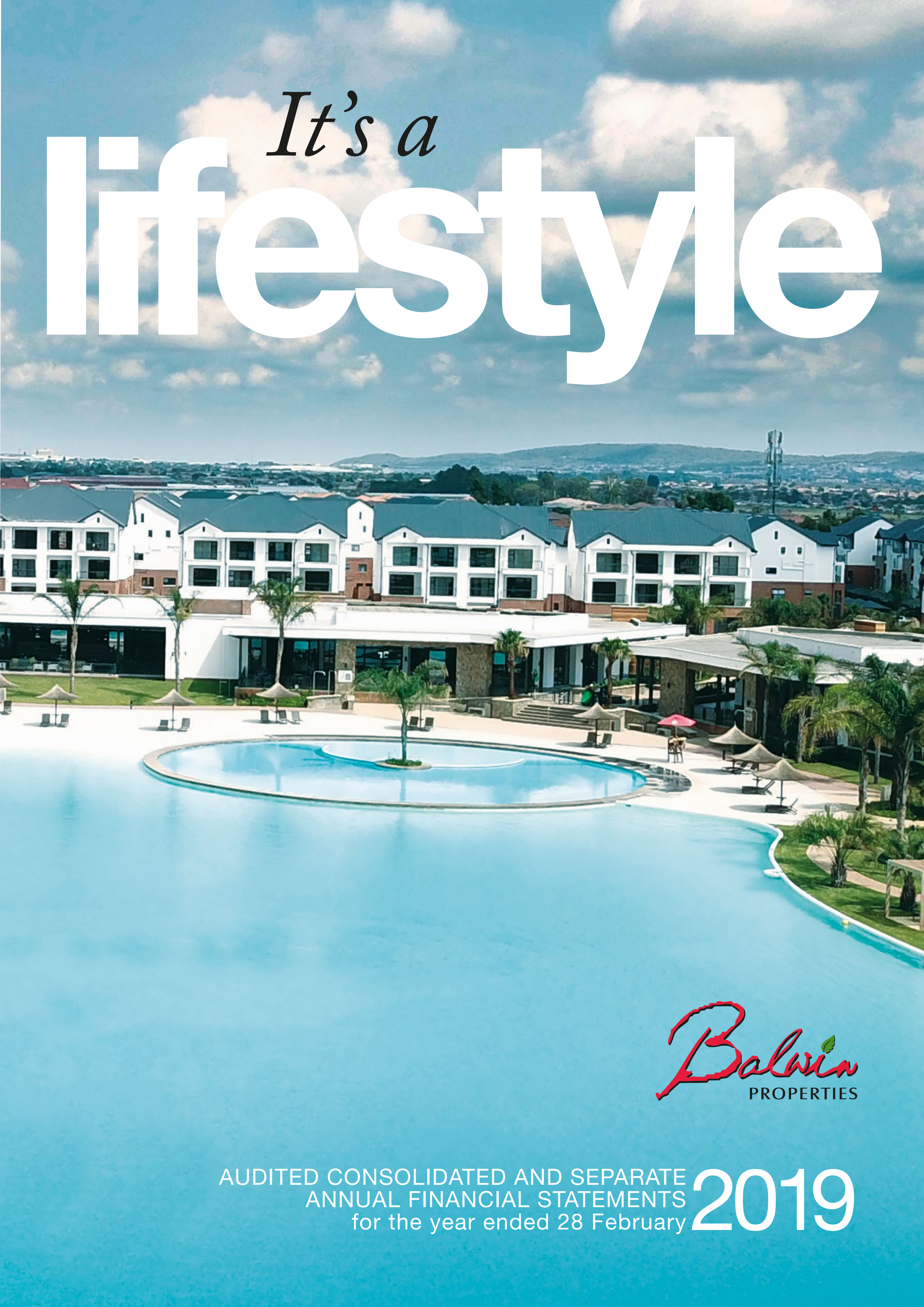


It's a lifestyle

Balwin PROPERTIES

AUDITED CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS for the year ended 28 February 2019

Index

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").

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, the requirements of the Companies Act and the JSE Listing 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 12 months to May 2020 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 8 to 10.

The consolidated and separate annual financial statements set out on pages 2 to 47, which have been prepared on the going concern basis, were approved by the board on 14 May 2019 and were signed on their behalf by:

SV Brookes
Chief Executive Officer

J Weltman
Chief Financial Officer

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 2019, all such returns and notices as are required in terms of the aforesaid Act and that all such returns and notices appear to be true, correct and up to date.

Sirkien van Schalkwyk
Juba Statutory Services Proprietary Limited

14 May 2019

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, No 71 of 2008 ("the 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 covering 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 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 Act.

Owing to the size of the company, the functions of an audit committee and risk committee have been combined to be directed by a single audit and risk committee and the internal audit function is outsourced to KPMG.

Committee composition

At year-end, the committee comprised of four non-executive directors and all members act independently as described in the Act.

The chief executive officer, managing director, chief financial officer, key finance management, the external auditor and the internal auditor attend meetings by invitation. The board is satisfied that the independence, experience and qualifications of each member enables 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:

Director	Appointed	Experience	Meeting attendance
Tomi Amosun CA(SA)	May 2017	Over 12 years of real estate, listed equity and private equity experience	4/4 meetings
Kholeka Mzondeki BCom, FCCA (UK), Diploma Investment Management	September 2015	Over 21 years experience in governance and financial management	4/4 meetings
Hilton Saven BCom, CA(SA)	September 2015	Over 41 years experience in accounting and auditing	4/4 meetings
Arnold Shapiro BBus Sci (Finance Hons)	October 2016	Over 32 years of asset management, portfolio management and general management experience	4/4 meetings

Hilton Saven will not offer his services for re-election as a member of the audit and risk committee at the AGM in September 2019.

The committee collectively has the necessary financial knowledge, skills and experience to execute their duties effectively. The committee is pleased to report to shareholders on the progress against its key focus areas for the 2019 financial year.

Focus areas during 2018/2019	Delivery 2018/2019
Phase 2 on the procurement audit to identify the major control gaps in the procurement system	Carried over to the current financial year due to the implementation of a new procurement system in the year.
Revenue review as an end-to-end review including marketing and sales processes	An end-to-end review was performed with specific focus on marketing initiatives, sales transactions and the apartment handover processes. The review further encompassed the processes surrounding the registration of vacant land and the subsequent approval to commence with development of a project. No significant items were noted based on the review.
Development of the enterprise wide risk management process	The committee invested significant time and effort in the management of risk, including enhancement to the group risk register and updating the risk management policy. The combined assurance model was updated to ensure sufficient and appropriate levels of review.
Conflict of interest review	The committee reviewed possible conflicts of interests between the staff and suppliers of Balwin Properties Limited and conducted a full directorship search for all employees to determine any business relationships that were not appropriately disclosed in terms of the group's policies. No instances that represented a material conflict of interest were identified.
Information technology security review	Carried over to the current financial year as a new IT server was installed in the current financial year.
Implementation of the results of the enterprise risk assessment and monitoring progress, through periodic reports	Improved reporting on the identification and management of enterprise risk to the committee allowed for robust evaluation.
Continued focus on legal compliance, especially considering new legislation	A detailed compliance register was developed including mitigating controls to ensure ongoing compliance.

Audit and risk COMMITTEE REPORT *(continued)*

2019/2020 focus areas

- Introducing an additional independent non-executive director
- Overview on IT systems and control
- Debt management control (including contingent debt)
- Overview of capital allocation and cash utlisation

Roles of the 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 King IV and incorporating additional duties delegated by the board.

The committee:

- fulfils the duties that are assigned to it by the Act and other legislation, including the statutory audit committee functions required for subsidiary companies;
- assists the board in overseeing the quality and integrity of the group's integrated reporting process, including the financial statements and sustainability reporting, and announcements in respect of the financial results;
- ensures that an effective control environment is maintained in the group;
- reviewed and adopted a combined assurance model;
- provides the chief financial officer, external auditor and the internal auditor 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 auditor, senior managers and executive directors as the committee may elect;
- meets separately 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 annual financial statements;
- oversees the activities of, and ensures coordination between, the activities of the internal and external auditors;
- receives and deals with any complaints concerning accounting practices, internal audit or the content and audit of its financial statements or related matters;
- conducts 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 letters from the JSE dated 8 June 2018 and 20 February 2019.

Execution of functions during the year

The committee is satisfied that, for the 2019 financial year, it has performed all the functions required to be performed by an audit and risk committee as set out in the Act and the committee's terms of reference.

External audit

The committee among other matters:

- nominated Deloitte & Touche ("Deloitte") 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 of each material subsidiary company for re-appointment;
- 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;
- requested from Deloitte the information detailed in paragraph 22.15(h) in their assessment of the suitability for appointment of Deloitte and Patrick Kleb prior to their reappointment, which was presented on 13 May 2019;
- satisfied themselves with the quality of the external auditor;
- maintained a policy setting out the categories of non-audit services that the external auditor may and may not provide;
- no non-audit services were performed by Deloitte in the current year;
- approved the external audit engagement letter, the plan and the budgeted audit fees payable to the external auditor;
- 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.

Audit and risk
COMMITTEE REPORT *(continued)*

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

- representations made by Deloitte 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; and
- the criteria specified for independence by the Independent Regulatory Board for Auditors and international regulatory bodies.

