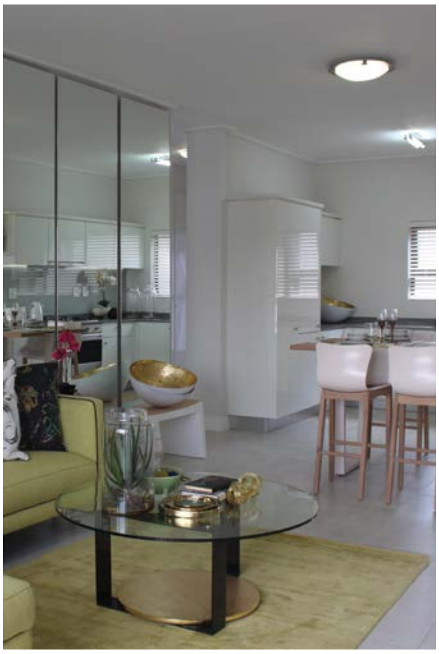

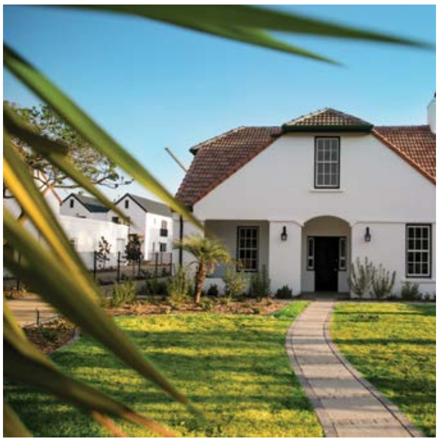

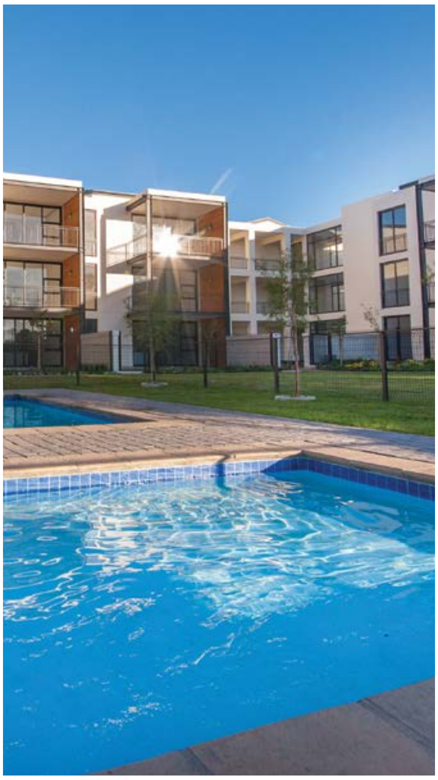

AUDITED CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS
for the year ended 28 February **2018**

PROPERTIES

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

Level of assurance

These consolidated and separate annual financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa, 2008 ("the Companies Act").

GENERAL 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 K Mzondeki R Zekry A Shapiro T Mokgosi-Mwantembe O Amosun
Prescribed officer	U Gschnaidtner
Business and registered office address	Block 1, Townsend Office Park 1 Townsend Avenue Bedfordview 2007
Auditor	Deloitte & Touche Registered Auditor
Company secretary	JUBA Statutory Services Proprietary Limited
Preparer	The consolidated and separate annual financial statements have been compiled under the supervision of: J Weltman CA(SA) (Chief Financial Officer)
Date of approval of annual financial statements	11 May 2018

DIRECTORS' RESPONSIBILITY STATEMENT AND APPROVAL OF CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

The directors are required in terms of the Companies Act 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 and company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditor is engaged to express an independent opinion on the consolidated and separate financial statements.

The consolidated and separate financial statements are prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act and the JSE Listings Requirements 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 company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the group and all employees are required to maintain the highest ethical standards in ensuring that business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management is on identifying, assessing, managing and monitoring all known forms of risk across the group and company. While operating risk cannot be fully eliminated, the group and company endeavour 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 annual 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 period ending May 2019 and, in light of this review and the current financial position, they are satisfied that the group and the company has, or 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 group's 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 pages 9 to 12.

The consolidated and separate annual financial statements set out on pages 2 to 44, which have been prepared on the going-concern basis, were approved by the board on 11 May 2018 and were signed on their behalf by:

SV Brookes **J Weltman**

COMPANY SECRETARY'S CERTIFICATION

In terms of section 88(2)(e) of the Companies 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 28 February 2018, 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.

S van Schalkwyk

11 May 2018

AUDIT AND RISK COMMITTEE REPORT

The audit and risk committee ("the committee") has pleasure in submitting this report, which has been approved by the board and has been prepared in accordance with section 94(7)f of the Companies Act and incorporating the recommendations of the Report on corporate governance for South Africa, 2016 ("King IV").

The committee assists the board in its responsibilities cover the:

- internal and external audit process for the group taking into account the significant risks;
- adequacy and functioning of the group's internal controls;
- integrity of the financial reporting; and
- risk management and information technology.

The members confirm that the committee has performed all the duties required in terms of section 94(7) of the Companies Act.

Due to the size of the company, the board made a decision to combine the audit and risk committees and outsource the Internal Auditing function through KPMG.

Committee composition

The committee consists of four non-executive directors and all members act independently as described in the Companies Act.

The chief executive officer, managing director, chief financial officer, partner of the external auditors and the internal auditor attend meetings by invitation. The board is satisfied that the independence, experience and qualifications of each member enable them to fulfil the committee's mandate. In addition to the quarterly meetings, the committee meets at least once a year with the company's internal and external auditors, without management being present.

The committee comprised the following members for the financial year and to the date of this report:

Name	Position	Qualification	Experience
O Amosun	Independent member	CA(SA)	Over 11 years of real estate, listed equity and private equity experience
K Mzondeki	Independent chairman	BCom, ACCA (UK), Investment management diploma	Over 20 years' experience in governance and financial management
H Saven	Independent member	BCom, CA(SA)	Over 40 years' experience in accounting and auditing
A Shapiro	Independent member	BBus Sci (Finance Hons)	Over 31 years' of asset management, portfolio management and general management experience

The committee collectively has the necessary financial literacy, skills and experience to execute their duties effectively and make use of professional expertise for complex technical accounting issues.

During the year under review, four meetings were held and attendance of those meetings is set out in the table below:

Member	12 May 2017	4 September 2017	15 November 2017	21 February 2018
O Amosun*	–	✔	✔	✔
K Mzondeki	✔	✔	✔	✔
H Saven	✔	✔	✔	✔
A Shapiro	✔	✔	✔	✔
Invitees				
External auditors	✔	✔	✔	✔
Internal auditors	✔	✔	✔	✔
Chief executive officer	✔	✔	✔	✔
Managing director	apology	✔	✔	✔
Chief financial officer	✔	✔	✔	✔
Group financial manager	✔	✔	✔	✔
Company secretary	✔	✔	✔	✔

** Appointed 16 May 2017*

AUDIT AND RISK
COMMITTEE REPORT CONTINUED

Focus during the reporting period

Focus areas during 2017	Delivery 2017
Enterprise risk management	Completed an enterprise risk management review to assess the maturity assessment of the risk principles and practices as they have been defined, implemented and embedded within the company.
Internal controls	On an ongoing basis, the internal audit function evaluated the adequacy and effectiveness of the internal controls and reported the results to the committee, based on the approved annual audit plan. Effective corrective action was taken to correct any reported deficiencies in internal controls.
Combined assurance	Ongoing continuous improvement on risk-based combined assurance framework was adopted and reviewed at least on an annual basis.
Finance and integrated reporting	A chief financial officer report is again included in the integrated annual report.
Financial sustainability	Continued focus on financial sustainability metrics and feedback from management.
Procurement review	Review the adequacy and effectiveness of the key monitoring and process control implemented to manage the procurement process.
Implementation of King IV	The terms of reference were updated with the requirements of King IV and all policies falling under the ambit of the committee.

Planned areas of future focus:

- Phase 2 on the procurement audit to identify the major control gaps in the procurement system;
- Revenue review as an end-to-end review including marketing and sales processes;
- Development of the enterprise wide risk management process;
- Information technology security review;
- Conflict of interest review;
- Implementation of the results of the enterprise risk assessment and monitoring progress, through periodic reports; and
- Continued focus on legal compliance, especially considering new legislation.

Roles of the audit and risk committee

The terms of reference of the committee have been updated and approved by the board, setting out its duties and responsibilities as prescribed in the Act and incorporating additional duties delegated by the board. The requirements of King IV are also included in the amended terms of reference.

The committee:

- fulfils the duties that are assigned to it by the Companies Act and as governed by other legislative requirements;
- assists the board in overseeing the quality and integrity of the group's integrated reporting process, including the consolidated and separate financial statements and sustainability reporting, and announcements in respect of the financial results;
- ensures that an effective control environment in the group is maintained;
- reviewed and adopted a combined assurance model;
- provides the chief financial officer, external auditor and the head of internal audit with unrestricted access to the committee and its chairman as is required in relation to any matter falling within the ambit of the committee;
- meets with the external and internal auditors, senior managers and executive directors as the committee may elect;
- meets confidentially with the internal and external auditors without other executive board members and the company's chief financial officer being present;
- reviews and recommends to the board the interim financial results and consolidated and separate annual financial statements;
- oversees the activities of, and ensures coordination between, the activities of the internal and external auditors;
- fulfils the duties that are assigned to it by the Companies Act and as governed by other legislative requirements, including the statutory audit committee functions required for subsidiary companies;

- receives and deals with any complaints concerning accounting practices, internal audit or the content and audit of its financial statements or related matters;
- conduct annual reviews of the audit and risk committee's work plan and terms of reference;
- assesses the performance and effectiveness of the audit and risk committee and its members on a regular basis; and
- reviewed the proactive monitoring process in terms of the letter from the JSE dated 20 February 2018.

