualifying interested investors on listing. Equity-settled share-based payments are measured at fair value on grant date as there are no service conditions. The fair value determined at the grant date of the equity-settled share-based payments is expensed on grant date due to a service condition not being a vesting condition. Fair value is measured by use of a modified Black Scholes model. The assumptions used in the model is based on management's best estimate, for the effects of non-transferability, exercise restrictions, volatility and behavioural considerations.

NOTES TO THE
ANNUAL FINANCIAL STATEMENTS

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

The Group has adopted all of the effective standards and interpretations in the current financial year upon the first time adoption of IFRS.

2.2 Standards and interpretations issued but not yet effective

The Group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the Group's accounting periods beginning on or after 1 March 2016 or later periods:

Standard			Annual periods beginning on or after
IFRS 1:	First-time Adoption of International Financial Reporting Standards	Amendments resulting from 2012 – 2014 Annual Improvements Cycle	1 January 2016
IFRS 5:	Non-current Assets Held for Sale and Discontinued Operations	Amendments resulting from 2012 – 2014 Annual Improvements Cycle	1 January 2016
IFRS 7:	Financial Instruments: Disclosures	Amendments resulting from September 2014 Annual Improvements to IFRSs	1 January 2016
IFRS 9:	Financial Instruments	Re-issue of a complete standard with all the chapters incorporated	1 January 2018
IFRS 10:	Consolidated Financial Statements	Amendments on sale or contribution of assets between an investor and its associate or joint venture and amendments related to the application of the investment entities exceptions	1 January 2016
IFRS 12:	Disclosure of Interest in Other Entities	Amendments related to the application of the investment entities exceptions	1 January 2016
IFRS 13:	Fair Value Measurement	Amendments resulting from 2010 – 2012 Annual Improvements Cycle (short-term receivables and payables)	Amendments to basis for conclusions only
IFRS 15:	Revenue from Contracts with Customers	Original issue	1 January 2018
IFRS 16:	Leases	Original issue	1 January 2019
IAS 1:	Presentation of Financial Statements	Amendments arising under the Disclosure Initiative	1 January 2016
IAS 16:	Property, Plant and Equipment	Amendments resulting from clarification of acceptable methods of depreciation and amortisation (Amendments to IAS 16 and IAS 38)	1 January 2016
IAS 19:	Employee Benefits	Amendments resulting from 2012 – 2014 Annual Improvements Cycle	1 January 2016
IAS 27:	Separate Financial Statements	Amendments relating to equity method in separate financial statements	1 January 2016
IAS 34:	Interim Financial Reporting	Amendments resulting from 2012 – 2014 Annual Improvement Cycle	1 January 2016

2.2 Standards and Interpretations issued but not yet effective continued

The directors anticipate that all of the amendments of the above Standards and Interpretations where applicable will be adopted in the consolidated and separate financial statements for the period in which they become effective. The impact of the Standards and Interpretations on the financial statements of the Group in the period of initial application is still being assessed by the directors.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

3. Property, plant and equipment

	Group					
	2016			2015		
Figures in Rand	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Land and buildings	32 010 148	(1 773 364)	30 236 784	22 303 524	(865 176)	21 438 348
Plant and machinery	9 429 136	(5 553 007)	3 876 129	8 373 236	(3 447 650)	4 925 586
Furniture and fixtures	1 896 153	(825 578)	1 070 575	8 238 407	(7 203 484)	1 034 923
Motor vehicles	5 984 938	(1 856 393)	4 128 545	3 446 676	(1 237 721)	2 208 955
Office equipment	1 135 468	(511 050)	624 418	985 979	(649 850)	336 129
Computer equipment	1 787 856	(918 683)	869 173	1 263 103	(509 696)	753 407
Total	52 243 699	(11 438 075)	40 805 624	44 610 925	(13 913 577)	30 697 348

	Company					
	2016			2015		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Land and buildings	**32 010 148**	**(1 773 364)**	**30 236 784**	22 303 524	(865 176)	21 438 348
Plant and machinery	**9 429 136**	**(5 553 007)**	**3 876 129**	8 373 236	(3 447 650)	4 925 586
Furniture and fixtures	**1 896 153**	**(825 578)**	**1 070 575**	1 170 175	(842 159)	328 016
Motor vehicles	**5 984 938**	**(1 856 393)**	**4 128 545**	3 446 676	(1 237 721)	2 208 955
Office equipment	**1 135 468**	**(511 050)**	**624 418**	985 979	(649 850)	336 129
Computer equipment	**1 787 856**	**(918 683)**	**869 173**	1 263 103	(509 696)	753 407
Total	**52 243 699**	**(11 438 075)**	**40 805 624**	37 542 693	(7 552 252)	29 990 441

Reconciliation of property, plant and equipment

	Group					
	2016					
Figures in Rand	Opening balance	Additions	Disposals	Foreign exchange movements	Depreciation	Closing balance
Land and buildings	**21 438 348**	**9 706 624**	**–**	**–**	**(908 188)**	**30 236 784**
Plant and machinery	**4 925 586**	**1 306 869**	**–**	**–**	**(2 356 326)**	**3 876 129**
Furniture and fixtures	**1 034 923**	**915 678**	**–**	**99 125**	**(979 151)**	**1 070 575**
Motor vehicles	**2 208 955**	**2 794 412**	**(47 024)**	**–**	**(827 798)**	**4 128 545**
Office equipment	**336 129**	**430 227**	**–**	**–**	**(141 938)**	**624 418**
Computer equipment	**753 407**	**535 722**	**(10 055)**	**–**	**(409 901)**	**869 173**
	30 697 348	**15 689 532**	**(57 079)**	**99 125**	**(5 623 302)**	**40 805 624**