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;
- satisfied themselves that the quality, experience and expertise of the internal audit function and the chief audit executive is appropriate;
- 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; 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 effectiveness of the design and implementation of controls with respect to 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 together with the effectiveness of the combined assurance provided 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.

Execution of functions during the year

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 judgments.

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:

Audit and risk COMMITTEE REPORT *(continued)*

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 the respective apartments. The assumptions are material and relate to the estimation of 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 and company relies on management's experience and expertise, and monitors its estimation frequently.

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 safeguarded; and
- reviewed the group's policies on risk assessment and risk management, including fraud risks and IT risks pertaining to financial reporting and the going concern assessment, and found them to be sound.

Legal and regulatory requirements

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. No complaints were reported; 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(g) 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 members

Pursuant to the provisions of section 94(2) of the Companies Act, which requires a public company to elect an audit committee at each annual general meeting, it is proposed in the notice of annual general meeting that the committee members are available for re-appointment until the next annual general meeting in 2020.

Evaluation of the committee

In line with King IV, the committee conducted a self-evaluation. Weak areas were identified and included in the focus areas for the committee.

Consolidated and separate annual financial statements

Following the review by the committee of the consolidated annual financial statements of Balwin Properties Limited for the year ended 28 February 2019, the committee is of the view that in all material aspects they comply with the relevant provisions of the 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.

Kholeka Mzondeki
Chairman

Audit and risk committee

14 May 2019

Directors' REPORT

The directors have pleasure in submitting their report on the activities of Balwin Properties Limited (referred to as "the company") and its subsidiaries (altogether referred to as "the group" or "consolidated") for the year ended 28 February 2019.

1. Review of financial results and activities

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

The group recorded total comprehensive income for the year ended 28 February 2019 of R452.5 million (2018: R492.0 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

	2019 Number of shares	2018 Number of shares
Authorised		
Ordinary shares	**1 000 000 000**	1 000 000 000

	2019 R'000	2018 R'000	**2019** Number of shares	2018 Number of shares
Issued				
Ordinary shares	**652 978**	664 354	**467 632 381**	469 915 273

4.5 million shares were acquired by the company during the year. Refer to Note 13.

4. Dividends

Dividends of R99 160 444 were declared and paid during the 2019 financial year (2018: R193 598 963).

5. Directors and prescribed officer

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

Directors	
SV Brookes	Chief executive officer
RN Gray	Managing director
J Weltman	Chief financial officer
H Saven	Independent non-executive director (chairman)
KW Mzondeki	Independent non-executive director
R Zekry	Non-executive director
A Shapiro	Independent non-executive director
T Mokgosi-Mwantembe	Independent non-executive director
O Amosun	Independent non-executive director

Prescribed officer	
U Gschnaidtner	Chief project officer

Director's REPORT *(continued)*

6. Going concern

The directors have reviewed the group and company's cash flow forecasts up to the period ending May 2020 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 matters that may adversely impact the group and company. 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.

7. 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.

8. Independent auditor

Deloitte & Touche were appointed as the auditor for the group for the 2019 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 2020 financial year.

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

9. Company secretary

The company secretary is Juba Statutory Services Proprietary Limited.

Postal address	PO Box 4896 Rietvalleirand 0174
Business address	Block C, Office 101b Elarduspark Shopping Centre 837 Barnard Street Elarduspark 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 14 May 2019.

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 (the Group) set out on pages 11 to 47 which comprise the statements of financial position as at 28 February 2019, and 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 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 2019, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. 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 Matters

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.

Independent Auditor's REPORT *(continued)*

Key Audit Matter	How the matter was addressed in the audit
Recognition of cost (Consolidated and separate financial statements)	
The cost of goods recognised upon sale of residential units are calculated by apportioning the total forecasted cost of the development with which the unit is sold, to the square meterage of the unit disposed as a percentage of the total square meterage of the development. Significant judgement is required by the directors in determining the total forecasted costs of completion, which is determined based on the significant assumptions in determining the estimated future costs and the development plan for the respective developments. Due to the significance of the balance on the financial statements, combined with the judgements and assumptions associated with determining the forecasted costs, this is considered a key audit matter. The accounting policy for the recognition of costs of goods is disclosed on page 15, and the cost of goods sold is disclosed in the statements of profit or loss and other comprehensive income.	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 forecasted costs 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; • Detailed tested, on a sample basis, the costs of sales for residential sales recognised in the current year; and • Enquired from the directors as to whether the construction and macroeconomics risks identified have been factored into the forecasted build costs. Our procedures did not identify any material misstatements of cost of goods sold. The audit evidence obtained concluded that the directors' factored risks and the impact of the macroeconomic factors into the forecasted costs of completion were appropriate.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report, the Audit and Risk Committee's 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 report, and the Integrated Annual 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 an audit opinion or 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 consolidated and separate 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 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.

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's and the 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.

Independent Auditor's REPORT *(continued)*

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 scepticism 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's and the 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's and the 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.

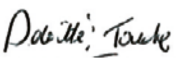
We communicate with the Audit and Risk Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 matters. We describe these matters 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 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 4 years.



Deloitte & Touche
Registered Auditor
Deloitte Place, The Woodlands
Woodlands Drive
Woodmead, Sandton
South Africa
Per : Patrick Kleb
Partner
14 May 2019

Statements of

FINANCIAL POSITION

as at 28 February 2019

		Group		Company	
	Notes	**2019 R'000**	2018 R'000	**2019 R'000**	2019 R'000
Non-current assets					
Property, plant and equipment	3	**89 486**	73 214	**65 297**	67 654
Intangible assets	4	**6 125**	31	**6 125**	31
Investments in subsidiaries	5	**–**	–	*****	*
Investments in associates	6	**1**	–	**1**	–
Deferred taxation	7	**5 573**	1 540	**4 193**	1 197
		101 185	74 785	**75 616**	68 882
Current assets					
Developments under construction	8	**3 042 919**	2 587 088	**3 042 919**	2 587 088
Inventories	8	**-**	1 384	**-**	-
Loans to related parties	9	**9 981**	-	**42 146**	10 482
Trade and other receivables	10	**913 194**	859 408	**909 312**	858 463
Development loans receivable	11	**3 450**	3 858	**3 450**	3 858
Current tax receivable		**-**	4 566	**-**	4 566
Cash and cash equivalents	12	**329 382**	100 033	**324 426**	96 023
		4 298 926	3 556 337	**4 322 253**	3 560 480
Total assets		**4 400 111**	3 631 122	**4 397 869**	3 629 362
Equity and liabilities					
Equity					
Share capital	13	**652 978**	664 354	**652 978**	664 354
Foreign currency translation reserve		**(477)**	(580)	**–**	–
Share based payment reserve		*****	–	*****	–
Retained income		**2 001 355**	1 648 132	**2 001 412**	1 646 484
Total equity		**2 653 856**	2 311 906	**2 654 390**	2 310 838
Liabilities					
Non-current liabilities					
Development loans and facilities	14	**375 473**	579 628	**375 473**	579 628
Current liabilities					
Development loans and facilities	14	**1 148 208**	672 050	**1 148 208**	672 050
Trade and other payables	15	**91 062**	63 771	**88 386**	63 101
Contract liability	16	**91 344**	–	**91 344**	–
Current tax payable		**30 181**	2	**30 181**	–
Provisions	17	**9 987**	3 765	**9 887**	3 745
		1 370 782	739 588	**1 368 006**	738 896
Total liabilities		**1 746 255**	1 319 216	**1 743 479**	1 318 524
Total equity and liabilities		**4 400 111**	3 631 122	**4 397 869**	3 629 362

** Denotes a value of less than R1 000.*

Statements of profit or loss and other COMPREHENSIVE INCOME

for the year ended 28 February 2019

	Notes	Group 2019 R'000	Group 2018 R'000	Company 2019 R'000	Company 2018 R'000
Revenue	18	**2 613 905**	2 454 635	**2 606 278**	2 454 405
Cost of sales		**(1 826 024)**	(1 649 406)	**(1 819 158)**	(1 649 406)
Gross profit		**787 881**	805 229	**787 120**	804 999
Other income	19	**16 002**	6 587	**13 836**	3 770
Operating expenses		**(173 808)**	(140 995)	**(168 008)**	(137 196)
Operating profit	21	**630 075**	670 821	**632 948**	671 573
Interest income	22	**4 590**	15 273	**4 469**	15 218
Finance costs	23	**(6 176)**	(3 559)	**(6 176)**	(3 559)
Profit before taxation		**628 489**	682 535	**631 241**	683 232
Taxation	24	**(176 106)**	(191 190)	**(177 153)**	(191 533)
Profit for the year		**452 383**	491 345	**454 088**	491 699
Other comprehensive income net of income tax:					
Items that may be reclassified to profit or loss:					
Exchange profit on translating foreign operation		**103**	651	**–**	–
Total comprehensive income for the year		**452 486**	491 996	**454 088**	491 699
Basic and diluted earnings per share					
Basic (cents)	32	**95.82**	104.56		
Diluted (cents)	32	**95.80**	104.06		