Execution of functions during the year

The committee is satisfied that, for the 2018 financial year, it has performed all the functions required to be performed by an audit and risk committee as set out in the Companies Act and the committee's terms of reference.

The committee discharged its functions in terms of its terms of reference and ascribed to it in terms of the Companies Act during the year under review as follows:

External audit

The committee among other matters:

- nominated Deloitte & Touche and Patrick Kleb as the external auditor and designated auditor respectively to shareholders for appointment as auditor for the financial year ended 28 February 2019, and ensured that the appointment complied with all applicable legal and regulatory requirements for the appointment of an auditor;
- nominated the external auditor and the independent auditor for each material subsidiary company for re-appointment;
- requested from the audit firm, the formal letter of their latest inspection performed by IRBA on Deloitte & Touche and PM Kleb, including any findings, if applicable, to the firm and/or individual;
- reviewed the audit effectiveness and evaluated the external auditor's internal quality control procedures;
- obtained an annual confirmation from the auditor that their independence was not impaired;
- maintained a policy setting out the categories of non-audit services that the external auditor may and may not provide, split between permitted, permissible and prohibited services;
- approved non-audit services with Deloitte & Touche in accordance with its policy;
- approved the external audit engagement letter, the plan and the budgeted audit fees payable to the external auditor;
- obtained assurances from the external auditor that adequate accounting records were being maintained by the company and its subsidiaries;
- considered whether any reportable irregularities were identified and reported by the external auditor in terms of the Auditing Profession Act, No. 26 of 2005; and
- considered any reported control weaknesses, management's response for their improvement and assessed their impact on the general control environment.

Deloitte has been the group's auditor for three years. The committee is satisfied that Deloitte & Touche is independent of the group after taking the following factors into account:

- representations made by Deloitte & Touche to the committee;
- the auditor does not, except as external auditor or in rendering permitted non-audit services, receive any remuneration or other benefit from the company;
- the auditors' independence was not impaired by any consultancy, advisory or other work undertaken by the auditor;
- the auditors' independence was not prejudiced as a result of any previous appointment as auditor; and
- the criteria specified for independence by the Independent Regulatory Board for auditors and international regulatory bodies.

AUDIT AND RISK COMMITTEE REPORT CONTINUED

Internal audit

The committee:

- reviewed and approved the internal audit charter and annual audit plan and evaluated the independence, effectiveness and performance of the internal audit department and compliance with its charter;
- considered the reports of the internal auditor on the group's system of internal control including financial controls, business risk management and maintenance of effective internal control systems;
- received assurance that proper and adequate accounting records were maintained and that the systems safeguarded the assets against unauthorised use or disposal thereof; and
- reviewed significant issues raised by the internal audit processes and the adequacy of corrective action in response to significant internal audit findings.

Adequacy and functioning of the group's internal controls

The committee reviewed the plans and work outputs of the external and internal auditors and concluded that these were adequate to address all significant financial risks facing the business.

As noted above, it also reviewed the reporting around the adequacy of the internal controls and based on this concluded that there had been no material breakdowns in internal control, including financial controls, business risk management and the maintenance of effective material control systems.

Financial reporting

The committee ensures that the financial reporting to stakeholders fairly presents the state of affairs of the group. This covers the consolidated and separate annual financial statements, integrated report, interim and preliminary reporting.

The committee among other matters:

- confirmed the going concern as the basis of preparation of the interim and consolidated and separate annual financial statements;
- reviewed compliance with the financial conditions of loan covenants and determined that the capital of the company was adequate;
- examined and reviewed the interim and consolidated and separate annual financial statements, as well as all financial information disclosed prior to the submission to the board for their approval and then for disclosure to stakeholders;
- ensured that the consolidated and separate annual financial statements fairly present the financial position of the group and of the company as at the end of the financial year and the results of operations and cash flows for the financial year and considered the basis on which the company and the group was determined to be a going concern;
- considered the appropriateness of the accounting policies adopted and changes thereto;
- reviewed the external auditor's audit report and key audit matters included;
- reviewed the representation letter relating to the consolidated and separate annual financial statements which was signed by management;
- considered any problems identified and reviewed any significant legal and tax matters that could have a material impact on the financial statements; and
- considered accounting treatments, significant unusual transactions and accounting judgements.

Significant areas of judgement

In arriving at the figures disclosed in the consolidated and separate annual financial statements there are many areas where judgement is needed. These are outlined in note 1.2 to the consolidated and separate annual financial statements. The committee has looked at the quantum of the assets and liabilities on the statements of financial position and other items that require significant judgement and decided to note the following:

- Recognition of cost of constructed residential apartments sold

  The group and company use certain assumptions and key factors in the management of, and reporting for, the recognition of the cost of constructed residential apartments sold, that is realised upon 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 and company relies on management's experience and expertise, and monitors its estimation frequently.

- Timing of recognition of revenue

  Management applies estimation in determining the date of the recognition of revenue for the sale of apartments. The estimation is applied in determining the timing of revenue recognition, being the earlier of registration of the apartment or upon occupation of the apartment, provided that guarantees are in place for the full purchase price.

Risk management and information technology (IT) governance

The committee:

- ensured that intellectual property contained in information systems are protected;
- ensured that adequate business arrangements are in place for disaster recovery;
- ensured that all personal information is treated by the company as an important business asset and is identified; and
- reviewed the group's policies on risk assessment and risk management, including fraud risks and IT risks as they pertain to financial reporting and the going-concern assessment, and found them to be sound.

Legal and regulatory requirements

During the reporting period, Raaziq Ismail was appointed as head of legal and oversees all legal matters within the group. To the extent that these may have an impact on the consolidated and separate annual financial statements, the committee:

- reviewed legal matters that could have a material impact on the group;
- reviewed the adequacy and effectiveness of the group's procedures, including its risk management framework, to ensure compliance with legal and regulatory responsibilities;
- monitored complaints received via the group's whistleblowing service. One complaint reported, and no issues of concern were found; and
- considered reports provided by management, internal audit and the external auditor regarding compliance with legal and regulatory requirements.

Expertise and experience of chief financial officer and the financial function

As required by 3.84(h) of the JSE Limited Listings Requirements, the committee has satisfied itself that the chief financial officer, Jonathan Weltman, has the appropriate expertise and experience. In addition, the committee satisfied itself that the composition, experience and skills set of the finance function met the group's requirements.

Election of committee at the annual general meeting

Pursuant to the provisions of section 94(2) of the Companies Act, which required that a public company must elect an audit committee at each annual general meeting, it is proposed in the notice of annual general meeting that O Amosun, K Mzondeki, H Saven and A Shapiro are available for re-appointment as members of the committee until the next annual general meeting in 2019.

Evaluation of the committee

In line with King IV, the committee agreed to conduct an evaluation on the committee's performance every second year. An evaluation will be conducted during 2019 and the results will be included in the next integrated annual report.

Consolidated and separate annual financial statements

Following the review by the committee of the consolidated and separate annual financial statements of Balwin Properties Limited for the year ended 28 February 2018, the committee is of the view that in all material aspects they comply with the relevant provisions of the Companies Act and International Financial Reporting Standards and fairly present the consolidated and separate financial positions at that date and the results of operations and cash flows for the year then ended. The committee will also satisfy itself of the integrity of the integrated report and the sustainability information reported therein.

K Mzondeki
Chairperson Audit and Risk Committee
11 May 2018

DIRECTOR'S REPORT

The directors have pleasure in submitting their report on the activities of Balwin Properties Limited (referred to as "the company") and its subsidiary (altogether referred to as "the group" or "consolidated") for the year ended 28 February 2018.

1. Review of financial results and activities

Balwin is a specialist, niche, national large-scale residential property developer focused on turnkey development and sale of sectional title apartments in the mid to upper market segments.

The group recorded total comprehensive income for the year ended 28 February 2018 of R492.0 million (2017: R660.3 million). Further details of the group's and company's results and activities are commented on in detail in the accompanying financial statements.

2. State of affairs

All matters material to the appreciation of the group's and company'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

	Number of shares	
	2018	2017
Authorised		
Ordinary shares	**1 000 000 000**	1 000 000 000

			Number of shares	
	2018 R'000	2017 R'000	**2018**	2017
Issued				
Ordinary shares	**664 354**	664 354	**469 915 273**	469 915 273

4. Dividends

The company's dividend policy is to distribute 30% of the profit for the year. At its discretion, the board may consider a special dividend, where appropriate.

Dividends of R193 598 963 were declared and paid during the 2018 financial year (2017: R151 525 422).

5. Directors

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

Directors		Changes
SV Brookes	Chief Executive Officer	
RN Gray	Managing Director	
J Weltman	Chief Financial Officer	
H Saven	Independent non-executive Director (Chairman)	
K Mzondeki	Independent non-executive Director	
R Zekry	Non-executive Director	
A Shapiro	Independent non-executive Director	
T Mokgosi-Mwantembe	Independent non-executive Director	Appointed 16 May 2017
O Amosun	Independent non-executive Director	Appointed 16 May 2017

6. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

7. Going concern

The directors have reviewed the group and company's cash flow forecasts up to the period ending May 2019 and, in light of this review and the current financial positions, 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 2018 financial year.

At the annual general meeting, the shareholders will be requested to re-appoint Deloitte & Touche as the independent external auditor of the group and to confirm Mr PM Kleb as the designated lead audit partner for the 2019 financial year.

Deloitte & Touche and Mr PM Kleb have served as the designated auditor of the group for three years.

9. Company secretary

The company secretary is JUBA Statutory Services Proprietary Limited.