3. Property, plant and equipment continued

Reconciliation of property, plant and equipment

Figures in Rand	Group 2015 Opening balance	Additions	Disposals	Foreign exchange movements	Depreciation	Closing balance
Land and buildings	22 303 524	–	–	–	(865 176)	21 438 348
Plant and machinery	2 808 162	8 361 335	(4 425 470)	–	(1 818 441)	4 925 586
Furniture and fixtures	2 085 068	106 991	–	(8 297)	(1 148 839)	1 034 923
Motor vehicles	1 259 190	1 711 563	(231 362)	–	(530 436)	2 208 955
Office equipment	119 184	325 029	(7 817)	–	(100 267)	336 129
Computer equipment	342 874	678 694	(6 555)	–	(261 606)	753 407
	28 918 002	11 183 612	(4 671 204)	(8 297)	(4 724 765)	30 697 348

Reconciliation of property, plant and equipment

Figures in Rand	Company 2016 Opening balance	Additions	Disposals	Depreciation	Closing balance
Land and buildings	**21 438 348**	**9 706 624**	**–**	**(908 188)**	**30 236 784**
Plant and machinery	**4 925 586**	**1 306 869**	**–**	**(2 356 326)**	**3 876 129**
Furniture and fixtures	**328 016**	**915 678**	**–**	**(173 119)**	**1 070 575**
Motor vehicles	**2 208 955**	**2 794 412**	**(47 024)**	**(827 798)**	**4 128 545**
Office equipment	**336 129**	**430 227**	**–**	**(141 938)**	**624 418**
Computer equipment	**753 407**	**535 722**	**(10 055)**	**(409 901)**	**869 173**
	29 990 441	**15 689 532**	**(57 079)**	**(4 817 270)**	**40 805 624**

Figures in Rand	Company 2015 Opening balance	Additions	Disposals	Depreciation	Closing balance
Land and buildings	22 303 524	–	–	(865 176)	21 438 348
Plant and machinery	2 808 162	8 361 335	(4 425 470)	(1 818 441)	4 925 586
Furniture and fixtures	306 069	106 985	–	(85 038)	328 016
Motor vehicles	1 259 190	1 711 563	(231 362)	(530 436)	2 208 955
Office equipment	119 184	325 029	(7 817)	(100 267)	336 129
Computer equipment	342 874	678 694	(6 555)	(261 606)	753 407
	27 139 003	11 183 606	(4 671 204)	(3 660 964)	29 990 441

Figures in Rand	Group 2016	Group 2015	Company 2016	Company 2015
3. Property, plant and equipment continued				
Details of properties				
Property 1				
Block 1 Townsend Office Park, Erf 2979				
Bedfordview Extension 59 Township, Gauteng				
Cost: 2013	**20 310 160**	20 310 160	**20 310 160**	20 310 160
Additions since purchase or valuation	**1 993 364**	1 993 364	**1 993 364**	1 993 364
	22 303 524	22 303 524	**22 303 524**	22 303 524
Property 2				
Section 6 and 7, Stellenpark, Stellenbosch, Western Cape				
Cost: 2016	**9 706 624**	–	**9 706 624**	–

Registers with details of land and buildings are available for inspection by shareholders or their duly authorised representatives at the registered office of the Company and its respective subsidiaries.

4. Investment property

Figures in Rand	Group 2016 Cost	Group 2016 Accumulated depreciation	Group 2016 Carrying value	Group 2015 Cost	Group 2015 Accumulated depreciation	Group 2015 Carrying value
Investment property	**–**	**–**	**–**	2 392 460	–	2 392 460

Reconciliation of investment property

Figures in Rand	Opening balance	Disposals	Foreign exchange movements	Total
2016				
Investment property	**2 392 460**	**(2 392 460)**	**–**	**–**
2015				
Investment property	170 703 303	(168 022 039)	(288 804)	2 392 460

The last item of investment property was disposed in the current year. There are no restrictions on the ability of the Group to realise its investment property.

5. Investment in subsidiary

Balwin Properties Limited has a single investment in Balwin Properties (UK) Limited.

Name of company	Country of incorporation	% holding 2016	% holding 2015	Carrying amount 2016	Carrying amount 2015
Balwin Properties (UK) Limited	United Kingdom	**100**	100	**100**	100

Nature of business of subsidiary

Balwin Properties (UK) Limited primarily held investment property. As at 28 February 2015, only one property remained. During the current year, the remaining investment property was sold.

The directors consider the investment in subsidiary to approximate its fair value.

Figures in Rand	Group 2016	Group 2015	Company 2016	Company 2015

6. Deferred tax

Deferred tax asset				
Deferred tax on provisions	**5 678 890**	1 899 978	**5 678 890**	1 899 978
Reconciliation of deferred tax asset				
At beginning of year	**1 899 978**	478 375	**1 899 978**	478 375
Charge to statement of comprehensive income	**3 778 912**	1 421 603	**3 778 912**	1 421 603
	5 678 890	1 899 978	**5 678 890**	1 899 978

Deferred tax has been calculated at the standard corporate tax rate as at the reporting date as management expect to recover the carrying value of assets through use. Deferred tax assets are raised after due consideration of future taxable income.

7. Developments under construction

Developments under construction	**1 342 792 726**	687 449 735	**1 342 792 726**	687 449 735

The cost of developments under construction recognised as an expense during the current year was R1 188.4 million (2015: R868.0 million). There has been no write down of inventory in the current year (2015: Rnil).

8. Loans to subsidiary

Balwin Properties (UK) Limited	**–**	–	**2 203 342**	2 220 099

The loan is unsecured, interest free and has no fixed repayment term.

The prior year balance has been re-presented as a current asset in accordance with the terms of the loan. The re-presentation has been performed in order to achieve fairer presentation of the financial statements.

Figures in Rand	Group 2016	Group 2015	Company 2016	Company 2015

9. Other receivables

Amounts due from transferring attorneys	**21 110 887**	136 321 946	**21 110 887**	136 504 467
Other receivables	**11 256 559**	6 455 137	**10 811 555**	3 551 887
Staff loans	**81 016**	665 667	**81 016**	665 667
	32 448 462	143 442 750	**32 003 458**	140 722 021

The directors consider the other receivables to approximate their fair value due to the nature of the financial instrument.