Statements of

CHANGES IN EQUITY

for the year ended 28 February 2019

	Share capital R'000	Foreign currency translation reserve R'000	Share based payment reserve R'000	Retained income R'000	Total equity R'000
Group					
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 loss	–	651	–	–	651
Total comprehensive income for the year	–	651	–	491 345	491 996
Dividends paid	–	–	–	(193 599)	(193 599)
Balance at 1 March 2018	**664 354**	**(580)**	**–**	**1 648 132**	**2 311 906**
Profit for the year	**–**	**–**	**–**	**452 383**	**452 383**
Other comprehensive income	**–**	**103**	**–**	**–**	**103**
Total comprehensive income for the year	**–**	**103**	**–**	**452 383**	**452 486**
Recognition of share based payment reserve	**–**	**–**	*****	**–**	*****
Treasury shares acquired	**(11 376)**	**–**	**–**	**–**	**(11 376)**
Dividends paid	**–**	**–**	**–**	**(99 160)**	**(99 160)**
Balance at 28 February 2019	**652 978**	**(477)**	*****	**2 001 355**	**2 653 856**
Notes	13				
Company					
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 1 March 2018	**664 354**	**–**	**–**	**1 646 484**	**2 310 838**
Profit for the year	**–**	**–**	**–**	**454 088**	**454 088**
Other comprehensive income	**–**	**–**	**–**	**–**	**–**
Total comprehensive income for the year	**–**	**–**	**–**	**454 088**	**454 088**
Recognition of share based payment reserve	**–**	**–**	*****	**–**	*****
Treasury shares acquired	**(11 376)**	**–**	**–**	**–**	**(11 376)**
Dividends paid	**–**	**–**	**–**	**(99 160)**	**(99 160)**
Balance at 28 February 2019	**652 978**	**–**	*****	**2 001 412**	**2 654 390**
Notes	13				

** Denotes a value of less than R1 000.*

Statements of CASH FLOWS

for the year ended 28 February 2019

		Group		Company	
	Note(s)	**2019 R'000**	2018 R'000	**2019 R'000**	2018 R'000
Cash flows from operating activities					
Cash generated from/(used in) operations	25	**285 417**	(129 913)	**285 899**	(128 169)
Interest received		**4 590**	15 273	**4 469**	15 218
Finance costs paid		**(43 443)**	(78 962)	**(43 443)**	(78 962)
Taxation paid	26	**(145 394)**	(196 636)	**(145 402)**	(196 996)
Net cash generated from/(used in) operating activities		**101 170**	(390 238)	**101 523**	(388 909)
Cash flows from investing activities					
Purchase of property, plant and equipment	3	**(29 050)**	(40 182)	**(8 666)**	(34 539)
Proceeds on sale of property, plant and equipment		**57**	45	**57**	45
Purchase of intangible assets	4	**(6 097)**	(31)	**(6 097)**	(31)
Loans advanced to related parties		**(9 981)**	–	**(31 664)**	(8 443)
Movement in development loans receivable		**408**	26 271	**408**	26 271
Associate acquired		**(1)**	–	**(1)**	–
Investment in subsidiaries	5	**–**	–	*****	*
Net cash used in investing activities		**(44 664)**	(13 897)	**(45 963)**	(16 697)
Cash flows from financing activities					
Development loans repaid		**(1 108 495)**	(939 838)	**(1 108 495)**	(939 838)
Development loans raised and utilised		**1 254 398**	1 090 636	**1 254 398**	1 090 636
Investment loan and general banking facilities raised and utilised		**126 100**	–	**126 100**	–
Dividends paid		**(99 160)**	(193 599)	**(99 160)**	(193 599)
Net cash generated from/(used in) financing activities		**172 843**	(42 801)	**172 843**	(42 801)
Cash and cash equivalents movement for the year		**229 349**	(446 936)	**228 403**	(448 407)
Cash and cash equivalents at the beginning of the year		**100 033**	546 969	**96 023**	544 430
Total cash and cash equivalents at end of the year	12	**329 382**	100 033	**324 426**	96 023

** Denotes a value of less than R1 000.*

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.

Other than IFRS 9 and IFRS 15, the principal accounting policies, set out below, have been applied consistently for all periods presented in the annual financial statements and have been consistently applied by the group, unless otherwise stated. The first time adoption of IFRS 9 and IFRS 15 has had no impact on the opening balances of the group.

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 externally 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 of 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.

1.3 Intangible assets

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
Solar infrastructure contributions	15 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. 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.

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.

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 Investments in associate

Associates are all entities over which the group has significant influence but not control. The group's interests in associates are accounted for using the equity method. On initial recognition the investment in associate is recognised at cost and subsequently the carrying amount is increased or decreased to recognise the group's share of the net assets of the associate after date of acquisition. The group's share of the associate's profit or loss is recognised in profit or loss, outside of operating profit and represents profit or loss after tax of the associate. Where there has been a change recognised directly in other comprehensive income or equity of the associate, the group recognises its share of any changes and discloses this, where applicable, in the group statement of other comprehensive income or group statement of changes in equity. Distributions received from the associate reduce the carrying amount of the investment. When the group's share of losses in an associate equals or exceeds its interests in the associate (which includes any long-term interests that, in substance, form part of the group's net investment in the associate), the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. Unrealised gains and losses resulting from transactions between the group and the associate are eliminated to the extent of the group's interest in the associate.

1.7 Financial instruments

IFRS 9 was issued by the IASB in July 2014 and is effective for accounting periods beginning on or after 1 January 2018. IFRS 9 replaces IAS 39 Financial Instruments Recognition and Measurement and introduces new requirements for:

- the classification, measurement and derecognition of financial assets and financial liabilities;
- the impairment of financial assets and financial liabilities; and
- general hedge accounting.

The group has adopted the modified retrospective approach in applying IFRS 9 whereby no comparative figures are restated but instead, a cumulative catch-up adjustment is recognised, if necessary, in opening retained earnings. No adjustment was required based on first time adoption of IFRS 9.

Classification, measurement and derecognition

There has been no change in the classification and measurement of the group's financial assets and financial liabilities nor have any financial instruments been derecognised in the current or prior periods.

Impairment model

IFRS 9 introduces an expected credit loss model as opposed to an incurred credit loss approach in recognising any impairment of financial assets. The expected credit loss model requires the group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

The above change in accounting policy has not resulted in any difference to the consolidated and separate annual financial statements. Based on the assessment performed with respect to the modified retrospective approach, no opening retained earnings adjustment has been required.

Classification of financial asset and financial liabilities

Financial assets

The group classifies its financial assets on the basis of the group's business model for managing the financial assets and contractual cash flow characteristics of the financial assets.

From 1 January 2018, the group classifies its financial assets into the following categories:

- Measured at amortised cost.
- Fair value through other comprehensive income (OCI).
- Fair value through profit or loss.

The group classifies its financial assets at amortised cost only if both of the following criteria are met:

- The asset is held within a business model whose objective is to collect the contractual cash flows, and
- The contractual terms give rise to cash flows that are solely payments of principal and interest.

The group classifies its financial assets at fair value through other comprehensive income only if both of the following criteria are met:

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial liabilities

The group classifies their financial liabilities at amortised cost.

Initial recognition and measurement of financial instruments

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

Financial assets and financial liabilities are measured at fair value, except for trade receivables that are measured in accordance with IFRS 15 Revenue from Contracts with Customers.

For financial assets and financial liabilities that are not at fair value through profit and loss, transactions costs are included in the initial measurement of the instrument. Transactions costs on financial assets and financial liabilities at fair value through profit and loss are recognised in profit or loss.

Subsequent measurement

Financial assets and financial liabilities are subsequently measured in accordance with the initial classification category.

A gain or loss on a financial asset that is measured at fair value will be recognised in profit or loss unless it is a financial asset measured at fair value through other comprehensive income for which gain or losses are recognised in other comprehensive income.

Financial assets measured at amortised cost are subsequently measured at amortised cost.

Financial liabilities 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.

Impairment of financial assets

Financial assets measured at amortised cost comprise trade receivables which relates to sales where registration of the apartment has not yet transferred, however, the apartment has been handed over to the purchaser and the financial guarantees are in place for the full purchase price. Other types of financial assets which the objective is to hold these assets in order to collect contractual cash flows, and the contractual cash flows are solely payments of principal and interest are:

- Loans to related parties.
- Cash and cash equivalents.
- Development loans receivable.
- Other receivables.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss is immaterial.

Trade and other receivables and loans to related parties are written off when there is no reasonable expectation of recovery. Based on the nature of the group's 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 and no history of write offs with respect to trade receivables. Loans to related parties are assessed for recoverability based on review of financial forecasts of the underlying company. Consideration is given to the nature of items included in other receivables in order to support the recoverability of the financial asset.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

1.7 Financial instruments *continued*

Where financial assets are impaired through use of a loss allowance account, the amount of the loss is recognised in profit or loss within the operating expenses. When such assets are written off, the write off is made against the relevant allowance account.

Subsequent recoveries of amounts previously written off are credited against operating expenses.

Loans to related parties

The loans to the related parties are recognised initially at fair value plus direct transaction costs and are measured at amortised cost.

Trade and other receivables

Trade and other receivables are initially recognised at fair value, and are subsequently measured at amortised cost using the effective interest rate method. The group holds trade receivables with the objective to collect contractual cash flows. The receivables relating to the apartments handed over but not yet registered create a unconditional right to the funds receivable. The amounts receivable relates purely to a timing difference between handover of the apartment and the subsequent registration thereof in the deeds office.

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 and facilities

Development loans and facilities 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

Development loans receivable are initially recognised at fair value, and are subsequently measured at amortised cost using the effective interest rate method. 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.

1.8 Tax

Current tax assets and liabilities

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

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

Deferred tax assets

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.