Postal address	PO Box 4896 Rietvalleirand 0174
Business address	1 Carlsberg 430 Nieuwenhuyzen Street Erasmuskloof Ext 2 0181

10. Date of authorisation for issue of financial statements

The consolidated and separate annual financial statements have been authorised for issue by the directors on 11 May 2018.

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Balwin Properties Limited

Report on the audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of Balwin Properties Limited and its subsidiary ("the Group") set out on pages 13 to 44, which comprise the statements of financial position as at 28 February 2018, the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the Group as at 28 February 2018, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISA's"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors ("IRBA Code") and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with these requirements. The IRBA code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the matter was addressed in the audit
Recognition of cost of goods sold (Consolidated and separate financial statement)	
The Group and Company utilise certain assumptions and key factors in the management of, and reporting for, the recognition of the cost of goods sold. The assumptions are significant and relate to the estimation of the total costs to completion for the respective developments. The cost of goods recognised upon the sale of residential units are calculated by apportioning the total forecasted costs of the development within which the unit is sold, to the square meterage of the unit disposed of as a percentage of the total square meterage of the development. The estimation of the total costs to completion of the developments involves significant judgement by the Directors since the estimation involves a significant element of forecasting. The total estimated costs to completion are inherently uncertain as they are influenced by factors such as future changes to the development plan and unforeseen events during construction and may also be impacted by macroeconomic factors. The Group and Company rely on management's experience and expertise, and monitors its estimation frequently. As such, this has been identified as a key audit matter. The accounting policy for the recognition of costs of goods sold is disclosed on page 17, and the actual cost of goods sold is disclosed in Note 7.	Our audit procedures incorporated a combination of tests of the Group's controls relating to the forecasting of the costs to complete the developments and substantive procedures. Our procedures included the following: • Attendance at a property budget meeting at which the forecasts are discussed and approved; • Inspected the underlying development forecasts as reviewed and approved by the Directors; • Assessed the assumptions used in the forecasts to determine the total cost of completion of the development; • Recalculation of the cost of sales based on the approved forecasted total costs to completion of each development under construction; • Reviewed and compared the actual costs of developments completed during the year to the initial forecasted costs to complete the development, with a view to evaluating the historical accuracy of the Group and Company's forecasting ability; • Reviewed the development forecasts for each development, as approved by the Directors, on a monthly basis in order to identify significant fluctuations in the monthly forecasted costs of completion of the respective development; • Enquired from the Directors as to whether risks identified have been factored into the forecasted build costs; and • Assessed the adequacy of the Group and Company's disclosure in relation to the judgements and estimation included in the forecasts. Our procedures did not identify material misstatements of cost of goods sold. The audit evidence obtained concluded that the Directors had adequately factored in risks and the impact of macroeconomic factors into the forecasted costs to completion. We assessed the disclosure of the cost of goods sold against the requirements of IAS 2: Inventory per IFRS and consider the disclosures to be appropriate.

Other Information

The Directors are responsible for the other information. The other information comprises the Audit and Risk Committee's Report, the Directors' Report and the Company Secretary's Certification, as required by the Companies Act of South Africa, which we obtained prior to the date of this auditor's report and the integrated report, which is expected to be made available to us after that date. Other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT CONTINUED

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The Directors are responsible for the preparation and fair presentation of the 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.

In preparing the consolidated and separate financial statements, the Directors are responsible for assessing the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group and Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit and Risk Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit and Risk Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit and Risk Committee, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matter. We describe this matter in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 three years.

Deloitte & Touche

Deloitte & Touche
Registered Auditor
Buildings 1 and 2, Deloitte Place
The Woodlands
Woodlands Drive
Woodmead, Sandton
Per: Patrick Kleb
Partner

11 May 2018

STATEMENTS OF FINANCIAL POSITION
AS AT 28 FEBRUARY 2018

	Note	Group		Company	
		2018 R'000	2017 R'000	**2018 R'000**	2017 R'000
Assets					
Non-Current Assets					
Property, plant and equipment	3	**73 214**	43 180	**67 654**	43 180
Intangible asset	4	**31**	–	**31**	–
Investments in subsidiaries	5	**–**	–	*****	*
Deferred taxation	6	**1 540**	4 862	**1 197**	4 862
		74 785	**48 042**	**68 882**	**48 042**
Current Assets					
Developments under construction	7	**2 587 088**	2 011 324	**2 587 088**	2 011 324
Inventories	7	**1 384**	–	**–**	–
Loans to subsidiaries	8	**–**	–	**10 482**	2 039
Trade and other receivables	9	**859 408**	633 851	**858 463**	633 851
Other financial assets	10	**3 858**	30 129	**3 858**	30 129
Current tax receivable		**4 566**	358	**4 566**	–
Cash and cash equivalents	11	**100 033**	546 969	**96 023**	544 430
		3 556 337	**3 222 631**	**3 560 480**	**3 221 773**
Total Assets		**3 631 122**	**3 270 673**	**3 629 362**	**3 269 815**
Equity and Liabilities					
Equity					
Share capital	12	**664 354**	664 354	**664 354**	664 354
Foreign currency translation reserves		**(580)**	(1 231)	**–**	–
Retained income		**1 648 132**	1 350 386	**1 646 484**	1 348 384
Total Equity		**2 311 906**	**2 013 509**	**2 310 838**	**2 012 738**
Liabilities					
Non-Current Liabilities					
Development loans	13	**579 628**	610 677	**579 628**	610 677
Current Liabilities					
Development loans	13	**672 050**	490 203	**672 050**	490 203
Trade and other payables	14	**63 771**	137 456	**63 101**	137 369
Current tax payable		**2**	4 562	**–**	4 562
Provisions	15	**3 765**	14 266	**3 745**	14 266
		739 588	**646 487**	**738 896**	**646 400**
Total Liabilities		**1 319 216**	**1 257 164**	**1 318 524**	**1 257 077**
Total Equity and Liabilities		**3 631 122**	**3 270 673**	**3 629 362**	**3 269 815**

** denotes a value of less than R1 000*

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 28 FEBRUARY 2018

	Note	Group		Company	
		2018 R'000	2017 R'000	**2018 R'000**	2017 R'000
Revenue	16	**2 454 635**	2 702 152	**2 454 405**	2 702 152
Cost of sales		**(1 649 406)**	(1 691 128)	**(1 649 406)**	(1 691 128)
Gross profit		**805 229**	1 011 024	**804 999**	1 011 024
Other income	17	**6 587**	22 460	**3 770**	22 460
Operating expenses		**(140 995)**	(130 145)	**(137 196)**	(129 308)
Operating profit	19	**670 821**	903 339	**671 573**	904 176
Interest income	20	**15 273**	15 220	**15 218**	15 027
Finance costs	21	**(3 559)**	(1 375)	**(3 559)**	(1 375)
Profit before taxation		**682 535**	917 184	**683 232**	917 828
Taxation	22	**(191 190)**	(256 444)	**(191 533)**	(256 444)
Profit for the year		**491 345**	660 740	**491 699**	661 384
Other comprehensive income:					
Items that may be reclassified to profit or loss:					
Exchange profit (loss) on translating foreign operation		**651**	(397)	**–**	–
Total comprehensive income for the year		**491 996**	660 343	**491 699**	661 384
Basic and diluted earnings per share					
Basic (cents)	32	**104.56**	140.64	**104.64**	140.78
Diluted (cents)	32	**104.06**	139.96	**104.13**	140.10

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 28 FEBRUARY 2018

	Share capital R'000	Foreign currency translation reserve R'000	Retained income R'000	Total equity R'000
Group				
Balance at 1 March 2016	**661 854**	**(834)**	**841 171**	**1 502 191**
Profit for the year	–	–	660 740	660 740
Other comprehensive loss	–	(397)	–	(397)
Total comprehensive income for the year	–	(397)	660 740	660 343
Shares issued as a result of share-based payment transaction	2 500	–	–	2 500
Dividends paid	–	–	(151 525)	(151 525)
Balance at 1 March 2017	**664 354**	**(1 231)**	**1 350 386**	**2 013 509**
Profit for the year	**–**	**–**	**491 345**	**491 345**
Other comprehensive income	**–**	**651**	**–**	**651**
Total comprehensive income for the year	**–**	**651**	**491 345**	**491 996**
Dividends paid	**–**	**–**	**(193 599)**	**(193 599)**
Balance at 28 February 2018	**664 354**	**(580)**	**1 648 132**	**2 311 906**
Note	12			
Company				
Balance at 1 March 2016	**661 854**	**–**	**838 525**	**1 500 379**
Profit for the year	–	–	661 384	661 384
Other comprehensive income	–	–	–	–
Total comprehensive income for the year	**–**	**–**	**661 384**	**661 384**
Shares issued as a result of share-based payment transaction	2 500	–	–	2 500
Dividends paid	–	–	(151 525)	(151 525)
Balance at 1 March 2017	**664 354**	**–**	**1 348 384**	**2 012 738**
Profit for the year	**–**	**–**	**491 699**	**491 699**
Other comprehensive income	**–**	**–**	**–**	**–**
Total comprehensive income for the year	**–**	**–**	**491 699**	**491 699**
Dividends paid	**–**	**–**	**(193 599)**	**(193 599)**
Balance at 28 February 2018	**664 354**	**–**	**1 646 484**	**2 310 838**
Note	12			