Other receivables which are less than three months past due are not considered to be impaired. Other receivables are assessed on a regular basis and provided for based on the estimated irrecoverable amounts, determined by reference to past default experience.

Credit quality of other receivables

The credit quality of other receivables that are neither past nor due nor impaired can be assessed by reference to external credit ratings or to historical information.

Other receivables exceeding 5% of total receivables balance:

City of Johannesburg	**9 388 867**	–	**9 388 867**	–
Tonkin Clacey	**8 818 423**	128 440 133	**8 818 423**	128 440 133
	18 207 290	128 440 133	**18 207 290**	128 440 133

Other receivables past due but not impaired

At 29 February 2016: Rnil (2015: Rnil) were past due but not impaired. No provision for bad debts have been raised (2015: Rnil).

The maximum exposure to credit risk at the reporting date is the fair value of each class of loan mentioned above. The group does not hold any collateral as security.

Figures in Rand	Group 2016	Group 2015	Company 2016	Company 2015

10. Other financial assets

	Group 2016	Group 2015	Company 2016	Company 2015
Loans and receivables				
Slade Properties Proprietary Limited	**82 534**	1 672	**82 534**	1 672
Friedshelf 966 Proprietary Limited	**–**	33 670 395	**–**	33 671 595
Other loans and receivables	**7 292 618**	–	**7 292 618**	–
	7 375 152	33 672 067	**7 375 152**	33 673 267

The loans are unsecured, bears interest at prime and has no fixed repayment term. The directors consider the fair value of other loans and receivables to approximate their fair value.

11. Cash and cash equivalents

	Group 2016	Group 2015	Company 2016	Company 2015
Cash and cash equivalents consist of:				
Cash on hand	**21 500**	30 430	**21 500**	21 501
Bank balances	**462 266 996**	129 897 735	**459 043 027**	128 273 237
	462 288 496	129 928 165	**459 064 527**	128 294 738

The security held by Nedbank Limited for facilities granted as at 28 February 2015 were as follows:

(a) First covering bond of R8 500 000 over Erf 2171 Bedfordview

(b) First covering bond of R10 500 000 over Erf 2171 Bedfordview

Guarantees and facilities in place on 29 February 2016:

(a) Letters of guarantees: R2 663 606

(b) Facility linked to letters of guarantee: R170 000 000

12. Stated capital/share capital

	Group 2016	Group 2015	Company 2016	Company 2015
Authorised				
Ordinary shares	**1 000 000 000**	5 800	**1 000 000 000**	5 800
Issued				
Ordinary	**661 853 712**	5 800	**661 853 712**	5 800

The unissued shares are under the control of the directors until the next annual general meeting.

	Group 2016	Group 2015	Company 2016	Company 2015
Reconciliation of shares in issue:				
Opening balance	**5 800**	5 800	**5 800**	5 800
Shares in issue converted on listing	**(5 800)**	–	**(5 800)**	–
Conversion of existing 5 800 shares	**400 000 000**	–	**400 000 000**	–
Shares issued on 15 October 2015	**69 662 237**	–	**69 662 237**	–
Closing balance	**469 662 237**	5 800	**469 662 237**	5 800

69.7 million shares were issued for cash in the current financial year and 2.5 million shares were issued as part of the share-based payment transaction.

The difference between the 472.2 million shares issued on 15 October 2015 and the 469.7 million shares in issue reflected above is due to the share-based payment transaction in the current year. Refer to note 19.

Figures in Rand	Group 2016	Group 2015	Company 2016	Company 2015
13. Foreign currency translation reserve				
Translation reserve comprises exchange differences on consolidation of foreign subsidiaries.				
Balwin Properties (UK) Limited	**(833 830)**	(1 437 067)	**–**	–
14. Other financial liabilities				
Held at amortised cost				
Mortgage bonds	**242 199 297**	247 481 000	**242 199 297**	247 481 000

The loans bear interest at prime related rates and have fixed terms of repayment. The loans are secured by a fixed charge over all monies due to the Company, realised on the sale of the residential units. The development finance is secured by pre-sold units.

A portion of the prior year balance has been re-presented as a current liability in accordance with the terms of the loan. The re-presentation has been performed in order to achieve fairer presentation of the financial statements.

Figures in Rand	Average nominal interest rate %	Maturity date	Carrying amount 2016	Carrying amount 2015
Non-current loans				
Investec	10.25	Between 1 January 2018 and 1 February 2018	**80 957 014**	51 528 508
Current loans				
Investec	10.13	Between 1 December 2016 and 1 February 2017	**81 146 355**	195 952 492
Nedbank	10.25	November 2016	**80 095 928**	–
			242 199 297	247 481 000

Figures in Rand	Group 2016	Group 2015	Company 2016	Company 2015
Non-current liabilities				
At amortised cost	**80 957 013**	51 528 508	**80 957 013**	51 528 508
Current liabilities				
At amortised cost	**161 242 284**	195 952 492	**161 242 284**	195 952 492
	242 199 297	247 481 000	**242 199 297**	247 481 000
Fair value of the financial liabilities carried at amortised cost				
Bank loans	**242 199 297**	247 481 000	**242 199 297**	247 481 000
15. Trade and other payables				
Trade payables	**59 998 447**	40 644 674	**59 998 442**	37 924 999
Value added taxation payable	**30 345 961**	24 341 503	**30 345 961**	24 341 503
Payroll accruals	**3 246 031**	2 009 165	**3 246 031**	2 009 135
Other accruals	**174 597**	131 374	**30 000**	–
	93 765 036	67 126 716	**93 620 434**	64 275 637

The directors consider the trade and other payables to approximate its fair value due to the nature of the financial instrument.