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.

1.9 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 are classified as 'share premium' in equity.

1.12 Share capital and equity *continued*

Treasury shares

Ordinary shares in Balwin Properties Limited which have been acquired by the group in terms of an approved share repurchase programme, are classified as treasury shares. The cost of these shares is deducted from equity and the number of shares is deducted from the weighted average number of shares. When treasury shares are sold or reissued the amount received is recognised as an increase in equity and the resulting surplus or deficit over the cost of these shares on the transaction is transferred to or from distributable reserves.

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

IFRS 15 replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC-31 Revenue - Barter Transactions Involving Advertising Services and is effective for accounting periods beginning on or after 1 January 2018. IFRS 15 introduces a five-step approach to revenue recognition.

Revenue of the group comprises:

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

Revenue is measured based on the consideration to which the group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The group recognises revenue when it transfers control of a product or service to a customer. Revenue is recorded net of sales taxes.

Revenue is recognised on the following basis:

- Given the nature of the core operations of the company, revenue from the sale of apartments is based on a contract with the customer. The only performance obligation pertains to the successful handover of the apartment to the buyer which will only take place provided that financial guarantees are in place or the registration of the apartment in the deeds office. This represents the date on which control of the apartment transfers to the customer. Payment is due to the company upon the registration of the apartment, or, if earlier, the handover date. The payment amount is defined per the sales agreement.
- The company earns bond commission from contractual commission arrangements with bond granters based on the underlying value of the funding procured. Balwin has an in-house bond origination department that co-ordinates and facilitates mortgages on behalf of financial institutions. The performance obligation is satisfied upon the registration of the bond, which represents the timing of the transfer of control.
- Revenue derived from the rental of electronic communication is determined on a contractual basis between Balwin Fibre Proprietary Limited and the respective internet service provider. There is no significant judgement applied in the determination of the amount or timing of revenue from contracts with customers per the group's revenue streams. Revenue earned from the rental of the electronic communication to the respective internet service provider is derived on a pro-rata basis as determined by usage.
- Donation income is recognised in profit or loss when the group's right to receive payment has been established. This represents the date on which control is transferred.

IFRS 15 uses the terms "contract asset" and "contract liability" to describe what might more commonly be known as "accrued revenue" and "deferred revenue", however the Standard does not prohibit an entity from using alternative descriptions in the statement of financial position. The group has adopted the terminology used in IFRS 15 to describe such balances. The group only has contract liabilities as the group's rights to considerations due are unconditional.

The group shall present the contract as a contract liability when the payment is received or the payment is receivable (whichever is earlier) subject to all performance obligations being fulfilled. A contract liability is the group's obligation to transfer the apartment to a customer for which the group has received consideration.

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.

Investments in subsidiaries

The results and financial position of a foreign operation are translated into the functional currency using the following procedures:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each item of profit or loss are translated at exchange rates at the dates of the transactions; and
- all resulting exchange differences are recognised to other comprehensive income and accumulated as a separate component of equity.

1.18 Translation of foreign currencies *continued*

Exchange differences arising on a monetary item that forms part of a net investment in a foreign operation are recognised initially to other comprehensive income and accumulated in the translation reserve. They are recognised in profit or loss as a reclassification adjustment through to other comprehensive income on disposal of net investment.

1.19 Segmental reporting

The geographical segments of the South African and UK operations, as well as the operational segments of the residential property development and rental of electronic communication, have been identified as segments in the group as they provide services within different economic environments or are based on a different nature of operation. The environments are subject to risks and returns that differ from the respective segments. No segmental reporting disclosure is prepared as this is not considered useful to the users of the financial statements based on the quantitative thresholds of the identified 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 4/2018 issued by the South African Institute of Chartered Accountants.

1.21 Share based payments

Old Scheme

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.

New Scheme

The group issued equity settled options to executives and senior management as part of the long term incentive program. Allowance is made for the offer of rights in the form of bonus shares, performance shares and/or retention shares. Equity settled share based payments are measured at fair value on grant date. The fair value determined at the grant date of the equity settled share based payments is expensed on a straight-line basis over the vesting period and a corresponding share based payment reserve is recognised in the statement of financial position. The options were priced using a 30-day volume weighted average share price.

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/Interpretation:	Effective date: Years beginning on or after
• 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
• Amendments to IFRS 2: Classification and Measurement of Share based Payment Transactions	1 January 2018

IFRS 15 Contracts with customers

IFRS 15 applies to revenue from contracts with customers and replaces all of the revenue standards and interpretations in IFRS. The standard outlines the principles an entity must apply to measure and recognise revenue and the related cash flows. The group has undertaken a comprehensive analysis of the impact of the new standard based on a review of the contractual terms of its principal revenue streams with the primary focus being to understand whether the timing and amount of revenue recognised could differ under IFRS 15. Changes in accounting policies resulting from IFRS 15 have been applied using the full retrospective method, with no restatement of comparative information for the prior year in accordance with the practical expedient not to restate contracts that begin and end within the same annual reporting period or have been completed as at 1 January 2017. As the majority of the group's revenue is derived from the sale of apartments, for which the point of recognition is dependent upon the successful handover of the apartment to the buyer, which will only take place provided that the financial guarantees are in place or on registration of the apartment in the deeds office, the transfer of risks and rewards as defined by IAS 18 and the transfer of control as defined by IFRS 15 generally coincides with the fulfillment of performance obligations mentioned above. As such, the adoption of IFRS 15 has had no material impact in respect of timing and amount of revenue recognised by the group and accordingly prior period amounts were not restated, however, additional disclosure has been included in the consolidated and separate financial statements to comply with the disclosure requirements of the Standard.

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 2019 or later periods:

Standard/Interpretation:	Effective date: Years beginning on or after
• IFRS 16: Leases	1 January 2019
• 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 not considered to have a material impact on the group as it has not entered into lease contracts.

3. Property, plant and equipment

Group	2019 Cost R'000	2019 Accumulated depreciation R'000	2019 Carrying value R'000	2018 Cost R'000	2018 Accumulated depreciation R'000	2018 Carrying value R'000
Land and buildings	**54 333**	**(6 960)**	**47 373**	51 647	(4 594)	47 053
Plant and machinery	**48 722**	**(19 062)**	**29 660**	28 914	(13 403)	15 511
Furniture and fixtures	**4 938**	**(2 124)**	**2 814**	3 786	(1 484)	2 302
Motor vehicles	**11 861**	**(6 699)**	**5 162**	10 237	(4 576)	5 661
Office equipment	**3 138**	**(1 662)**	**1 476**	2 687	(1 141)	1 546
Computer equipment	**6 535**	**(3 534)**	**3 001**	3 497	(2 356)	1 141
Total	**129 527**	**(40 041)**	**89 486**	100 768	(27 554)	73 214
Company						
Land and buildings	**54 333**	**(6 960)**	**47 373**	51 647	(4 594)	47 053
Plant and machinery	**23 742**	**(17 418)**	**6 324**	23 667	(13 358)	10 309
Furniture and fixtures	**4 713**	**(2 096)**	**2 617**	3 750	(1 482)	2 268
Motor vehicles	**11 145**	**(6 568)**	**4 577**	9 946	(4 552)	5 394
Office equipment	**3 128**	**(1 660)**	**1 468**	2 677	(1 141)	1 536
Computer equipment	**6 439**	**(3 501)**	**2 938**	3 438	(2 344)	1 094
Total	**103 500**	**(38 203)**	**65 297**	95 125	(27 471)	67 654

Reconciliation of property, plant and equipment

Group	Opening balance R'000	Additions R'000	Disposals R'000	Depreciation R'000	Closing balance R'000
2019					
Land and buildings	**47 053**	**2 686**	**–**	**(2 366)**	**47 373**
Plant and machinery	**15 511**	**19 808**	**–**	**(5 659)**	**29 660**
Furniture and fixtures	**2 302**	**1 163**	**(11)**	**(640)**	**2 814**
Motor vehicles	**5 661**	**1 628**	**–**	**(2 127)**	**5 162**
Office equipment	**1 546**	**450**	**(4)**	**(516)**	**1 476**
Computer equipment	**1 141**	**3 315**	**(143)**	**(1 312)**	**3 001**
Total	**73 214**	**29 050**	**(158)**	**(12 620)**	**89 486**
2018					
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

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment (continued)

	2019				
Company	**Opening balance R'000**	**Additions R'000**	**Disposals R'000**	**Depreciation R'000**	**Closing balance R'000**
Land and buildings	**47 053**	**2 686**	**–**	**(2 366)**	**47 373**
Plant and machinery	**10 309**	**75**	**–**	**(4 060)**	**6 324**
Furniture and fixtures	**2 268**	**974**	**(11)**	**(614)**	**2 617**
Motor vehicles	**5 394**	**1 203**	**–**	**(2 020)**	**4 577**
Office equipment	**1 536**	**456**	**(4)**	**(520)**	**1 468**
Computer equipment	**1 094**	**3 272**	**(143)**	**(1 285)**	**2 938**
	67 654	**8 666**	**(158)**	**(10 865)**	**65 297**

	2018				
	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	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
	43 180	34 539	(30)	(10 035)	67 654

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, R5.2 million was capitalised (2018: R6.0 million).