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 28 FEBRUARY 2018

		Group		Company	
	Note	**2018 R'000**	2017 R'000	**2018 R'000**	2017 R'000
Cash flows from operating activities					
Cash used in operations	23	**(129 913)**	(316 600)	**(128 169)**	(315 589)
Interest received		**15 273**	15 220	**15 218**	15 027
Finance costs		**(78 962)**	(1 375)	**(78 962)**	(1 375)
Taxation paid	24	**(196 636)**	(290 733)	**(196 996)**	(290 866)
Net cash used in operating activities		**(390 238)**	**(593 488)**	**(388 909)**	**(592 803)**
Cash flows from investing activities					
Purchase of property, plant and equipment	3	**(40 182)**	(9 046)	**(34 539)**	(9 046)
Proceeds on sale of property, plant and equipment		**45**	311	**45**	311
Purchase of intangible assets	4	**(31)**	–	**(31)**	–
Loans advanced to subsidiaries		**–**	–	**(8 443)**	–
Movement in financial assets		**26 271**	(22 753)	**26 271**	(22 753)
Increase in investment in subsidiaries		**–**	–	*****	–
Net cash used in investing activities		**(13 897)**	**(31 488)**	**(16 697)**	**(31 488)**
Cash flows from financing activities					
Proceeds on share issue	12	**–**	2 500	**–**	2 500
Development loans repaid		**(939 838)**	(1 300 279)	**(939 838)**	(1 300 279)
Development loans raised		**1 090 636**	2 158 960	**1 090 636**	2 158 960
Dividends paid		**(193 599)**	(151 525)	**(193 599)**	(151 525)
Net cash (used in) generated from financing activities		**(42 801)**	**709 656**	**(42 801)**	**709 656**
Total cash and cash equivalents movement for the year		**(446 936)**	**84 680**	**(448 407)**	**85 365**
Cash and cash equivalents at the beginning of the year		**546 969**	462 289	**544 430**	459 065
Total cash and cash equivalents at end of the year	11	**100 033**	**546 969**	**96 023**	**544 430**

ACCOUNTING POLICIES

1. Presentation of consolidated and separate annual financial statements

The consolidated and separate 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, Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the requirements of the Companies Act 2008 ("the Companies Act") of South Africa and the JSE Listings Requirements.

The consolidated and separate annual financial statements have been prepared on the historic cost convention, and incorporate the principal accounting policies set out below. They are presented in South African Rands, which is also the functional currency of the group, and rounded to the nearest R'000.

This report was compiled under the supervision of Jonathan Weltman CA(SA), the Chief Financial Officer. These financial statements have been audited in compliance with all applicable requirements of the Companies Act.

1.1 Consolidation

Basis of consolidation

The consolidated and separate financial statements incorporate the financial statements of the company and its subsidiaries. A subsidiary is an entity (including structured entities) that is controlled by the group.

The group has control of an entity when it is exposed to or has rights to variable returns from involvement with the entity and it has the ability to affect those returns through use its power over the entity. The results of the subsidiary is included in the consolidated financial statements from the effective date of acquisition to the effective date of disposal.

The accounting policies of the subsidiaries are consistent with those of the holding company. Should any differences exist between the accounting policies of the holding company and its subsidiaries, adjustments are made to the financial statements of the subsidiaries to bring their accounting policies in line with those of the group.

All inter-company transactions, balances, and unrealised gains on transactions between group companies are eliminated in full on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

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 are 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:

Recognition of cost of constructed residential apartments sold

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

Timing of recognition of revenue

Management applies estimation in determining the date of the recognition of revenue for the sale of apartments. The estimation is applied in determining the timing of revenue recognition, being the earlier of registration of the apartment or upon occupation of the apartment, provided that guarantees are in place for the full purchase price.

1.3 Intangible asset

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses. Intangible assets are amortised on a straight line basis over their useful life.

The useful life and amortisation method of the intangible assets are reviewed on an annual basis. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate

Item	Useful life
Licenses	10 years

1.4 Property, plant and equipment

Property, plant and equipment are tangible assets which the group holds for its own use 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 group, 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 of items of property, plant and equipment.

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.

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, being the higher of the asset’s value in use and its fair value less cost to sell.

1.4 Property, plant and equipment (continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

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.

1.5 Investments in subsidiaries

In the company's separate annual financial statements, the investments in subsidiaries are carried at cost less any accumulated impairment losses.

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 which, except for financial instruments measured at fair value through profit or loss, include directly attributable transaction costs.

Subsequent measurement

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 rate 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. On derecognition of financial assets, the difference between the asset's carrying amount and the some of the consideration received or receivable is recognised in profit or loss.

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 subsidiaries

The loan to the subsidiaries are recognised initially at fair value plus direct transaction costs and are classified as loans and receivables.

The group assesses its loans 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.

Trade and other receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired.

The group assesses its trade 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. Based on the nature of the groups operations whereby the apartments are either sold for a cash consideration or where pre-approved bank finance is in place, there is limited judgement applied by the group.

Should the group determine that an impairment of an amount receivable be required, 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 amount due from a trade and other receivable is uncollectable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Trade and 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.

Development loans

Development loans payable and receivable 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 the loans are recognised over the term of the loan in accordance with the group's accounting policy for borrowing costs.

Development loans receivable are assessed for impairment at the end of each reporting period with any resulting impairment losses being recorded in profit or loss. Any subsequent recoveries previously written off are credited against operating expenses in profit or loss.

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.

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 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. Based on the nature of operations of the group, no significant estimation is applied by the group as the deferred tax asset arises from timing differences only.

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. There are no unused tax losses at reporting date.

1.7 Tax (continued)

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
- an over/under provision of tax may be recorded in the current period but relate to the prior period. This may occur where the final tax which had been assessed by SARS is different to that of the initial recording in the prior year financial statements.

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.

Judgement is required in determining the current tax charge of the group due to the inherent complexity of tax legislation. Although the group has a presence in different jurisdictions of tax, the UK subsidiary does not operate and thus does not result in further complexities. The final tax assessment may result in a different tax charge compared to that which was initially recorded. The differences may result in an under/over provision of current and deferred tax relating to the period in which the determination had been made.

1.8 Leases

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.

1.9 Developments under construction

Developments under construction comprise the cost of the land, development rights and construction related expenditure and are stated at cost.

Cost includes all of the expenditure which is directly attributable to the acquisition of the land or construction of residential estates/apartments, including the capitalisation of borrowing costs that are incurred on the development loans. The construction of residential estates/apartments is a qualifying asset in terms of IAS 23, *Borrowing costs*, and accordingly borrowing costs are capitalised to the extent that they are directly attributable to the acquisition and construction of the estate/apartment. Refer to the accounting policy in note 1.16 for further detail on borrowing costs.

Although the operating cycle for developments under construction is considered to be longer than 12 months due to the fact that they are held primarily for the purposes of trading and are expected to be realised in the entity's normal operating cycle, the asset is classified as current in accordance with the presentation requirements of IAS 1, *Presentation of Financial Statements*. The operating cycle is normally between one to five years.

1.10 Inventories

Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories is assigned using the first-in-first-out basis. The same cost formula is used for all inventories having a similar nature and use to the entity.

1.11 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 individual asset.

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 and is recognised immediately in profit or loss.

The group assesses 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 and the expense recorded in profit or loss. Any subsequent reversal of impairments is recorded as a credit in operating expenses in profit or loss.

1.12 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.

Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received from the issue of shares in excess of par value is classified as 'share premium' in equity. Dividends are recognised as a liability in the year in which they are declared.

1.13 Employee benefits

Short-term employee benefits and provisions

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 costs of bonus payments and leave pay are recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance. The respective costs are disclosed as provisions in the financial statements.

1.14 Revenue

Revenue of the group comprises:

- Revenue from the sale of developed residential apartments;
- Bond commission; and
- Rental of electronic communication.

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 apartments is recognised when the group has transferred to the buyer the significant risks and rewards of ownership of the developed residential apartments, 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. The transaction date is determined to be the earlier of the registration of the apartment in the deeds office or upon occupation of the apartment, provided that financial guarantees are in place for the full purchase price.
- Bond commission is recognised when the developed residential apartment is registered which is when the significant risks and rewards of ownership have transferred. Valued added tax is excluded.
- Rental income of electronic communication is recognised when the group has transferred to the buyer the significant risks and rewards associated with the usage of the electronic communication line, 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.

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

1.15 Other income

Other income includes other items of income not derived from the main activities of the group. Interest income is recognised as interest accrues using the effective interest rate method.

1.16 Borrowing costs

Borrowing costs that are directly attributable to the acquisition and construction 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 construction of residential estates/apartments is a qualifying asset in terms of IAS 23. The amount of borrowing costs eligible for capitalisation is determined based on the actual borrowing costs on development loans specifically borrowed for the purpose of the acquisition and construction of the estate/apartment less any temporary investment of those borrowings.

The capitalisation of borrowing costs commences when:

- expenditures for the residential estate/apartments have occurred;
- borrowing costs have been incurred; and
- residential estate/apartments 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 residential estate/apartment 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.

1.18 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 Rands 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

The geographical segments of the South African and UK operations have been identified as segments in the group as they provide services within different economic environments. The environments are subject to risks and returns that differ from the respective 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 are 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 are based on management's best estimate, for the effects of non-transferability, exercise restrictions, volatility and behavioural considerations.

1.22 Dividends

Dividends are accounted for on the date of declaration and are not accrued as a liability in the financial statements until declared.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the group has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard:	**Effective date:** Years beginning on or after
Amendment to IAS 7: Disclosure Initiative	1 January 2017
Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Annual Improvements to IFRSs: 2014 – 2016 Cycle – IFRS 12 Amendments	1 January 2017

2.2 Standards and interpretations 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 2018 or later periods:

Standard/ Interpretation:	**Effective date:** Years beginning on or after
• Amendments to IFRS 1: Annual Improvements to IFRS 2014 – 2016 cycle	1 January 2018
• Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions	1 January 2018
• Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	1 January 2018
• IFRS 9: Financial Instruments	1 January 2018
• IFRS 15: Revenue from Contracts with Customers	1 January 2018
• Amendments to IFRS 15: Clarifications to IFRS 15 Revenue from Contracts with Customers	1 January 2018
• IFRS 16: Leases	1 January 2019
• Amendments to IAS 28: Annual Improvements to IFRS 2014 – 2016 cycle	1 January 2018
• IFRIC 22: Foreign Transactions and Advance Consideration	1 January 2018
• IFRIC 23 Uncertainty over Income Tax Treatments	1 January 2019

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 being assessed by the directors.