16. Provisions

Reconciliation of provisions	Group			
Figures in Rand	Opening balance	Additions	Utilised during the year	Total
2016				
Leave pay	**675 562**	**4 144 913**	**(1 242 641)**	**3 577 834**
Bonus	**4 869 641**	**20 661 905**	**(15 185 037)**	**10 346 509**
Other provisions	**1 240 434**	**–**	**(1 240 434)**	**–**
	6 785 637	**24 806 818**	**(17 668 112)**	**13 924 343**
2015				
Leave pay	570 154	675 562	(570 154)	675 562
Bonus	459 334	4 410 307	–	4 869 641
Other provisions	678 995	1 699 768	(1 138 329)	1 240 434
	1 708 483	6 785 637	(1 708 483)	6 785 637

Reconciliation of provisions	Company			
Figures in Rand	Opening balance	Additions	Utilised during the year	Total
2016				
Leave pay	**675 562**	**3 577 834**	**(675 562)**	**3 577 834**
Bonus	**4 869 641**	**20 661 905**	**(15 185 037)**	**10 346 509**
Other provisions	**1 240 434**	**–**	**(1 240 434)**	**–**
	6 785 637	**24 239 739**	**(17 101 033)**	**13 924 343**
2015				
Leave pay	570 154	675 562	(570 154)	675 562
Bonus	459 334	4 410 307	–	4 869 641
Other provisions	678 995	1 699 768	(1 138 329)	1 240 434
	1 708 483	6 785 637	(1 708 483)	6 785 637

Leave pay provision is based on the number of leave days due calculated at the individuals cost to Company.

Bonus provision is a performance-based provision paid to qualifying individuals based on their employment contract. The bonus will be paid out in the following financial year.

	Group		Company	
Figures in Rand	2016	2015	2016	2015

17. Revenue

Figures in Rand	Group 2016	Group 2015	Company 2016	Company 2015
Revenue from sale of developments	**2 078 212 150**	1 351 016 208	**2 078 212 150**	1 352 346 467
Bond commission	**5 300 203**	3 912 321	**5 300 203**	–
	2 083 512 353	1 354 928 529	**2 083 512 353**	1 352 346 467

18. Other income

Figures in Rand	Group 2016	Group 2015	Company 2016	Company 2015
Profit on sale of property, plant and equipment	**48 738**	14 521 038	**48 738**	41 526
Profit on exchange differences	**492 663**	–	**–**	–
Administration fees	**358 942**	194 941	**358 942**	194 941
Rental income	**9 350 601**	8 595 179	**9 350 601**	4 193 404
Recoveries	**1 711 836**	102 593	**1 691 913**	–
Profit on sale of investment property bond commission	**1 133 108**	23 678 436	**–**	–
Bond commission	**–**	–	**–**	3 912 321
Discount received	**–**	–	**–**	13 179 679
Other income	**–**	–	**–**	667 738
	13 095 888	47 092 187	**11 450 194**	22 189 609

19. Share-based payments

Pursuant to the listing of Balwin, a loan was provided to certain interested investors for the subscription of shares in the Group. The interested investors comprised certain staff and contractors of Balwin. The loan facility was provided to acquire shares in the listing. The aggregate loan facility amounted to R25 million and will accrue interest bi-annually at a variable rate, which rate will be equal to the official rate of interest published by SARS from time-to-time in respect of loans obtained by an employee from his or her employer.

The loan is secured by way of a pledge by the Interested Investors of the Balwin shares acquired and any proceeds received from the sale of the pledged shares.

The loan was granted for a term of five years from date of listing, however, early settlement of the loan is allowed as follows:

- up to 50% of the outstanding balance of the loan may be settled between years three and four; and
- up to 75% of the outstanding balance of the loan may be settled after the fourth anniversary of the loan.

Should the investor settle or partially settle the loan before the repayment date, an early repayment fee shall become repayable to Balwin. The early settlement fee is calculated as the market value of the pledged shares at the time of repayment less the sum of the outstanding balance.

Upon the repayment date of the loan:

- the investor is required to settle the outstanding loan amount (calculated as the sum of the initial loan amount, plus interest accrued and less dividends received the investor has elected to apply against the outstanding loan balance) in cash prior to the release by Balwin of the pledge over the shares; or
- the investor may request that Balwin sell such number of pledged shares required to settle the outstanding balance in order to secure the release of the pledge of the remaining unsold Balwin shares under the following conditions:
  - if the value of the Balwin shares sold exceeds the outstanding balance, the excess proceeds will be paid by Balwin to the interested investor; or
  - if the value of the Balwin shares sold is less than the outstanding balance, Balwin will have no further claim against the interested investors in respect of the shortfall.

The number of shares provided in terms of the share scheme are reconciled below:

	Group		
	Number	Weighted exercise price	Total value
Share option			
Outstanding at the beginning of the year	–	–	–
Granted during the year	**2 530 364**	**13.86**	**35 070 845**
Outstanding at the end of the year	**2 530 364**	**13.86**	**35 070 845**
Exercisable at the end of the year	–	–	–

Information on options granted during the year

Fair value was determined by the Black Scholes model. The following inputs were used:

- Weighted average share price of R13.86;
- Exercise price of R9.88;
- Expected volatility of 23%;
- Vesting period of five years; and
- The risk-free interest rate of 8.62%.

Method and the assumptions incorporated:

- The 23% expected volatility takes into account the past trading as well as an expectation of future trading. The 23% is representative of a fair value for pricing the option, with no profit taken into account. Shorter-term volatility is typically used; and
- No other features of the option grant were incorporated into the measurement of fair value.