	Group		Company	
	2019 R'000	**2018 R'000**	2019 R'000	2018 R'000
Details of properties				
Property 1				
Block 1 Townsend Office Park, Erf 2979				
Bedfordview Extension 59 Township, Gauteng				
– Purchase price: 23 February 2013	**20 310**	20 310	**20 310**	20 310
– Additions since purchase or valuation	**1 993**	1 993	**1 993**	1 993
	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	**10 600**	10 600
– Additions since purchase or valuation	**2 686**	–	**2 686**	–
	13 286	10 600	**13 286**	10 600

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment (continued)

	Group		Company	
	2019 R'000	**2018 R'000**	2019 R'000	2018 R'000
Details of properties (continued)				
Property 4				
Units 5 and 6 Corporate Park,				
11 Senembe Crescent, La Lucia Ridge				
– Purchase price: 13 June 2017	**9 037**	9 037	**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 assets

	2019			2018		
Group and company	**Cost R'000**	**Accumulated amortisation R'000**	**Carrying value R'000**	Cost R'000	Accumulated amortisation R'000	Carrying value R'000
Licences	**31**	**(3)**	**28**	31	*	31
Solar infrastructure contributions	**6 097**	**–**	**6 097**	–	–	–
Total	**6 128**	**(3)**	**6 125**	31	*	31

Balwin Properties Limited holds a licence allowing for the provision of electronic communication services. 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 is 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.

The company contributes to the capital solar infrastructure costs of Smart PV Proprietary Limited, a company engaged in the installation of solar which generates renewable energy. Balwin have contractual rights to participate in 33% of the net revenue of this company. The capital contributions are amortised over the shorter of the useful life of the infrastructure or the term of the contract period being 15 years.

Reconciliation of intangible assets

	2019			
Group and company	**Opening balance R'000**	**Additions R'000**	**Amortisation R'000**	**Closing balance R'000**
Licences	**31**	**–**	**(3)**	**28**
Solar infrastructure contributions	**–**	**6 097**	**–**	**6 097**
	31	**6 097**	**(3)**	**6 125**

	2018			
Group and company	Opening balance R'000	Additions R'000	Amortisation R'000	Closing balance R'000
Licences	–	31	*	31

** Denotes a value of less than R1 000*

5. Investments in subsidiaries

Balwin Properties Limited holds the following investments in subsidiaries:

Name of company	Country of incorporation	Year-end	% holding 2019	% holding 2018	Carrying amount 2019 R'000	Carrying amount 2018 R'000
Balwin Properties (UK) Limited	United Kingdom	February	100	100	*	*
Balwin Fibre Proprietary Limited	South Africa	February	100	100	*	*
Waltiq Proprietary Limited	South Africa	February	100	100	*	*
Unlocked Properties 16 Proprietary Limited	South Africa	February	100	–	*	–

** Denotes a value of less than R1 000*

Nature of business of subsidiaries

No operations take place in Balwin Properties (UK) Limited, Waltiq Proprietary Limited or Unlocked Properties 16 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 and Unlocked Properties 16 Proprietary Limited were both purchased in order to acquire the subsidiary's existing contract for the future purchase of land. The shares of Unlocked Properties 16 Proprietary Limited were purchased during the current financial year. It is the intention of management to deregister both subsidiaries once the underlying land has transferred in full to the companies.

Balwin Fibre Proprietary Limited is a network infrastructure provider of electronic communication services.

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.

6. Investment in associate

Balwin Properties Limited holds the following investment in associate:

	Group and company					
Name of company	**Principal activity**	**Year-end**	**% ownership interest 2019**	% ownership interest 2018	**Carrying amount 2019 R'000**	Carrying amount 2018 R'000
Balwin Rentals Proprietary Limited	Property investment	February	**25**	–	**1**	–

Pursuant to a shareholders agreement dated 29 May 2018, the company has the right to cast 25% of the votes at shareholder meetings of Balwin Rentals Proprietary Limited. The percentage ownership interest is equal to the percentage voting rights in all cases. Balwin Rentals Proprietary Limited acquires investment properties to derive rental income. The company commenced trading in the current financial year.

The directors consider the carrying value of the investment in associate to approximate their fair value.

6. Investment in associate (continued)

Summarised financial information of associate

	Balwin Rentals Proprietary Limited	
	2019 R'000	2018 R'000
Summarised statement of profit or loss and other comprehensive income		
Revenue	**2 345**	–
Gross profit	**2 034**	–
Loss for the period	**(218)**	–
Total comprehensive loss	**(218)**	–
Summarised statement of financial position		
Assets		
Non-current	**99 253**	–
Current	**699**	–
Total assets	**99 952**	–
Liabilities		
Non-current	**99 708**	–
Current	**462**	–
Total liabilities	**100 170**	–
Total net liabilities	**(218)**	–
Reconciliation of net assets to equity accounted investment in associate		
Interest in associate at percentage ownership	**55**	–
Cumulative unrecognised losses	**(54)**	–
Carrying value of investment in associate	**1**	–
Group and company		
Investment at beginning of period	**–**	–
Investment in current year	**1**	–
Share of profit	**54**	–
Cumulative unrecognised losses	**(54)**	–
Investment at end of period	**1**	–

The share of loss was not recognised against the carrying amount of the investment in associate at year-end.

The accounting policies of the group and the associate are consistent and no adjustment to the summarised information presented above has been required.

Notes to the annual
FINANCIAL STATEMENTS *(continued)*

7. Deferred taxation

	Group		Company	
	2019 R'000	2018 R'000	**2019 R'000**	2018 R'000
Deferred taxation on provisions	**2 779**	1 197	**2 768**	1 197
Deferred taxation on deferred revenue	**1 425**	–	**1 425**	–
Deferred taxation on available taxation losses	**1 369**	343	**–**	–
Total deferred taxation asset	**5 573**	1 540	**4 193**	1 197
Reconciliation of deferred taxation asset				
At the beginning of the year	**1 540**	4 862	**1 197**	4 862
Credit/(debit) to statement of profit or loss or other comprehensive income	**4 033**	(3 322)	**2 996**	(3 665)
	5 573	1 540	**4 193**	1 197

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. A deferred taxation asset has been recognised for Balwin Fibre Proprietary Limited for the assessed loss of R4.9 million. The group has reviewed the latest forecast of Balwin Fibre Proprietary Limited and based on this review have concluded that it has probable future profits necessary to support the deferred taxation asset. The improved trading performance of Balwin Fibre Proprietary Limited is based on the increased homes connected as the development pipeline is rolled out.

8. Developments under construction and inventories

	Group		Company	
	2019 R'000	2018 R'000	**2019 R'000**	2018 R'000
Developments under construction	**3 042 919**	2 587 088	**3 042 919**	2 587 088
Merchandise	**–**	1 384	**–**	–
	3 042 919	2 588 472	**3 042 919**	2 587 088
Developments under construction include the following:				
Costs of construction	**1 106 277**	891 888	**1 106 277**	891 888
Land and land contribution costs	**1 086 425**	888 499	**1 086 425**	888 499
Development rights	**850 217**	806 701	**850 217**	806 701
	3 042 919	2 587 088	**3 042 919**	2 587 088

Development rights pertains to the rights assigned to Balwin Properties including all the rights to use the Polo Fields and the Waterfall Fields properties for the purpose of undertaking the developments.

The cost of developments under construction recognised as an expense during the current year was R1 826.0 million (2018: R1 649.4 million). Costs previously capitalised to developments under construction to the value of R5.8 million were written off in the current year (2018: Rnil).

A mortgage bond is in place over certain portions of land which acts as security for the development loans advanced (refer to note 14). At year-end, the following mortgage bonds were registered:

8. Developments under construction and inventories (continued)

Land	Value of mortgage bond 2019 R'000	Value of mortgage bond 2018 R'000
Remaining Extent of Portion 14 Farm 197 Olivedale	**200 000**	200 000
Erf 20252 Somerset West	**200 000**	300 000
Retention of a first covering notarial deed of lease over Portion 822 (a portion of portion 62) of the Farm Waterval 5	**400 000**	400 000
Remaining Extent of Portion 6 and Portion 241 of Farm Zwartkoppies No. 364 JR	**300 000**	200 000
Portion 837 (a portion of portion 1) of the Farm Waterval 5 IR	**200 000**	200 000
Erf 2 Richmond Park; Remaining Extent of Erf 36555 Milnerton and Erf 38435 Milnerton	**200 000**	200 000
Holdings 92, 102, 103, 104, 105 and 106 Crowthorne Agricultural Holdings, City of Johannesburg	**187 256**	187 256
Remaining extent of Holding 20, Holdings 28, 29, 30, 31, 32, 33, 35, 36, 37 and 38 Linbro Park Agricultural Holdings	**183 536**	183 536
Erven 19311, 19312, 19314, 19468 and Erf 19533 Somerset West	**200 000**	–
Portion 1 of Holding 20, Holdings 21, 22, 23, 24, 25, 26, 27; Holding 34, Linbro Park Agricultural Holdings	**224 385**	–
Portion 1 of Erf 4484 Ballitoville, Kwadukuza	**190 579**	–
Sections 26 to 36, 60 to 64, 66 to 67, 74 to 78 Paardevlei Square, Somerset West, City of Cape Town, Division Stellenbosch, Western Cape Province	**35 788**	–

9. Loans to related parties

	Group		Company	
	2019 R'000	2018 R'000	**2019 R'000**	2018 R'000
Subsidiaries				
Balwin Properties (UK) Limited	**–**	–	**2 039**	2 039
Balwin Fibre Proprietary Limited	**–**	–	**30 126**	8 443
Associate				
Balwin Rentals Proprietary Limited	**9 981**	–	**9 981**	–
	9 981	–	**42 146**	10 482

The loans to Balwin Properties (UK) Limited and Balwin Fibre Proprietary Limited are unsecured, interest-free and have no fixed repayment terms. The full loan to Balwin Fibre Proprietary Limited has been subordinated to other creditors until such time as the company's assets fairly valued exceed its liabilities in order to provide the company with financial support during its start-up phase.