With respect to the adoption of IFRS 15: Revenue from contracts with customers ("IFRS 15") and giving consideration to the five steps detailed in the Standard and their applicability to the group, together with consideration to the concept of control, the directors do not anticipate any material impact to the group resulting from the adoption of IFRS 15.

3. Property, plant and equipment

	2018			2017		
Group	**Cost R'000**	**Accumulated depreciation R'000**	**Carrying value R'000**	Cost R'000	Accumulated depreciation R'000	Carrying value R'000
Land and buildings	**51 647**	**(4 594)**	**47 053**	32 010	(3 124)	28 886
Plant and machinery	**28 914**	**(13 403)**	**15 511**	13 407	(8 295)	5 112
Furniture and fixtures	**3 786**	**(1 484)**	**2 302**	2 390	(999)	1 391
Motor vehicles	**10 237**	**(4 576)**	**5 661**	8 389	(2 774)	5 615
Office equipment	**2 687**	**(1 141)**	**1 546**	1 669	(731)	938
Computer equipment	**3 497**	**(2 356)**	**1 141**	2 791	(1 553)	1 238
Total	**100 768**	**(27 554)**	**73 214**	60 656	(17 476)	43 180
Company						
Land and buildings	**51 647**	**(4 594)**	**47 053**	32 010	(3 124)	28 886
Plant and machinery	**23 667**	**(13 358)**	**10 309**	13 407	(8 295)	5 112
Furniture and fixtures	**3 750**	**(1 482)**	**2 268**	2 390	(999)	1 391
Motor vehicles	**9 946**	**(4 552)**	**5 394**	8 389	(2 774)	5 615
Office equipment	**2 677**	**(1 141)**	**1 536**	1 669	(731)	938
Computer equipment	**3 438**	**(2 344)**	**1 094**	2 791	(1 553)	1 238
Total	**95 125**	**(27 471)**	**67 654**	60 656	(17 476)	43 180

Reconciliation of property, plant and equipment

	2018				
Group	**Opening balance R'000**	**Additions R'000**	**Disposals R'000**	**Depreciation R'000**	**Closing balance R'000**
Land and buildings	**28 886**	**19 637**	**–**	**(1 470)**	**47 053**
Plant and machinery	**5 112**	**15 515**	**–**	**(5 116)**	**15 511**
Furniture and fixtures	**1 391**	**1 395**	**–**	**(484)**	**2 302**
Motor vehicles	**5 615**	**1 848**	**–**	**(1 802)**	**5 661**
Office equipment	**938**	**1 033**	**(11)**	**(414)**	**1 546**
Computer equipment	**1 238**	**754**	**(19)**	**(832)**	**1 141**
Total	**43 180**	**40 182**	**(30)**	**(10 118)**	**73 214**
			2017		
Land and buildings	30 237	–	–	(1 351)	28 886
Plant and machinery	3 876	3 978	–	(2 742)	5 112
Furniture and fixtures	1 070	625	–	(304)	1 391
Motor vehicles	4 129	2 873	(16)	(1 371)	5 615
Office equipment	624	533	–	(219)	938
Computer equipment	869	1 037	(17)	(651)	1 238
Total	**40 805**	**9 046**	**(33)**	**(6 638)**	**43 180**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment (continued)

Company	Opening balance R'000	Additions R'000	Disposals R'000	Depreciation R'000	Closing balance R'000
			2018		
Land and buildings	**28 886**	**19 637**	**–**	**(1 470)**	**47 053**
Plant and machinery	**5 112**	**10 261**	**–**	**(5 064)**	**10 309**
Furniture and fixtures	**1 391**	**1 361**	**–**	**(484)**	**2 268**
Motor vehicles	**5 615**	**1 557**	**–**	**(1 778)**	**5 394**
Office equipment	**938**	**1 023**	**(11)**	**(414)**	**1 536**
Computer equipment	**1 238**	**700**	**(19)**	**(825)**	**1 094**
Total	**43 180**	**34 539**	**(30)**	**(10 035)**	**67 654**
			2017		
Land and buildings	30 237	–	–	(1 351)	28 886
Plant and machinery	3 876	3 978	–	(2 742)	5 112
Furniture and fixtures	1 070	625	–	(304)	1 391
Motor vehicles	4 129	2 873	(16)	(1 371)	5 615
Office equipment	624	533	–	(219)	938
Computer equipment	869	1 037	(17)	(651)	1 238
Total	40 805	9 046	(33)	(6 638)	43 180

The depreciation charge on items of property, plant and equipment that are directly attributable to the construction of residential apartments are capitalised to developments under construction. In the current year, R6.0 million was capitalised.

	Group		Company	
	2018 R'000	2017 R'000	**2018 R'000**	2017 R'000
Details of properties				
Property 1 Block 1 Townsend Office Park, Erf 2979 Bedfordview Extension 59 Township, Gauteng – Purchase price: 28 February 2013	**20 310**	20 310	**20 310**	20 310
– Additions since purchase or valuation	**1 993**	1 993	**1 993**	1 993
Total	**22 303**	22 303	**22 303**	22 303
Property 2 Section 6 and 7, Stellenpark, Stellenbosch, Western Cape – Purchase price: 22 January 2016	**9 707**	9 707	**9 707**	9 707
Property 3 Units 2 and 3 Townsend Office Park, Erf 2979 Bedfordview Extension 59 Township, Gauteng – Purchase price: 27 February 2018	**10 600**	–	**10 600**	–
Property 4 Sectional title Units 5 and 6 Corporate Park, 11 Senembe Crescent, La Lucia Ridge, Ethekwini Municipality – Purchase price: 13 June 2017	**9 037**	–	**9 037**	–

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.

4. Intangible asset

Group and company	2018 Cost R'000	Accumulated amortisation R'000	Carrying value R'000
Licenses	31	*	31

Balwin Properties Limited acquired a licence for the provision of electronic communication services in the current year. The licence fee is amortised over the period of the licence. The licence has a useful life of 10 years and can be renewed at the end of the period. The remaining useful life of the licences are nine years at year-end. The licence has been granted to Balwin Properties Limited, however, the terms of the licence allow the subsidiaries of Balwin Properties Limited to provide all or any services together with all or any other rights granted to it under the licence.

5. Investments in subsidiaries

Balwin Properties Limited holds the following investments:

Name of company	Country of incorporation	Year end	% holding 2018	% holding 2017	Carrying amount 2018 R'000	Carrying amount 2017 R'000
Balwin Properties (UK) Limited	United Kingdom	February	100 %	100 %	*	*
Balwin Fibre Proprietary Limited	South Africa	February	100 %	- %	*	–
Waltiq Proprietary Limited	South Africa	February	100 %	- %	*	–

Nature of business of subsidiaries

No operations take place in Balwin Properties (UK) Limited or Waltiq Proprietary Limited. Balwin Properties (UK) Limited primarily held investment property of which the last investment property was sold during 2016. Since this date, the company has not operated.

Waltiq Proprietary Limited was purchased in order to acquire the subsidiary's existing contract for the future purchase of land. Details of the transaction are included in Note 7.

Balwin Fibre Proprietary Limited is a network infrastructure provider of electronic communication services. The company commenced operations in the current year.

Included in the consolidated financial statements of the group are the results of The Balwin Foundation NPC, a non-profit company incorporated and domiciled in South Africa. Although not a subsidiary, The Balwin Foundation NPC has been consolidated as it is considered to be controlled by the group as its directors are all employees of Balwin. The Balwin Foundation NPC supports and empowers the younger generation and previously disadvantaged to gain greater knowledge and skills through technical vocational education and training of industry-related trades.

The directors consider the carrying value of the investments in subsidiaries to approximate their fair value.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

6. Deferred taxation

	Group		Company	
	2018 R'000	2017 R'000	**2018 R'000**	2017 R'000
Deferred taxation asset				
Deferred taxation on provisions	**1 197**	4 862	**1 197**	4 862
Deferred taxation on available taxation losses	**343**	–	**–**	–
Total deferred taxation asset	**1 540**	**4 862**	**1 197**	**4 862**
Reconciliation of deferred taxation asset				
At the beginning of the year	**4 862**	5 679	**4 862**	5 679
Credit to statement of profit or loss and other comprehensive income	**(3 322)**	(817)	**(3 665)**	(817)
Total	**1 540**	**4 862**	**1 197**	**4 862**

Deferred taxation has been calculated at the standard corporate taxation rate as at the reporting date as management expect to recover the carrying value of assets through use. Deferred taxation assets are raised after due consideration of future taxable income. The group only recognises deferred taxation asset when the availability of future profits necessary to support the deferred taxation asset is probable as evidenced by forecasts of the group.

7. Developments under construction and inventories

Developments under construction	**2 587 088**	2 011 324	**2 587 088**	2 011 324
Merchandise	**1 384**	–	**–**	–
Total	**2 588 472**	2 011 324	**2 587 088**	2 011 324
Developments under construction include the following:				
Costs of construction	**1 470 288**	858 062	**1 470 288**	858 062
Land	**1 116 800**	1 153 262	**1 116 800**	1 153 262
Total	**2 587 088**	2 011 324	**2 587 088**	2 011 324

The cost of merchandise and developments under construction recognised as an expense during the current year was R1 649.4 million (2017: R1 691.1 million). There has been no write down of inventories in the current year (2017: Rnil).

Included in the cost of developments under construction is the payment of a non-refundable deposit of R16.0 million with respect to the investment in Waltiq Proprietary Limited. The contract is structured in such a manner that Balwin Properties Limited will purchase the land immediately subsequent to the acquisition of the land by Waltiq Proprietary Limited.