Total expenses of R6 030 154 (2015: Rnil) related to share-based payments transactions that were recognised.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

Figures in Rand		Group 2016	Group 2015	Company 2016	Company 2015
20. Operating profit					
Operating profit for the year is stated after accounting for the following:					
Operating lease charges – premises		**863 208**	1 016 371	**853 456**	990 544
Depreciation		**5 623 302**	4 724 765	**4 817 270**	3 660 964
Employee costs		**113 223 355**	58 739 219	**113 223 355**	58 739 219
21. Interest income					
Dividends received		**–**	–	**–**	32 145 492
Bank		**8 374 823**	4 209 600	**8 374 823**	4 209 600
Other		**2 422 168**	580 784	**2 422 168**	580 784
Loans		**–**	699 262	**–**	699 263
		10 796 991	5 489 646	**10 796 991**	37 635 139
22. Finance costs					
Mortgage loans		**25 910 475**	17 307 606	**25 910 475**	17 307 606
Shareholders loans		**221 608**	4 189 428	**221 608**	3 802 021
Bank		**29 442**	93 638	**29 442**	93 638
Other		**–**	287	**–**	286
Capitalised interest		**(25 910 475)**	(17 307 606)	**(25 910 475)**	(17 307 606)
		251 050	4 283 353	**251 050**	3 895 945
23. Taxation					
Major components of the tax expense					
Current taxation					
Local income tax – current year		**223 351 240**	121 395 195	**223 800 568**	119 593 896
Deferred taxation					
Arising from temporary difference – current year		**(3 778 912)**	(1 421 604)	**(3 778 912)**	(1 421 604)
		219 572 328	119 973 591	**220 021 656**	118 172 292
Reconciliation of the taxation					
Reconciliation between applicable tax rate and average effective tax rate.					
Applicable tax rate	(%)	**28.00**	28.00	**28.00**	28.00
Exempt income	(%)	**(0.06)**	(1.96)	**–**	(1.96)
Disallowable charges	(%)	**0.04**	0.32	**0.04**	–
	(%)	**27.98**	26.36	**28.04**	26.04
24. Other comprehensive income					
Exchange differences on translating foreign operations		**603 237**	7 159 672	**–**	–

Figures in Rand	Group 2016	Group 2015	Company 2016	Company 2015

25. Cash generated from operations

	Group 2016	Group 2015	Company 2016	Company 2015
Profit before taxation	**778 138 965**	455 147 900	**777 950 856**	453 888 007
Adjustments for:				
Depreciation	**5 623 302**	4 724 765	**4 817 270**	3 660 964
Profit on sale of property, plant and equipment	**(48 738)**	(14 521 037)	**(48 738)**	1 154 395
Profit on sale of investment property	**(1 133 108)**	(23 678 436)	**–**	–
Loss on foreign exchange	**–**	131 948	**–**	–
Interest income	**(10 796 991)**	(5 489 646)	**(10 796 991)**	(5 489 647)
Finance costs	**251 050**	4 283 353	**251 050**	3 895 945
Movements in provisions	**7 138 706**	5 077 154	**7 138 706**	5 077 154
Foreign exchange on investment property	**–**	288 804	**–**	–
Share-based payment	**6 030 155**	–	**6 030 155**	–
Dividends received	**–**	–	**–**	(32 145 492)
Foreign exchange on property, plant and equipment	**(99 125)**	8 297	**–**	–
Movement in foreign currency translation reserve	**603 237**	7 159 673	**–**	–
Changes in working capital:				
Developments under construction	**(655 342 991)**	(247 611 738)	**(655 342 991)**	(247 611 738)
Other receivables	**111 189 210**	(134 621 070)	**108 718 563**	(132 461 266)
Trade and other payables	**26 638 320**	43 123 405	**29 344 797**	40 402 702
	268 191 992	94 023 372	**268 062 677**	90 371 024

26. Taxation paid

	Group 2016	Group 2015	Company 2016	Company 2015
Balance at beginning of the year	**(13 263 587)**	(13 632 362)	**(11 453 595)**	(6 737 498)
Current taxation for the year	**(223 351 240)**	(121 395 195)	**(223 800 568)**	(119 593 896)
Balance at end of the year	**39 309 741**	13 263 587	**39 800 568**	9 243 595
	(197 305 086)	(121 763 970)	**(195 453 595)**	(117 087 799)

Figures in Rand	Group 2016	Group 2015	Company 2016	Company 2015
27. Related parties				
Relationships				
Subsidiaries — Refer to note 5				
Members of key management — Refer to directors' report for list of directors				
Prescribed officer — U Gschnaidtner				
Related party balances				
Loan accounts – Owing by (to) related parties				
Balwin Properties (UK) Limited	**–**	–	**2 203 342**	2 220 099
Slade Properties Proprietary Limited	**82 534**	1 672	**82 534**	1 672
Friedshelf 966 Proprietary Limited	**–**	33 670 395	**–**	33 670 395
SV Brookes	**–**	(229 939)	**–**	(229 939)
U Gschnaidtner	**–**	477 831	**–**	477 831
RN Gray	**444 914**	2 100	**–**	2 100
Related party transactions				
Interest received from related parties				
Slade Properties Proprietary Limited	**–**	(699 262)	**–**	(699 262)
Sale of units to related parties				
SV Brookes	**84 421 619**	16 208 684	**84 421 619**	16 208 684
R Gray	**17 849 211**	3 753 947	**17 849 211**	3 753 947
J Weltman	**3 289 211**	571 842	**3 289 211**	571 842
Property rental management fee from related parties				
SV Brookes	**136 997**	–	**136 997**	–
R Gray	**31 373**	–	**31 373**	–
J Weltman	**1 046**	–	**1 046**	–
U Gschnaidtner	**10 458**	–	**10 458**	–
Purchases from related parties				
Friedshelf 966 Proprietary Limited	**38 760 000**	–	**38 760 000**	–
Compensation to directors and other key management				
Directors emoluments	**21 509 368**	14 067 629	**21 509 368**	14 067 629

28. Directors' and prescribed officer emoluments

Figures in Rand	Executive				
	Basic salary	Bonus	Medical aid	Provident fund	Total
2016					
SV Brookes	3 426 956	819 867	134 990	171 348	4 553 161
RN Gray	3 076 956	749 867	134 808	153 848	4 115 479
U Gschnaidtner**	1 676 956	280 000	39 794	83 848	2 080 598
J Weltman	1 660 000	355 922	122 508	83 000	2 221 430
	9 840 868	2 205 656	432 100	492 044	12 970 668

Figures in Rand	Executive		
	Emoluments	Other benefits*	Total
2015			
SV Brookes	3 216 343	292 989	3 509 332
RN Gray	3 216 343	292 736	3 509 079
U Gschnaidtner	5 459 310	255 265	5 714 575
J Weltman	1 252 312	82 331	1 334 643
	13 144 308	923 321	14 067 629

* *Other benefits comprise of medical benefits and provident fund payments.*

** *The prescribed officer resigned as director during the 2016 financial year.*

Figures in Rand	Non-executive	
	Directors fees	Total
2016		
H Saven	**260 000**	**260 000**
R Tomlinson	**195 000**	**195 000**
B Maluleke	**195 000**	**195 000**
K Mzondeki	**200 000**	**200 000**
R Zekry	**175 000**	**175 000**
	1 025 000	**1 025 000**

There were no non-executive directors during the 2015 financial year.