The loan to Balwin Rentals Proprietary Limited pertains to a shareholder loan in terms of the sales agreement between the parties whereby a 10% vendor loan is advanced by the company and serves as security for the sales transaction (refer to note 27). The loan earns interest at the prevailing prime rate three years after it is advanced. The loan has no fixed repayment terms.

The carrying amount of the loans to related parties approximate their fair value.

10. Trade and other receivables

	Group		Company	
	2019 R'000	2018 R'000	**2019 R'000**	2018 R'000
Trade receivables	**872 650**	784 576	**870 182**	784 507
Amounts due from transferring attorneys	**14 606**	53 413	**14 606**	53 413
Value added taxation receivable	**1 075**	3 384	**–**	2 510
Other receivables	**24 863**	18 035	**24 524**	18 033
	913 194	859 408	**909 312**	858 463

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. Based on the nature of the operations of the group the credit risk associated with trade and other receivables is remote.

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.

No provision for bad debts have been raised (2018: Rnil).

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

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

	Group		Company	
	2019 R'000	2018 R'000	**2019 R'000**	2018 R'000
Tonkin Clacey	**–**	53 413	**–**	53 413

11. Development loans receivable

	Group		Company	
	2019 R'000	2018 R'000	**2019 R'000**	2018 R'000
Financial assets at amortised cost				
Development loans	**3 450**	3 858	**3 450**	3 858

The development loans represents the oversettlement of the development loan liability to the financial institution 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 a short time period and are therefore classified as current. Refer to note 14 for detail on the development loan obligation.

Due to the nature of the development loans receivable, 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.

12. Cash and cash equivalents

	Group		Company	
	2019 R'000	2018 R'000	**2019 R'000**	2018 R'000
Cash and cash equivalents consist of:				
Cash on hand	**8**	22	**8**	22
Bank balances	**329 374**	100 011	**324 418**	96 001
	329 382	100 033	**324 426**	96 023

Included in cash and cash equivalents is restricted cash for an amount of R5.7 million pertaining to guarantees in place. Cash and cash equivalents also include an investment loan facility of R51.1 million and a general banking facility of R75.0 million drawn at company level at year-end.

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

Guarantees and facilities in place on 28 February 2019:

(a) Letters of guarantee: R70 000 000

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

13. Share capital

	Group		Company	
	2019 R'000	2018 R'000	**2019 R'000**	2018 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
Treasury shares	**(11 376)**	–	**(11 376)**	–
	652 978	664 354	**652 978**	664 354

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

	Group		Company	
	2019	2018	**2019**	2018
	Number of shares			
Reconciliation of shares in issue				
Opening balance	**469 915 273**	469 915 273	**469 915 273**	469 915 273
Treasury shares converted	**2 226 712**	–	**2 226 712**	–
Treasury shares acquired	**(4 509 605)**	–	**(4 509 605)**	–
Closing balance	**467 632 380**	469 915 273	**467 632 380**	469 915 273

During the year, 4.5 million ordinary shares at R2.50 each were acquired and converted to treasury shares held by Balwin Properties Limited. The total cost of the transactions was R11.4 million.

14. Development loans and facilities

	Group		Company	
	2019 R'000	2018 R'000	**2019 R'000**	2018 R'000
Held at amortised cost				
Development loans	**1 397 581**	1 251 678	**1 397 581**	1 251 678
General banking facility	**75 000**	–	**75 000**	–
Investment loan facility	**51 100**	–	**51 100**	–
	1 523 681	1 251 678	**1 523 681**	1 251 678

Group and company 2019 Development loans	**Average nominal interest rate %**	**Maturity date**	**R'000**
Non-current loans			
Portimix Proprietary Limited	**8.00**	Between June 2020 and June 2025	**375 473**
Current loans			
Absa Bank Limited	**10.25**	Between March 2019 and February 2020	**554 563**
Nedbank Limited	**10.25**	Between March 2019 and February 2020	**218 566**
Investec Bank Limited	**10 – 10.25**	Between March 2019 and February 2020	**218 196**
Portimix Proprietary Limited	**8.0**	June 2019	**30 783**
			1 022 108
			1 397 581

Investment loan and general banking facilities

Current loans			
Nedbank Limited	**9.50**	March 2019	**75 000**
Absa Bank Limited	**10.25**	April 2019	**51 100**
			126 100

2018 Development loans	**Average nominal interest rate %**	**Maturity date**	**R'000**
Non-current loans			
Portimix Proprietary Limited	**8.00**	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

14. Development loans and facilities (continued)

	Group		Company	
	2019 R'000	2018 R'000	**2019 R'000**	2018 R'000
Non-current liabilities				
At amortised cost	**375 473**	579 628	**375 473**	579 628
Current liabilities				
At amortised cost	**1 148 208**	672 050	**1 148 208**	672 050
Total	**1 523 681**	1 251 678	**1 523 681**	1 251 678
Fair value of the financial liabilities carried at amortised cost				
Development loans	**1 397 581**	1 251 678	**1 397 581**	1 251 678
Investment loan and general banking facilities	**126 100**	–	**126 100**	–
	1 523 681	1 251 678	**1 523 681**	1 251 678

Development loans include funding provided for top-structure funding as well as land loans. Top-structure funding payable to the financial institutions is secured by a pre-defined level of pre-sold apartments for which financial guarantees are in place. 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.

Investment loan and general banking facilities pertain to short-term bridging loan facilities.

The carrying amount of development loans approximate their fair value. Refer to note 8 for disclosure of the mortgage bonds acting as security for the loans.

15. Trade and other payables

	Group 2019	Group 2018	Company 2019	Company 2018
Trade payables	**54 138**	51 634	**51 109**	51 063
Value added taxation payable	**11 867**	–	**11 867**	–
Payroll accruals	**4 899**	4 433	**4 877**	4 381
Other accruals	**20 158**	7 704	**20 533**	7 657
Total	**91 062**	63 771	**88 386**	63 101

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.

16. Contract liability

	Group 2019	Group 2018	Company 2019	Company 2018
Contract liability	**91 344**	–	**91 344**	–

Revenue to the value of R91.3 million was deferred as certain performance obligations associated with the transaction were not fulfilled at year-end pertaining to the sale of apartments to Phepha Prop 001 Proprietary Limited. Full consideration has been received for the transaction. The performance obligations pertain to the management and marketing of apartments that were not registered at year-end. In terms of the transaction, the company is required to resell the apartments on behalf of Phepha Prop 001 Proprietary Limited. The performance obligation is satisfied upon the registration of the resold apartments. This is the first year that a contract liability was recognised. The company has no obligations for returns or refunds nor are their any associated warranties.

Included in this transaction is a put and call agreement for the shares of Phepha Prop 001 Proprietary Limited. Based on management's assessment, there is no value in these instruments as the terms of the agreement will be fulfilled prior to the exercise expiry dates. The terms of the agreement require the company to re-sell the apartments within a pre-defined time period, the maximum being 28 February 2020.

17. Provisions

Reconciliation of provisions

Group	Opening balance R'000	Additions R'000	Utilised during the year R'000	Closing balance R'000
	2019			
Leave pay	**3 765**	**8 581**	**(7 334)**	**5 012**
Bonus	**–**	**7 381**	**(2 406)**	**4 975**
	3 765	**15 962**	**(9 740)**	**9 987**

Group	2018			
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

Company	Opening balance R'000	Additions R'000	Utilised during the year R'000	Closing balance R'000
	2019			
Leave pay	**3 745**	**8 501**	**(7 334)**	**4 912**
Bonus	**–**	**7 381**	**(2 406)**	**4 975**
	3 745	**15 882**	**(9 740)**	**9 887**

Company	2018			
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

The leave pay provision is based on the number of leave days due calculated at the employees cost to company. The bonus provision relates to a bonus payable to employees based on the approved short-term incentive scheme of the group.

18. Revenue

	Group		Company	
	2019 R'000	2018 R'000	**2019 R'000**	2018 R'000
Revenue from sale of apartments	**2 598 944**	2 449 942	**2 598 944**	2 449 942
Donations	**3 348**	–	**–**	–
Bond commission	**7 334**	4 463	**7 334**	4 463
Rental of electronic communication	**4 279**	230	**–**	–
Total	**2 613 905**	2 454 635	**2 606 278**	2 454 405

Impact of application of IFRS 15 Revenue from Contracts with Customers

In the current year, the group has applied IFRS 15 Revenue from Contracts with Customers (as amended in April 2016) which is effective for an annual period that begins on or after 1 January 2018. IFRS 15 introduces a 5-step approach to revenue recognition. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Details of the new requirement as well as their impact on the group's consolidated and separate financial statements are set out in note 2.

Revenue is derived principally from the sale of apartments, recognised once the control has transferred to the buyer. Revenue is measured based on consideration specified in the agreement with the customer and excludes amounts collected on behalf of third parties. There is no significant judgement applied in determining revenue from contracts with customers.