A mortgage bond is in place over certain portions of land which acts as security for the development loans advanced. At year end, the following mortgage bonds were registered:

Land	**Value of mortgage bond**
Remaining Extent of Portion 14 Farm 197 Olivedale	200 000 000
Erf 20252 Somerset West	300 000 000
Retention of a first covering notarial deed of lease over Portion 822 (a portion of portion 62) of the Farm Waterval 5	400 000 000
Remaining Extent of Portion 6 and Portion 241 of Farm Zwartkoppies No. 364 JR	200 000 000
Portion 837 (a portion of portion 1) of the Farm Waterval 5 IR	200 000 000
Erf 2 Richmond Park; Remaining Extent of Erf 36555 Milnerton and Erf 38435 Milnerton	200 000 000
Holdings 92, 102, 103, 104, 105 and 106 Crowthorne Agricultural Holdings, City of Johannesburg	187 256 000
Remaining extent of Holding 20, Holdings 28, 29, 30, 31, 32, 33, 35, 36, 37 and 38 Linbro Park Agricultural Holdings	183 536 000

8. Loans to subsidiaries

	Group		Company	
	2018 R'000	2017 R'000	**2018 R'000**	2017 R'000
Balwin Properties (UK) Limited	**–**	–	**2 039**	2 039
Balwin Fibre Proprietary Limited	**–**	–	**8 443**	–
Total	**–**	–	**10 482**	2 039

The loans are unsecured, interest free and have no fixed repayment terms.
The carrying amount of the loans to subsidiaries approximate their fair value.

9. Trade and other receivables

Trade receivables	**784 576**	537 059	**784 507**	537 059
Amounts due from transferring attorneys	**53 413**	76 981	**53 413**	76 981
Value added taxation receivable	**3 384**	–	**2 510**	–
Other receivables	**18 035**	19 811	**18 033**	19 811
Total	**859 408**	633 851	**858 463**	633 851

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

Trade receivables relates to sales where registration of the apartment has not yet transferred, however, revenue has been recognised as the apartment has been handed over to the purchaser and the financial guarantees are in place for the full purchase price. Other receivables relates largely to money due from body corporates. Trade and other receivables are assessed on a regular basis and provided for based on the estimated irrecoverable amounts, determined by reference to past default experience, if any.

Credit quality of trade and other receivables

The credit quality of trade and other receivables that are neither past nor due nor impaired can be assessed by reference to external credit ratings or to historical information. Given the nature of the operations of the group and company, no significant credit risk is identified as the amounts due from transferring attorneys are a timing event that arises due to the inherent delay in the transfer of funds subsequent to the registration of the apartment. No trade and other receivables are past due at period end.

Trade and other receivables exceeding 5% of total receivables balance:

	Group		Company	
	2018 R'000	2017 R'000	**2018 R'000**	2017 R'000
Tonkin Clacey	**53 413**	72 394	**53 413**	72 394

Trade and other receivables past due but not impaired

At 28 February 2018, Rnil (2017: Rnil) were past due but not impaired. No provision for bad debts have been raised (2017: 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

10. Other financial assets

Loans and receivables

	Group		Company	
	2018 R'000	2017 R'000	**2018 R'000**	2017 R'000
Development loans	**3 858**	30 129	**3 858**	30 129

The development loans represents the oversettlement of the development loan liability by the transferring attorney upon the registration of the apartment which acted as security for the development loan obligation. The development loans bear interest at prime linked rates and are expected to be repaid within 12 months and are therefore classified as current. Refer to Note 13 for detail on the development loan obligation.

Due to the nature of the development loan receivables, the cash flows are reported on a net basis in the statement of cash flows. This is due to the fact that oversettlement of the repayment represents an activity of the transferring attorney and considering the short-term maturity of the receipts.

The directors consider the carrying amount of other financial assets to approximate their fair value.

11. Cash and cash equivalents

	Group		Company	
	2018 R'000	2017 R'000	**2018 R'000**	2017 R'000
Cash and cash equivalents consist of:				
Cash on hand	**22**	22	**22**	22
Bank balances	**100 011**	546 947	**96 001**	544 408
Total	**100 033**	546 969	**96 023**	544 430

The carrying amount of cash and cash equivalents approximate their fair value.

Guarantees and facilities in place on 28 February 2018:

(a) Letters of guarantee: R5 692 322
(b) General banking facility: R70 000 000
(c) Overdraft facility available: R10 000 000

Guarantees and facilities in place on 28 February 2017:

(a) Letters of guarantee: R15 835 195
(b) Facility linked to letters of guarantee: R130 000 000
(c) Overdraft facility available: R50 000 000
(d) First covering mortgage bond over the remaining extent of Portion 241 (a portion of portion 6) and Portion 138 (a portion of portion 23) of the Farm Zwartkoppies 364 JR portion 138 and remaining extents of portion 6 and 241: R300 million

12. Share capital

	Group		Company	
	2018 R'000	2017 R'000	**2018 R'000**	2017 R'000
Authorised				
Ordinary shares	**1 000 000**	1 000 000	**1 000 000**	1 000 000
Issued and fully paid				
Ordinary	**664 354**	664 354	**664 354**	664 354

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

	Group 2018	Group 2017	Company 2018	Company 2017
	Number of shares			
Reconciliation of shares in issue:				
Opening balance	**469 915 273**	469 662 237	**469 915 273**	469 662 237
Shares issued	**–**	253 036	**–**	253 036
Closing balance	**469 915 273**	469 915 273	**469 915 273**	469 915 273

In the prior year 253 036 shares with a value of R2.5 million previously granted as part of the share based payment transaction were issued to the market upon the resignation of the respective employees prior to their vesting date.

13. Development loans

	Group 2018 R'000	Group 2017 R'000	Company 2018 R'000	Company 2017 R'000
Held at amortised cost				
Development loans and land loans	**1 251 678**	1 100 880	**1 251 678**	1 100 880

Group and company 2018	Average nominal interest rate %	Maturity date	Carrying amount R'000
Non-current loans			
Portimix Proprietary Limited	**10.50**	Between June 2019 and June 2025	**453 165**
ABSA Bank Limited	**10.25**	Between March 2019 and August 2019	**126 463**
			579 628
Current loans			
Nedbank Limited	**10.25**	Between March 2018 and February 2019	**359 501**
Investec Bank Limited	**10 – 10.25**	Between March 2018 and February 2019	**208 106**
Portimix Proprietary Limited	**10.50**	June 2018	**54 283**
ABSA Bank Limited	**10 – 10.25**	August 2018	**50 160**
			672 050
			1 251 678

2017			
Non-current loans			
Investec Bank Limited	10.50	June 2027	43 904
Portimix Proprietary Limited	10.50	Between June 2018 and June 2025	516 613
ABSA Bank Limited	10.50	8 February 2019	50 160
			610 677
Current loans			
Nedbank Limited	10.50	Between March 2017 and February 2018	122 450
Investec Bank Limited	10.34	Between March 2017 and February 2018	367 753
			490 203
			1 100 880

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

13. Development loans (continued)

	Group 2018 R'000	Group 2017 R'000	Company 2018 R'000	Company 2017 R'000
Non-current liabilities				
At amortised cost	**579 628**	610 677	**579 628**	610 677
Current liabilities				
At amortised cost	**672 050**	490 203	**672 050**	490 203
Total	**1 251 678**	1 100 880	**1 251 678**	1 100 880
Fair value of the financial liabilities carried at amortised cost				
Development loans and land loans	**1 251 678**	1 100 880	**1 251 678**	1 100 880

All development loans payable to the financial institutions are secured by a pre-defined level of secured pre-sold apartments. Land loans are secured by bonds registered over the land.

The development loans payable to Portimix Proprietary Limited pertain to the development rights agreement for the property. The loans reflect the discounted contractual cash flows and have been discounted at the average lending rate of the group at inception of the transaction.

The carrying amount of development loans approximate their fair value.

Refer to note 7 for disclosure of the mortgage bonds acting as security for the loans.

14. Trade and other payables

	Group 2018 R'000	Group 2017 R'000	Company 2018 R'000	Company 2017 R'000
Trade payables	**51 634**	44 241	**51 063**	44 243
Value added taxation payable	**–**	88 624	**–**	88 624
Payroll accruals	**4 433**	4 472	**4 381**	4 472
Other accruals	**7 704**	119	**7 657**	30
Total	**63 771**	137 456	**63 101**	137 369

The directors consider the carrying amounts of the trade and other payables to approximate their fair values due to the nature of the financial instrument.

15. Provisions

Reconciliation of provisions

	2018			
Group	**Opening balance R'000**	**Additions R'000**	**Utilised during the year R'000**	**Closing balance R'000**
Leave pay	**5 784**	**7 254**	**(9 273)**	**3 765**
Bonus	**8 482**	**8 230**	**(16 712)**	**–**
	14 266	**15 484**	**(25 985)**	**3 765**
Group	**2017**			
Leave pay	3 578	7 294	(5 088)	5 784
Bonus	10 347	8 230	(10 095)	8 482
	13 925	**15 524**	**(15 183)**	**14 266**

Company	2018			
	Opening balance R'000	Additions R'000	Utilised during the year R'000	Closing balance R'000
Leave pay	**5 784**	**7 234**	**(9 273)**	**3 745**
Bonus	**8 482**	**8 230**	**(16 712)**	**–**
	14 266	**15 464**	**(25 985)**	**3 745**

Company	**2017**			
Leave pay	3 578	7 294	(5 088)	5 784
Bonus	10 347	8 230	(10 095)	8 482
	13 925	**15 524**	**(15 183)**	**14 266**

The leave pay provision of the group includes a provision of R8 000 for Balwin Fibre Proprietary Limited. There are no provisions for Balwin Properties (UK) Limited.