Figures in Rand	Prescribed officer				
	Basic salary	Bonus	Medical aid	Provident fund	Total
2016					
U Gschnaidtner	**1 400 000**	**6 014 936**	**28 764**	**70 000**	**7 513 700**

Directors' interest

The following shares were issued to directors or individuals holding a prescribed office in the current financial year:

	Number of shares	Date of issue	% shareholding
SV Brookes	167 235 659	15 October 2015	35.4
RN Gray	47 221 798	15 October 2015	10.0
U Gschnaidtner	10 150 788	15 October 2015	2.2
R Zekry	7 083 269	15 October 2015	1.5
J Weltman*	1 012 145	15 October 2015	0.2

* *These shares were issued under the share scheme. The shares have not as yet vested. Refer to note 19.*

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Figures in Rand	Number of shares held	Percentage of issued shares
29. Major shareholders		
Registered shareholders owning more than 5% of issued shares		
Buff-Shares Proprietary Limited	**43 597 577**	**9.2**

30. Risk management

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group targets an optimal gearing ratio of 30% in the long-term. Developments under construction is financed on a phase-by-phase basis. Development finance is obtained through secured pre-sales and is repaid on registration of the phase being financed.

The capital structure of the group consists of debt, which includes the development finance disclosed in notes 14 cash and cash equivalents disclosed in note 11, and equity as disclosed in the statement of financial position. Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio.

Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Interest rate risk

The Group's interest rate risk arises from long- and short-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these scenarios, the Group calculates the impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies. Interest rate risk is higher for land debt than development finance. Development finance is short-term funding and therefore there is no significant exposure to variations in interest rates.

The scenarios are run only for liabilities that represent the major interest-bearing positions. Based on the simulations performed, the impact on post-tax profit of a 0.1% shift would be a maximum increase and opposite decrease of R227 464 (2015: R83 401).

	Group		Company	
Figures in Rand	2016	2015	2016	2015
Interest-bearing instrument comprise:				
Loans to subsidiary	**–**	–	**2 203 342**	2 220 099
Other financial assets	**7 375 152**	33 672 067	**7 375 152**	33 673 267
Cash and cash equivalents	**462 288 496**	129 928 165	**459 064 527**	128 294 738
Other financial liabilities	**(242 199 297)**	(247 481 000)	**(242 199 297)**	(247 481 000)
	227 464 351	(83 880 768)	**226 443 724**	(83 292 896)
Interest rate sensitivity				
Loans to subsidiary	**–**	–	**2 203**	2 220
Other financial assets	**7 375**	33 672	**7 375**	33 673
Cash and cash equivalents	**462 288**	129 928	**459 065**	128 295
Other financial liabilities	**(242 199)**	(247 481)	**(242 199)**	(247 481)
	227 464	(83 881)	**226 444**	(83 293)

30. Risk management continued

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

The Group's risk to liquidity is a result of the funds available to cover future commitments. The Group manages liquidity risk through an ongoing review of future commitments and credit facilities.

Development finance is obtained based on secured pre-sales on a phase-by-phase basis. Development finance is repaid upon registration of a specific phase being financed. The phase-by-phase approach to funding reduces the risk of accumulating excessive debt which impacts liquidity. The business targets an optimal debt to equity ratio of 30% in the long-term and operates within pre-defined risk tolerance levels. The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position 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 and as such the impact of discounting is not significant.

	Group			
Figures in Rand	Less than one year	Between one and two years	Between two and five years	Over five years
At 29 February 2016				
Other financial liabilities	**161 242 284**	**80 957 013**	**–**	**–**
Trade and other payables	**63 419 075**	**–**	**–**	**–**
Provisions	**13 924 343**	**–**	**–**	**–**
At 28 February 2015				
Other financial liabilities	195 952 492	51 528 508	–	–
Trade and other payables	42 785 213	–	–	–
Provisions	6 785 637	–	–	–

	Company			
Figures in Rand	Less than one year	Between one and two years	Between two and five years	Over five years
At 29 February 2016				
Other financial liabilities	**161 242 284**	**80 957 013**	**–**	**–**
Trade and other payables	**63 274 473**	**–**	**–**	**–**
Provisions	**13 924 343**	**–**	**–**	**–**
At 28 February 2015				
Other financial liabilities	195 952 492	51 528 508	–	–
Trade and other payables	39 934 134	–	–	–
Provisions	6 785 637	–	–	–

30. Risk management continued

Credit risk

Credit risk is managed on a Group basis.

Credit risk consists mainly of cash deposits, cash equivalents, loans to subsidiary, loans to shareholders, other receivables and other financial assets. The Company only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Other receivables mainly comprise occupational rent receivable and amounts owing by transfer attorneys as at the end of the financial year. Occupational rent is charged to customers where the unit purchased has been handed over before the registration date. Amounts owing by the transfer attorneys relates to cash received from registrations which has not yet been transferred to Balwin. Balwin does not have trade debtors as cash is received on registration of a residential unit sold. Therefore credit risk is limited.

Financial assets exposed to credit risk at year-end were as follows:

	Group		Company	
	2016	2015	2016	2015
Financial instrument				
Loans to subsidiary	**–**	–	**2 203 342**	2 220 099
Other receivables	**32 448 462**	143 442 750	**32 003 458**	140 722 021
Other financial assets	**7 375 152**	33 672 067	**7 375 152**	33 673 267
Cash and cash equivalents	**462 288 496**	129 928 165	**459 064 527**	128 294 738
	502 112 110	307 272 921	**500 646 479**	305 140 057

Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the UK Pound. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. The Group reviews its foreign currency exposure on an ongoing basis. Foreign exchange is insignificant as purchasers and suppliers are primarily dominated within South Africa. Balwin Properties Limited's UK subsidiary has remained dormant for the period under review. Significant foreign exchange transactions will be hedged through derivative financial instruments.