In the current year, the company sold apartments to a buyer in terms of a significant bulk deal. Per the agreement, additional performance obligations were attached that do not pertain to the sale of apartments in the ordinary course of business. Refer to note 16 for further detail on this transaction.

19. Other income

	Group		Company	
	2019 **R'000**	2018 R'000	**2019** **R'000**	2018 R'000
Municipal recoveries	**525**	632	**525**	632
Other income	**1 982**	455	**69**	455
Profit on exchange differences	**253**	–	**–**	–
Profit on sale of property, plant and equipment	**–**	15		15
Rental income	**12 750**	2 668	**12 750**	2 668
Donations	**–**	2 817	**–**	–
Net revenue share from Smart PV Proprietary Limited	**492**	–	**492**	–
Total	16 002	6 587	**13 836**	3 770

20. Share based payments

Old scheme

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.

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; or
- 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:

	2019	2018
Group share options	**Number of shares**	Number of shares
Outstanding at the beginning of the year	**2 277 320**	2 277 320
Forfeited during the year	**–**	–
Outstanding at the end of the year	**2 277 320**	2 277 320
Exercisable at the end of the year	**–**	–

20. Share based payments (continued)

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 five years
- 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.

New scheme

Balwin has a share option scheme for executive and management of the group. In terms of the rules of Balwin's Conditional Share Plan ("the Share Plan"), as approved by the shareholders at the previous Annual General Meeting, allowance is made for the offer of rights in the form of bonus shares, performance shares and/or retention shares under the following allocation conditions:

Bonus shares – Bonus shares are awarded annually, to the extent that an STI was payable, at a ratio of a 1:1 match to the actual STI paid in terms of the immediately preceding financial year. The bonus shares are linked to short-term incentive performance and, as such, no prospective performance conditions are applicable. These awards are subject to continued employment over the three-year vesting period only.

Performance shares – Performance shares are awarded subject to the discretion of the committee and specific performance conditions will be attached to the award. Any performance condition attached to performance shares shall be objective and representative of a fair measure of performance.

Retention shares – Retention shares are only awarded in special circumstances with the aim to attract and retain specific and sought after talent, subject to the discretion of the committee. These shares are subject to continued employment only.

In the current financial year, bonus shares were allocated to senior management personnel. This included the awarding of shares for both the 2018 and 2017 financial years, due to the fact that the 2017 allocation was previously delayed for administrative and regulatory reasons. The shares were priced at the 30-day volume weighted average share price.

The following equity-settled share based payment arrangements were in existence during the current year. There were no share based payments in existence in the prior year.

Total expenses of Rnil (2018: Rnil) related to share based payments transactions that were recognised in the period.

Share options	Number of shares	Award date	Vesting date	Fair value at award date
Bonus shares – 2017	4 042 483	26 February 2019	30 June 2020	R2.54
Bonus shares – 2018	639 414	26 February 2019	30 June 2021	R2.54
	4 681 897			

	Group		Company	
	2019	2018	**2019**	2018
	Number of shares			
Reconciliation of share options outstanding				
Opening balance	**–**	–	**–**	–
Shares awarded during the year	**4 681 897**	–	**4 681 897**	–
Shares forfeited during the year	**–**	–	**–**	–
Shares exercised during the year	**–**	–	**–**	–
Closing balance	**4 681 897**	–	**4 681 897**	–

	Group		Company	
	2019	2018	**2019**	2018
	Number of shares			
Reconciliation of share based payment reserve				
Opening balance	**–**	–	**–**	–
Shares awarded during the year	*****	–	*****	–
Shares forfeited during the year	**–**	–	**–**	–
Shares exercised during the year	**–**	–	**–**	–
Closing balance	*****	–	*****	–

** Denotes a value of less than R1 000.*

21. Operating profit

	Group		Company	
	2019 R'000	2018 R'000	**2019 R'000**	2018 R'000
Operating profit for the year is stated after charging the following, amongst others:				
Auditor's remuneration – external				
Audit fees	**993**	891	**939**	880
Other fees	**–**	126	**–**	126
Total	**993**	1 017	**939**	1 006
Auditor's remuneration – internal	**649**	196	**649**	196
Employee costs	**63 909**	68 407	**61 791**	68 407
Operating lease – premises	**–**	452	**–**	452
Depreciation and amortisation	**7 378**	4 135	**5 622**	4 053
Legal fees	**1 780**	1 626	**1 773**	1 626
Consulting fees	**6 211**	3 900	**6 210**	3 802

22. Interest income

Bank	**4 349**	15 110	**4 228**	15 055
Other	**241**	163	**241**	163
Total	**4 590**	15 273	**4 469**	15 218

23. Finance costs

Development loans	**70 016**	83 127	**70 016**	83 127
Bank	**6 125**	3 534	**6 125**	3 534
Other	**51**	25	**51**	25
Capitalised interest on developments under construction	**(70 016)**	(83 127)	**(70 016)**	(83 127)
Total	**6 176**	3 559	**6 176**	3 559

24. Taxation

Major components of the taxation expense				
Current				
Current taxation – current year	**180 139**	187 868	**180 149**	187 868
Deferred				
Deferred taxation – current year	**(4 033)**	3 322	**(2 996)**	3 665
Total	**176 106**	191 190	**177 153**	191 533

24. Taxation (continued)

	Group		Company	
	2019	2018	**2019**	2018
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*	**0.06%**	0.03%	**0.06%**	0.03%
Non-taxable income**	**(0.04)%**	(0.03)%	**–**	–
Assessed loss not recognised	**–**	0.01%	**–**	–
	28.02%	28.01%	**28.06%**	28.03%

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

25. Cash generated/(used in) operations

	Group 2019	Group 2018	Company 2019	Company 2018
Profit before taxation	**628 489**	682 535	**631 241**	683 232
Adjustments for:				
Depreciation and amortisation	**12 623**	10 118	**10 868**	10 035
Loss/(profit) on sale of property, plant and equipment	**101**	(15)	**101**	(15)
Interest income	**(4 590)**	(15 273)	**(4 469)**	(15 218)
Finance costs	**6 176**	3 559	**6 176**	3 559
Movements in provisions	**6 222**	(10 501)	**6 142**	(10 521)
Movement in foreign exchange translation reserve	**103**	651	**–**	–
Movement in working capital				
Increase in developments under construction	**(418 564)**	(500 361)	**(418 564)**	(500 361)
Decrease/(increase) in inventories	**1 384**	(1 384)	**–**	–
Increase in trade and other receivables	**(53 786)**	(225 557)	**(50 849)**	(224 612)
Increase/(decrease) in trade and other payables and contract liabilities	**107 259**	(73 685)	**105 253**	(74 268)
Total	**285 417**	(129 913)	**285 899**	(128 169)
Reconciliation of movement in working capital relating to trade and other payables and contract liabilities				
Opening balance as per the statement of financial position	**(63 771)**	(137 456)	**(63 101)**	(137 369)
Less treasury shares raised and not settled by year-end	**(11 376)**	–	**(11 376)**	–
Closing balance as per statement of financial position	**182 406**	63 771	**179 730**	63 101
Total	**107 259**	(73 685)	**105 253**	(74 268)

26. Taxation paid

	Group 2019	Group 2018	Company 2019	Company 2018
Balance at beginning of the year	**4 564**	(4 204)	**4 566**	(4 562)
Current taxation for the year	**(180 139)**	(187 868)	**(180 149)**	(187 868)
Balance at end of the year	**30 181**	(4 564)	**30 181**	(4 566)
Total	**(145 394)**	(196 636)	**(145 402)**	(196 996)

27. Related parties

Relationships

Subsidiaries	Refer to note 5
Associates	Refer to note 6
Members of key management	Refer to the 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	
	2019 R'000	2018 R'000	**2019 R'000**	2018 R'000
Related party balances				
Loan accounts owing by related parties				
Subsidiaries				
Balwin Properties (UK) Limited	**–**	–	**2 039**	2 039
Balwin Fibre Proprietary Limited	**–**	–	**30 126**	8 443
Associate				
Balwin Rentals Proprietary Limited	**9 981**	–	**9 981**	–
Related party transactions				
Sale of apartments to related parties				
Directors and companies				
SV Brookes	**–**	141 189	**–**	141 189
Volker Properties Proprietary Limited **	**9 391**	44 056	**9 391**	44 056
J Weltman*	**629**	1 333	**629**	1 333
RN Gray*	**–**	54 119	**–**	54 119
Related parties to directors				
ML Brookes~	**–**	9 947	**–**	9 947
S Brookes*~	**1 511**	2 612	**1 511**	2 612
Associate				
Balwin Rentals Proprietary Limited	**85 588**	–	**85 588**	–

** 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

	Group 2019 R'000	Group 2018 R'000	Company 2019 R'000	Company 2018 R'000
Property rental management fee				
Directors				
SV Brookes	**–**	176	**–**	176
RN Gray	**129**	119	**129**	119
J Weltman	**6**	4	**6**	4
U Gschnaidtner	**29**	22	**29**	22
Associate				
Balwin Rentals Proprietary Limited	**69**	–	**69**	–
Purchases from a director and shareholder				
Directors and companies				
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.