The leave pay provision is based on the number of leave days due calculated at the employees cost to company.

The bonus provision of prior year relates to a bonus payable to employees based on the approved short term incentive scheme

16. Revenue

	Group		Company	
	2018 R'000	2017 R'000	**2018 R'000**	2017 R'000
Revenue from sale of apartments	**2 449 942**	2 697 714	**2 449 942**	2 697 714
Bond commission	**4 463**	4 438	**4 463**	4 438
Rental of electronic communication	**230**	–	**–**	–
Total	**2 454 635**	2 702 152	**2 454 405**	2 702 152

17. Other income

	Group 2018 R'000	Group 2017 R'000	Company 2018 R'000	Company 2017 R'000
Municipal recoveries	**632**	552	**632**	552
Profit on sale of property, plant and equipment	**15**	277	**15**	277
Other income	**3 123**	21 631	**3 123**	21 631
Donations	**2 817**	–	**–**	–
Total	**6 587**	22 460	**3 770**	22 460

18. Share based payments

Pursuant to the listing of the group in 2016, a loan was provided to certain interested investors for the subscription of shares. The interested investors comprised certain staff and contractors of the group. 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 4th anniversary of the loan.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

18. Share based payment (continued)

Should the investor settle or partially settle the loan before the repayment date, an early repayment fee shall become repayable to the group. 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 the group of the pledge over the shares; or
- the investor may request that the group 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 the group to the interested investor; or
  - if the value of the Balwin shares sold is less than the outstanding balance, the group 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:

	2018	2017
Share Option Group	**Number of shares**	Number of shares
Outstanding at the beginning of the year	**2 277 320**	2 530 364
Cancelled during the year	**–**	(253 044)
Outstanding at the end of the year	**2 277 320**	2 277 320
Exercisable at the end of the year	**–**	–

Information on options granted during 2016

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 5 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 Rnil (2017: Rnil) related to share based payments transactions that were recognised in the period.

19. Operating profit

	Group		Company	
	2018 R'000	2017 R'000	**2018 R'000**	2017 R'000
Operating profit for the year is stated after charging the following, amongst others:				
Auditor's remuneration – external				
Audit fees	**891**	610	**880**	610
Other fees	**126**	190	**126**	190
Total	**1 017**	800	**1 006**	800
Employee costs	**68 407**	68 709	**68 407**	68 709
Operating leases – premises	**452**	230	**452**	230
Depreciation	**4 135**	6 638	**4 053**	6 638
Legal fees	**1 626**	4 054	**1 626**	4 054
Consulting fees	**3 900**	5 711	**3 802**	5 711

20. Interest income

	Group 2018 R'000	Group 2017 R'000	Company 2018 R'000	Company 2017 R'000
Bank	**15 110**	13 424	**15 055**	13 231
Other	**163**	1 796	**163**	1 796
Total	**15 273**	15 220	**15 218**	15 027

21. Finance costs

	Group 2018 R'000	Group 2017 R'000	Company 2018 R'000	Company 2017 R'000
Development loans	**83 127**	74 238	**83 127**	74 238
Bank	**3 534**	1 362	**3 534**	1 362
Other	**25**	13	**25**	13
Capitalised interest on developments under construction	**(83 127)**	(74 238)	**(83 127)**	(74 238)
Total	**3 559**	1 375	**3 559**	1 375

22. Taxation

	Group 2018 R'000	Group 2017 R'000	Company 2018 R'000	Company 2017 R'000
Major components of the taxation expense				
Current taxation				
Current taxation – current year	**187 868**	256 424	**187 868**	256 424
Current taxation – prior year	**–**	(797)	**–**	(797)
Total	**187 868**	255 627	**187 868**	255 627
Deferred taxation				
Deferred taxation – current year	**3 322**	817	**3 665**	817
Total	**191 190**	256 444	**191 533**	256 444
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
Disallowable charges* %	**0.03**	0.05	**0.03**	0.03
Non-taxable income** %	**(0.03)**	–	**–**	–
Prior year taxation %	**–**	(0.09)	**–**	(0.09)
Assessed loss recognised %	**0.01**	–	**–**	–
%	**28.01**	27.96	**28.03**	27.94

** Disallowable charges include non-deductible expenses in the form of donations, penalties and fines.*

*** Non-taxable income include donations received.*

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

23. Cash used in operations

	Group		Company	
	2018 R'000	2017 R'000	**2018 R'000**	2017 R'000
Profit before taxation	**682 535**	917 184	**683 232**	917 828
Adjustments for:				
Depreciation	**10 118**	6 638	**10 035**	6 638
Profit on sale of property, plant and equipment	**(15)**	(277)	**(15)**	(277)
Interest income	**(15 273)**	(15 220)	**(15 218)**	(15 027)
Finance costs	**3 559**	1 375	**3 559**	1 375
Foreign exchange on loan to subsidiary	**–**	–	**–**	165
Movements in provisions	**(10 501)**	342	**(10 521)**	342
Movement in foreign exchange translation reserve	**651**	(397)	**–**	–
Movement in working capital	**(500 361)**	(668 531)	**(500 361)**	(668 531)
Increase in developments under construction				
Increase in inventories	**(1 384)**	–	**–**	–
Increase in trade and other receivables	**(225 557)**	(601 404)	**(224 612)**	(601 848)
(Decrease) increase in trade and other payables	**(73 685)**	43 690	**(74 268)**	43 746
Total	**(129 913)**	(316 600)	**(128 169)**	(315 589)

24. Taxation paid

	Group 2018 R'000	Group 2017 R'000	Company 2018 R'000	Company 2017 R'000
Balance at beginning of the year	**(4 204)**	(39 310)	**(4 562)**	(39 801)
Current taxation for the year	**(187 868)**	(255 627)	**(187 868)**	(255 627)
Balance at end of the year	**(4 564)**	4 204	**(4 566)**	4 562
Total	**(196 636)**	(290 733)	**(196 996)**	(290 866)

25. Related parties

Relationships

Subsidiaries	Refer to note 5
Members of key management	Refer to directors' report for list of directors and prescribed officer

Parties are considered to be related if one party directly or indirectly has the ability to control or jointly control the other party or exercise significant influence over the other party or is a member of the key management of Balwin Properties Limited. In particular, this relates to transactions between the entity and it directors.

Balwin Properties Limited, in the ordinary course of business, entered into various sales transactions with its key management personnel. The effect of these transactions is included in the financial performance and results of the group. Terms and conditions of these transactions are determined on an arm's length basis.

	Group		Company	
	2018 R'000	2017 R'000	**2018 R'000**	2017 R'000
Related party balances				
Loan accounts – Owing by subsidiaries				
Balwin Properties (UK) Limited	**–**	–	**2 039**	2 039
Balwin Fibre Proprietary Limited	**–**	–	**8 443**	–

	Group		Company	
	2018 R'000	2017 R'000	**2018 R'000**	2017 R'000
Related party transactions				
Sale of apartments to related parties				
SV Brookes	**141 189**	182 330	**141 189**	182 330
RN Gray*	**54 119**	43 955	**54 119**	43 955
Volker Properties Proprietary Limited**	**44 056**	–	**44 056**	–
U Gschnaidtner	**–**	10 932	**–**	10 932
M Brookes~	**9 947**	2 149	**9 947**	2 149
S Brookes*~	**2 612**	710	**2 612**	710
J Weltman*	**1 333**	–	**1 333**	–

** certain of the above transactions were purchased under the group's staff discount policy.*
*** the entity is controlled by SV Brookes*
~ child and spouse of SV Brookes

Property rental management fee from directors and prescribed officer				
SV Brookes	**176**	359	**176**	359
RN Gray	**119**	87	**119**	87
J Weltman	**4**	6	**4**	6
U Gschnaidtner	**22**	20	**22**	20
Purchases from a director and shareholder				
SV Brookes #	**10 600**	–	**10 600**	–
Malewell Investments Proprietary Limited	**5 000**	–	**5 000**	–

 # The purchase related to the sale of office buildings located at Units 2 and 3 Townsend Office Park, Bedfordview. The buildings were valued by an independent valuer prior to their acquisition and the purchase price reflects the fair value.
^ This transaction related to the purchase of land. The land was acquired from a consortium, with one party being Malewell Investments Proprietary Limited, which is a related party to Buff-Shares Proprietary Limited.

Rental to a director				
SV Brookes	**763**	934	**763**	934
Compensation to directors and other key management				
Directors and prescribed officer emoluments	**39 396**	29 301	**39 396**	29 301

26. Directors' and prescribed officer emoluments

Executive

2018	Basic salary R'000	Bonus R'000	Medical aid R'000	Provident fund R'000	Total R'000
SV Brookes	**4 613**	**3 099**	**160**	**237**	**8 109**
RN Gray	**4 012**	**2 147**	**160**	**207**	**6 526**
J Weltman	**3 010**	**1 097**	**147**	**157**	**4 411**
Total	**11 635**	**6 343**	**467**	**601**	**19 046**
2017					
SV Brookes	4 424	700	144	221	5 489
RN Gray	3 539	560	144	177	4 420
J Weltman	2 275	360	133	114	2 882
Total	**10 238**	**1 620**	**421**	**512**	**12 791**

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26. Directors' and prescribed officer emoluments (continued)

Non-executive directors' fees

All emoluments disclosed below relates to their remuneration derived for services performed in their capacity as non-executive directors. No bonuses or any contributions were paid to non-executive directors.