The Group does not hedge foreign exchange fluctuations.

	2016	2015
Exchange rates used for conversion of foreign items were:		
GBP (spot rate)	**22.25**	18.01
GBP (average rate)	**20.36**	17.92

31. Fair value information

Fair value hierarchy

The different levels are defined as follows:

Level 1: Quoted unadjusted prices in active markets for identical assets or liabilities that the Group can access at measurement date.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

No changes have been made to the valuation technique.

The fair values of financial instruments that are not traded in an active market are determined using standard valuation techniques. These valuation techniques maximise the use of observable market data were available and rely as little as possible on Company specific estimates. The fair values disclosed for the financial assets and financial liabilities are classified in Level 3 of the financial instrument hierarchy have been assessed to approximate their carrying amounts. There were no transfers between Levels 1, 2 and 3 during the year.

32. Categories of financial instruments

Figures in Rand	Notes	Group			
		Loans and receivables	Financial liabilities at amortised cost	Equity and non-financial assets and liabilities	Total
2016					
Assets					
Non-current assets					
Property, plant and equipment	3	–	–	**40 805 624**	**40 805 624**
Deferred tax	6	–	–	**5 678 890**	**5 678 890**
		–	–	**46 484 514**	**46 484 514**
Current assets					
Inventories	7	–	–	**1 342 792 726**	**1 342 792 726**
Other financial assets	10	**7 375 152**	–	–	**7 375 152**
Current tax receivable		–	–	**490 827**	**490 827**
Other receivables	9	**32 448 462**	–	–	**32 448 462**
Cash and cash equivalents	11	**462 288 496**	–	–	**462 288 496**
		502 112 110	–	**1 343 283 553**	**1 845 395 663**
Total assets		**502 112 110**	–	**1 389 768 067**	**1 891 880 177**
Liabilities					
Non-current liabilities					
Other financial liabilities	14	–	**80 957 013**	–	**80 957 013**
Current liabilities					
Other financial liabilities	14	–	**161 242 284**	–	**161 242 284**
Current tax payable		–	–	**39 800 568**	**39 800 568**
Trade and other payables	15	–	**63 419 075**	**30 345 961**	**93 765 036**
Provisions	16	–	–	**13 924 343**	**13 924 343**
		–	**224 661 359**	**84 070 872**	**308 732 231**
Total liabilities		–	**305 618 372**	**84 070 872**	**389 689 244**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

32. Categories of financial instruments continued

Figures in Rand	Notes	Group Loans and receivables	Financial liabilities at amortised cost	Equity and non-financial assets and liabilities	Total
2015					
Assets					
Non-current assets					
Investment property	4	–	–	2 392 460	2 392 460
Property, plant and equipment	3	–	–	30 697 348	30 697 348
Deferred tax	6	–	–	1 899 978	1 899 978
	–	–	34 989 786	34 989 786	
Current assets					
Inventories	7	–	–	687 449 735	687 449 735
Other financial assets	10	33 672 067	–	–	33 672 067
Other receivables	9	143 442 750	–	–	143 442 750
Cash and cash equivalents	11	129 928 165	–	–	129 928 165
		307 042 982	–	687 449 735	994 492 717
Total assets		307 042 982	–	722 439 521	1 029 482 503
Liabilities					
Non-current liabilities					
Other financial liabilities	14	–	51 528 508	–	51 528 508
Current liabilities					
Other financial liabilities	14	–	195 952 492	–	195 952 492
Current tax payable		–	–	13 263 587	13 263 587
Trade and other payables	15	–	42 785 213	24 341 503	67 126 716
Provisions	16	–	–	6 785 637	6 785 637
		–	238 737 705	44 390 727	283 128 432
Total liabilities		–	290 266 213	44 390 727	334 656 940

32. Categories of financial instruments continued

Figures in Rand	Notes	Company Loans and receivables	Financial liabilities at amortised cost	Equity and non-financial assets and liabilities	Total
2016					
Assets					
Non-current assets					
Property, plant and equipment	3		–	**40 805 624**	**40 805 624**
Investments in subsidiaries	5	–	–	**100**	**100**
Deferred tax	6	–	–	**5 678 890**	**5 678 890**
		–	–	**46 484 614**	**46 484 614**
Current assets					
Inventories	7	–	–	**1 342 792 726**	**1 342 792 726**
Loans to Group companies	8	**2 203 342**	–	–	**2 203 342**
Other financial assets	10	**7 375 152**	–	–	**7 375 152**
Other receivables	9	**32 003 458**	–	–	**32 003 458**
Cash and cash equivalents	11	**459 064 527**	–	–	**459 064 527**
		500 646 479	–	**1 342 792 726**	**1 843 439 205**
Total assets		**500 646 479**	–	**1 389 277 340**	**1 889 923 819**
Liabilities					
Non-current liabilities					
Other financial liabilities	14	–	**80 957 013**	–	**80 957 013**
Current liabilities					
Other financial liabilities	14	–	**161 242 284**	–	**161 242 284**
Current tax payable		–	–	**39 800 568**	**39 800 568**
Trade and other payables	15	–	**63 274 473**	**30 345 961**	**93 620 434**
Provisions	16	–	–	**13 924 343**	**13 924 343**
		–	**224 516 757**	**84 070 872**	**308 587 629**
Total liabilities		–	**305 473 770**	**84 070 872**	**389 544 642**