	Group and Company	
	2018 R'000	2017 R'000
H Saven	**783**	756
B Maluleke	**–**	209
K Mzondeki	**443**	428
R Zekry	**491**	344
A Shapiro	**535**	259
A Diepenbroek	**–**	72
O Amosun	**403**	–
T Mokgosi-Mwantembe	**299**	–
Total	**2 954**	2 068

Prescribed officer

2018	Basic salary R'000	Variable remuneration* R'000	Medical aid R'000	Provident fund R'000	Total R'000
U Gschnaidtner	**3 666**	**13 461**	**80**	**189**	**17 396**
2017					
U Gschnaidtner	3 539	10 654	72	177	14 442

** The variable remuneration is based upon the employment contract.*

Directors' interest

No additional shares were issued to directors or individuals holding a prescribed office in the current or prior financial year. The following shares were issued on 15 October 2015:

	2018		2017	
	Number of shares	**% holding**	Number of shares	% holding
SV Brookes	**167 235 659**	**35.4%**	167 235 659	35.4%
RN Gray	**47 221 798**	**10.0%**	47 221 798	10.0%
U Gschnaidtner	**10 150 788**	**2.2%**	10 150 788	2.2%
R Zekry	**3 633 269**	**0.8%**	7 083 269	1.5%
J Weltman*	**1 012 145**	**0.2%**	1 012 145	0.2%
O Amosun	**9 390**	**–%**	–	–%

** These shares were issued under the share scheme. The shares have not as yet vested. Refer to note 18.*

27. Major shareholders

Registered shareholders owning more than 5% of issued shares

	2018		2017	
	Number of shares held	**% holding**	Number of shares held	% holding
SV Brookes	**167 235 659**	**35.4 %**	167 235 659	35.4%
RN Gray	**47 221 798**	**10.0 %**	47 221 798	10.0%
Buff-Shares Proprietary Limited	**43 597 577**	**9.2 %**	43 597 577	9.2%

28. 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 which were available and rely as little as possible on group specific estimates. The fair values disclosed for the financial assets and financial liabilities that 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.

29. Risk management

Capital risk management

The group's objectives when managing capital are to safeguard its 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 maximum gearing ratio has been set at 50% by the directors. 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 note 13, 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 and interest rate 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.

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29. Risk management (continued)

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 movement. Interest rate risk is higher for land debt than development finance. Development finance is short term funding in nature 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 1% movement would be a maximum increase and opposite decrease of R11.5 million (2017: R5.2 million) for the group and R12.3 million (2017: R5.2 million) for the company.

	Group		Company	
	2018 R'000	2017 R'000	**2018 R'000**	2017 R'000
Interest-bearing instrument comprise:				
Loans to subsidiaries	**–**	–	**10 482**	2 039
Other financial assets	**3 858**	30 129	**3 858**	30 129
Cash and cash equivalents	**100 033**	546 969	**96 023**	544 430
Development loans	**(1 251 678)**	(1 100 881)	**(1 251 678)**	(1 100 881)
Total	**(1 147 787)**	(523 783)	**(1 141 315)**	(524 283)
Interest rate sensitivity				
Loans to subsidiaries	**–**	–	**105**	20
Other financial assets	**39**	301	**39**	301
Cash and cash equivalents	**1 000**	5 470	**96**	5 444
Development loans	**(12 517)**	(11 009)	**(12 517)**	(11 009)
Total	**(11 478)**	(5 238)	**(12 277)**	(5 244)

Credit risk

Credit risk is managed on a group basis.

Credit risk consists mainly of cash deposits, cash equivalents, loans to subsidiaries, trade and 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.

Trade and other receivables relates to sales where registration has not yet transferred, however, revenue has been recognised as the apartment has been handed over to the purchaser and financial guarantees are in place for the full purchase price. Amounts owing by the transfer attorneys relates to cash received from registrations which has not yet been transferred to the group. Due to the nature of the trade and other receivables the credit risk is limited.

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

Financial instrument				
Loans to subsidiaries	**–**	–	**10 482**	2 039
Trade and other receivables	**859 408**	633 851	**858 463**	633 852
Other financial assets	**3 858**	30 129	**3 858**	30 129
Cash and cash equivalents	**100 033**	546 969	**96 023**	544 430

Foreign exchange risk

The groups exposure to foreign exchange risk is limited due to the fact that no operations have taken place in the foreign subsidiary in the current or prior periods. The exposure, if any, are primarily with respect to the UK pound.

The group does not hedge foreign exchange fluctuations.

Exchange rates used for conversion of foreign items were:

	2018	2017
GBP (spot rate)	**16.26**	16.23
GBP (average rate)	**17.18**	19.00

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 from major financial institutions based on secured pre sales of residential apartment 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 operates within pre-defined risk tolerance levels set at a 50% debt to equity ratio.

The table below analyses the group's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances and as such the impact of discounting is not significant

Group	Less than 1 year R'000	Between 1 and 2 years R'000	Between 2 and 5 years R'000	Over 5 years R'000
At 28 February 2018				
Development loans	**672 050**	**273 606**	**343 313**	**168 420**
Trade and other payables	**63 767**	**–**	**–**	**–**
Provisions	**3 765**	**–**	**–**	**–**
	739 582	**273 606**	**343 313**	**168 420**
At 28 February 2017				
Development loans	490 203	119 813	311 178	179 687
Trade and other payables	48 832	–	–	–
Provisions	14 266	–	–	–
	553 301	**119 813**	**311 178**	**179 687**
Company				
At 28 February 2018				
Development loans	**672 050**	**273 606**	**343 313**	**168 420**
Trade and other payables	**63 101**	**–**	**–**	**–**
Provisions	**3 745**	**–**	**–**	**–**
	66 846	**273 606**	**343 313**	**168 420**
At 28 February 2017				
Development loans	490 203	119 813	311 178	179 687
Trade and other payables	48 743	–	–	–
Provisions	14 266	–	–	–
	553 212	**119 813**	**311 178**	**179 687**

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30. Change in estimate

Revenue from the sale of developed residential apartments are recognised when the group has transferred to the purchaser the significant risks and rewards of ownership of the developed residential apartments. During the prior reporting period, management changed the accounting estimate of the event which resulted in the significant risks and rewards of ownership transferring to the purchaser. Based on management's best estimate, the risks and rewards of ownership of the developed residential apartments transfer on the earlier of handover of the apartment with the financial guarantees in place and registration. Previously, revenue was recognised only upon registration of the apartment.

The effect on future periods cannot be determined due to the nature of revenue and cost of sales. Please refer to the prior year annual financial statements for the disclosure of the impact of the change in estimate with respect to the 2017 and 2016 financial years. There was no financial impact resulting from the change in estimate for any financial year end prior to 2016.

31. Financial assets and liabilities by category

The accounting policies for financial instruments have been applied to the line items below, the directors consider the financial assets and liabilities to approximate their fair value due to the nature of the financial instrument:

	Group		Company	
	2018 R'000	2017 R'000	**2018 R'000**	2017 R'000
Loans and receivables				
Other financial assets	**3 858**	30 129	**3 858**	30 129
Loans to subsidiaries	**–**	–	**10 482**	2 039
Trade and other receivables	**856 024**	633 851	**855 953**	633 851
Cash and cash equivalents	**100 033**	546 969	**96 023**	544 430
Total	**959 915**	1 210 949	**966 316**	1 210 449
Financial liabilities at amortised cost				
Development loans	**(1 251 678)**	(1 100 881)	**(1 251 678)**	(1 100 881)
Trade and other payables	**(63 767)**	(48 832)	**(63 101)**	(48 745)
Total	**(1 315 445)**	(1 149 713)	**(1 314 779)**	(1 149 626)

32. Basic, headline and diluted earnings per share

	Group		Company	
	2018	2017	**2018**	2017
Basic (cents)	**104.56**	140.64	**104.64**	140.78
Headline (cents)	**104.56**	140.58	**–**	–
Diluted earnings (cents)	**104.06**	139.96	**104.13**	140.10
Diluted headline earnings (cents)	**104.05**	139.90	**–**	–
Tangible net asset value per share (cents)	**491.98**	428.57	**491.76**	428.41
Net asset value per share (cents)	**491.98**	428.57	**491.76**	428.41
Weighted average shares in issue	**469 915 273**	469 818 275	**469 915 273**	469 818 275
Net asset value (R'000)	**2 311 906**	2 013 509	**2 310 838**	2 012 738

32. Basic, headline and diluted earnings per share (continued)

Reconciliation of profit for the year to headline earnings

	Group		Company	
	2018 R'000	2017 R'000	**2018 R'000**	2017 R'000
Profit for the year	**491 345**	660 740	**–**	–
Adjusted for:				
Profit on disposal of property, plant and equipment	**(15)**	(277)	**–**	–
Headline earnings	**491 330**	660 463	**–**	–
Weighted average number of shares				
Weighted average number of shares in issue	**469 915 273**	469 818 275	**469 915 273**	469 818 275
Potential dilutive impact of share options	**2 277 320**	2 277 320	**2 277 320**	2 277 320
Weighted average diluted shares in issue	**472 192 593**	472 095 595	**472 192 593**	472 095 595

33. Dividends per share

	Group		Company	
	2018	2017	**2018**	2017
Shares in issue	**469 915 273**	469 818 275	**469 818 273**	469 915 275
Dividend declared (R)	**193 598 963**	151 525 422	**193 598 963**	151 525 422
Dividends per share (cents)	**41.20**	32.25	**41.20**	32.25

34. Segmental reporting

The operating segments within the group have been identified based on their geographical locations and the nature of their operations. Accordingly, the following segments have been identified:

Geographical locations

- South Africa
- United Kingdom

Nature of operations

- Residential property developer
- Supplier of electronic communication services

Giving consideration to the quantitative thresholds of operating segments, it is not considered useful to the users of the annual financial statements to separately disclose the above identified segments.

35. Contingent liabilities

The group had no contingent liabilities at 28 February 2018 (2017: Rnil).

36. Commitments

Authorised capital expenditure

Already contracted for but not provided for				
Land (unconditional)	**229 000**	143 000	**229 000**	143 000
Land (conditional)	**1 047 000**	400 000	**1 047 000**	400 000

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

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

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