32. Categories of financial instruments continued

Figures in Rand	Notes	Company Loans and receivables	Financial liabilities at amortised cost	Equity and non-financial assets and liabilities	Total
2015					
Assets					
Non-current assets					
Property, plant and equipment	3	–	–	29 990 441	29 990 441
Investments in subsidiaries	5	–	–	100	100
Deferred tax	6	–	–	1 899 978	1 899 978
		–	–	31 890 519	31 890 519
Current assets					
Inventories	7	–	–	687 449 735	687 449 735
Loans to Group companies	8	2 220 099	–	–	2 220 099
Other financial assets	10	33 673 267	–	–	33 673 267
Other receivables	9	140 722 021	–	–	140 722 021
Cash and cash equivalents	11	128 294 738	–	–	128 294 738
		304 910 125	–	687 449 735	992 359 860
Total assets		304 910 125	–	719 340 254	1 024 250 379
Liabilities					
Non-current liabilities					
Other financial liabilities	14	–	51 528 508	–	51 528 508
Current liabilities					
Other financial liabilities	14	–	195 952 492	–	195 952 492
Current tax payable		–	–	9 243 595	9 243 595
Trade and other payables	15	–	39 934 134	24 341 503	64 275 637
Provisions	16	–	–	6 785 637	6 785 637
		–	235 886 626	40 370 735	276 257 361
Total liabilities		–	287 415 134	40 370 735	327 785 869

Figures in Rand		Group 2016	Group 2015	Company 2016	Company 2015

33. Basic, headline and diluted earnings per share

Basic	(cents)	**131.57**	83.79	**131.42**	83.93
Headline	(cents)	**131.29**	–	**131.41**	–
Diluted earnings	(cents)	**130.79**	83.79	**130.64**	83.93
Diluted headline earnings	(cents)	**130.51**	–	**130.63**	–
Tangible net asset value per share	(cents)	**319.84**	173.71	**319.46**	174.12
Net asset value per share	(cents)	**319.84**	173.71	**319.46**	174.12
Weighted average shares in issue		**424 541 867**	400 000 000	**424 541 867**	400 000 000
Net asset value		**1 502 190 933**	694 825 563	**1 500 379 172**	696 464 510
Reconciliation of profit for the year to headline earnings					
Profit for the year		**558 566 638**	335 174 309	**557 929 201**	335 715 715
Adjusted for:					
– Profit on disposal of investment property		**(1 133 108)**	(23 678 436)	**–**	–
– Profit on disposal of property, plant and equipment		**(48 738)**	–	**(48 738)**	–
Headline earnings		**557 384 792**	311 495 873	**557 880 463**	335 715 715
Weighted average number of shares					
Weighted average number of shares in issue		**424 541 867**	400 000 000	**424 541 867**	400 000 000
Potential dilutive impact of share options		**2 530 355**	–	**2 530 355**	–
Weighted average diluted shares in issue		**427 072 222**	400 000 000	**427 072 222**	400 000 000

As at 28 February 2015, Balwin's share structure comprised of 10 000 A class, 4 000 B class, 4 000 C class, 40 000 D class and 40 000 E class shares. This share capital was restructured prior to listing, with the effect that 400 000 000 ordinary shares were in issue prior to listing. The figures calculated above for the 2015 financial year have been based on these numbers are they represent the best approximator of the share capital in issue at Balwin prior to listing.

34. Segmental reporting

Figures in Rand	United Kingdom 2016	United Kingdom 2015	South Africa 2016	South Africa 2015
Segmental statement of financial position				
Assets				
Property, plant and equipment	**–**	706 907	**40 805 624**	29 990 441
Investment property	**–**	2 392 460	**–**	–
Deferred taxation	**–**	–	**5 678 890**	–
Developments under construction	**–**	–	**1 342 792 726**	687 449 735
Other receivables	**445 004**	2 720 729	**32 003 458**	140 722 021
Other financial assets	**–**	–	**7 375 152**	33 672 067
Cash and cash equivalents	**3 223 969**	1 633 426	**459 064 527**	128 294 738
Investments	**–**	–	**100**	100
Liabilities				
Trade and other payables	**144 597**	131 374	**93 620 434**	64 275 637
Other financial liabilities	**–**	–	**242 199 297**	247 481 000
Loans from shareholders	**–**	–	**–**	229 932
Current taxation payable	**–**	–	**39 800 568**	9 243 595
Provisions	**–**	–	**13 924 343**	6 785 637
Segmental statement of comprehensive income				
Revenue	**–**	2 582 062	**2 083 512 353**	1 352 346 467
Cost of sales	**–**	148 124	**1 188 400 247**	881 068 618
Operating expenses	**1 457 585**	6 723 399	**133 127 229**	73 318 645

	Group		Company	
Figures in Rand	2016	2015	2016	2015

35. Contingent liabilities

The group had no contingent liabilities at 29 February 2016 (2015: Rnil).

36. Commitments

Figures in Rand	Group 2016	Group 2015	Company 2016	Company 2015
Authorised capital expenditure authorised and contracted for				
– Land	**163 000 000**	–	**163 000 000**	–

This committed expenditure relates to land purchased for development and will be financed by available retained profits, mortgage facilities, existing cash resources and funds internally generated.

37. Events after the reporting period

Shareholders are referred to the announcement dated 6 April 2016 in which Balwin announced that it had concluded a formal acquisition agreement with Portimix Proprietary Limited for the acquisition of development rights in the Johannesburg Waterfall node based on the terms and conditions as outlined in the agreement.

Rex Tomlinson resigned as director effective 31 March 2016. CIS Secretarial Services resigned as company secretary effective 30 April 2016 and JUBA Statutory Services Proprietary Limited was appointed.

The directors are not aware of any other material event, other than the approval of the consolidated and separate financial statements, which occurred after the reporting date and up to the date of this report.

CORPORATE INFORMATION

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Property development and related activities
Directors	SV Brookes RN Gray J Weltman H Saven B Maluleke K Mzondeki R Zekry
Prescribed officer	U Gschnaidtner
Business and registered office address	Block 1, Townsend Office Park 1 Townsend Avenue Bedfordview 2007
Postal address	Private Bag X4 Gardenview 2047
Auditor	Deloitte & Touche Registered Auditor
Company Secretary	JUBA Statutory Services Proprietary Limited