	Group 2019 R'000	Group 2018 R'000	Company 2019 R'000	Company 2018 R'000
Rental to related parties				
Directors and companies				
SV Brookes	**1 635**	763	**1 635**	763
Volker Properties Proprietary Limited **	**252**	–	**252**	–

*** The entity is controlled by SV Brookes*

	Group 2019 R'000	Group 2018 R'000	Company 2019 R'000	Company 2018 R'000
Donations paid to related party				
Subsidiary				
Balwin Foundation NPC	**–**	–	**5 649**	4 136
Compensation to directors and other key management				
Directors' and prescribed officer emoluments	**33 968**	39 396	**33 968**	39 396

Notes to the annual FINANCIAL STATEMENTS *(continued)*

28. Directors' and prescribed officer emoluments

Executive

2019	Basic salary R'000	Bonus R'000	Medical aid R'000	Provident fund R'000	Total R'000
SV Brookes	**5 024**	**1 661**	**165**	**251**	**7 101**
RN Gray	**4 386**	**1 265**	**173**	**219**	**6 043**
J Weltman	**3 323**	**743**	**159**	**166**	**4 391**
Total	**12 733**	**3 669**	**497**	**636**	**17 535**
2018					
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**

Non-executive directors' fees

All emoluments disclosed below relate 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	
	2019 R'000	2018 R'000
H Saven	**834**	783
K Mzondeki	**472**	443
R Zekry	**523**	491
A Shapiro	**570**	535
O Amosun	**429**	403
T Mokgosi-Mwantembe	**318**	299
Total	**3 146**	2 954

Prescribed officer

2019	Basic salary R'000	Bonus and variable remuneration* R'000	Medical aid R'000	Provident fund R'000	Total R'000
U Gschnaidtner	**4 019**	**8 981**	**86**	**201**	**13 287**
2018					
U Gschnaidtner	3 666	13 461	80	189	17 396

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

Directors' interest

The following shares were issued to directors:

	2019		2018	
	Number of shares	% holding	**Number of shares**	% holding
SV Brookes	**167 635 659**	**35.5**	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**	3 633 269	0.8
J Weltman*	**1 012 145**	**0.2**	1 012 145	0.2
O Amosun	**9 390**	**–**	9 390	–

* These shares were issued under the old share scheme. The shares have not as yet vested. Refer to note 20.

There has been no movement in directors' interest from year end to date of approval of the financial statements.

Director's share options

Bonus shares were awarded to the directors and prescribed officer in terms of the group's Conditional Share Plan, refer to Note 20. These awards are linked to short term incentive performance and have no prospective performance conditions or strike prices attached. These awards are subject to continued employment only.

The following share options were awarded to directors but not yet vested at year end:

	Date of award	Vesting date	Opening balance	Granted during the year	Settled/lapsed during the year	Closing balance
SV Brookes	26 February 2019	30 June 2020	–	1 220 156	–	1 220 156
RN Gray	26 February 2019	30 June 2020	–	845 204	–	845 204
J Weltman	26 February 2019	30 June 2020	–	431 745	–	431 745
U Gschnaidtner	26 February 2019	30 June 2020	–	742 996	–	742 996
Total			**–**	**3 240 101**	**–**	**3 240 101**

29. Major shareholders

Registered shareholders owning more than 5% of issued shares

	2019		2018	
	Number of shares held	Percentage of issued shares	Number of shares held	Percentage of issued shares
SV Brookes	167 635 659	35.5	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

30. 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 techniques.

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 where available and rely as little as possible on group specific estimates. The group does not hold any financial assets or financial liabilities that are classified as Level 3. There were no transfers between Levels 1, 2 and 3 during the year.

31. 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 14, cash and cash equivalents disclosed in note 12, 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

31.Risk management (continued)

covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Interest rate risk

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

The group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these scenarios, the group calculates the impact on profit and loss of a defined interest rate 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 R11.8 million (2018: R11.5 million) for the group and R11.9 million (2018: R12.3 million) for the company.

	Group		Company	
	2019 R'000	2018 R'000	**2019 R'000**	2018 R'000
Interest-bearing instrument comprise:				
Loans to related parties	**9 981**	–	**9 981**	10 482
Development loans receivable	**3 450**	3 858	**3 450**	3 858
Cash and cash equivalents	**329 382**	100 033	**324 426**	96 023
Development loans	**(1 523 681)**	(1 251 678)	**(1 523 681)**	(1 251 678)
Total	**(1 180 868)**	(1 147 787)	**(1 185 824)**	(1 141 315)
Interest rate sensitivity				
Loans to related parties	**100**	–	**100**	105
Development loans receivable	**35**	39	**35**	39
Cash and cash equivalents	**3 294**	1 000	**3 244**	960
Development loans	**(15 237)**	(12 517)	**(15 237)**	(12 517)
Total	**(11 808)**	(11 478)	**(11 858)**	(11 413)

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 group 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.

Loans to related parties are actively reviewed and managed on a monthly basis through the review of forecasts and cash flow, to assess the recoverability of loans to related parties.

Development loans receivable relates to the over settlement by the transferring attorneys to the banks. The credit risk relating to this is minimal as the company only deals with the major banks with high quality credit standing.

There has been no impairment of any financial assets in the current year (2018: Rnil).

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

Financial instrument				
Loans to related parties	**9 981**	–	**42 146**	10 482
Trade and other receivables	**912 119**	859 408	**909 312**	858 463
Development loans receivable	**3 450**	3 858	**3 450**	3 858
Cash and cash equivalents	**329 382**	100 033	**324 426**	96 023

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 and a contingent debt to equity ratio of 70%.

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 one year R'000	Between one and two years R'000	Between two and five years R'000	Over five years R'000
At 28 February 2019				
Development loans	**1 148 208**	**141 960**	**253 232**	**116 541**
Trade and other payables	**79 195**	**–**	**–**	**–**
Contract liability	**91 344**	**–**	**–**	**–**
Provisions	**9 987**	**–**	**–**	**–**
Total	**1 328 734**	**141 960**	**253 232**	**116 541**
At 28 February 2018				
Development loans	672 050	273 606	343 313	168 420
Trade and other payables	63 767	–	–	–
Provisions	3 765	–	–	–
Total	**739 582**	**273 606**	**343 313**	**168 420**
Company				
At 28 February 2019				
Development loans	**1 148 208**	**141 960**	**253 232**	**116 541**
Trade and other payables	**76 519**	**–**	**–**	**–**
Contract liability	**91 344**	**–**	**–**	**–**
Provisions	**9 887**	**–**	**–**	**–**
Total	**1 325 958**	**141 960**	**253 232**	**116 541**
At 28 February 2018				
Development loans	672 050	273 606	343 313	168 420
Trade and other payables	63 101	–	–	–
Provisions	3 745	–	–	–
Total	**738 896**	**273 606**	**343 313**	**168 420**

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:

	2019	2018
GBP (spot rate)	**18.62**	16.26
GBP (average rate)	**17.84**	17.18

32. Basic, headline and diluted earnings per share

	Group		Company	
	2019	2018	**2019**	2018
Basic (cents)	**95.82**	104.56		
Headline (cents)	**95.84**	104.56		
Diluted earnings (cents)	**95.80**	104.06		
Diluted headline earnings (cents)	**95.83**	104.05		
Tangible net asset value per share (cents)	**567.51**	491.98	**567.62**	491.76
Net asset value per share (cents)	**567.51**	491.98	**567.62**	491.76
Weighted average shares in issue	**472 104 920**	469 915 273	**472 104 920**	469 915 273
Net asset value (R'000)	**2 653 856**	2 311 906	**2 654 390**	2 310 838
Reconciliation of profit for the year to headline earnings (R'000)				
Profit for the year	**452 383**	491 345	**–**	–
Adjusted for:				
Loss (profit) on disposal of property, plant and equipment	**101**	(15)	**–**	–
Headline earnings	**452 484**	491 330	**–**	–
Weighted average number of shares				
Weighted average number of shares in issue	**472 104 920**	469 915 273	**472 104 920**	469 915 273
Potential dilutive impact of share options	**87 673**	2 277 320	**87 673**	2 277 320
Weighted average diluted shares in issue	**472 192 593**	472 192 593	**472 192 593**	472 192 593

33. Dividends per share

Shares in issue	**467 632 380**	469 915 273	**467 632 380**	469 818 273
Dividend declared (R)	**99 160 444**	193 598 963	**99 160 444**	193 598 963
Dividends per share (cents)	**21.20**	41.20	**21.20**	41.20

34. 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:

Financial assets at amortised cost				
Development loans receivable	**3 450**	3 858	**3 450**	3 858
Loans to related parties	**9 981**	–	**42 146**	10 482
Trade and other receivables	**912 119**	856 024	**909 312**	855 953
Cash and cash equivalents	**329 382**	100 033	**324 426**	96 023
Total	**1 254 932**	959 915	**1 279 334**	966 316
Financial liabilities at amortised cost				
Development loans	**(1 523 681)**	(1 251 678)	**(1 523 681)**	(1 251 678)
Trade and other payables	**(79 195)**	(63 767)	**(76 519)**	(63 101)
Contract liability	**(91 344)**	–	**(91 344)**	–
Total	**(1 694 220)**	(1 315 445)	**(1 691 544)**	(1 314 779)

35. 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 sales to market
- 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.

36. Contingent liabilities

The group had no contingent liabilities at 28 February 2019 (2018: RNil).

37. Commitments

Authorised capital expenditure

	Group		Company	
Already contracted for but not provided for	**2019 R'000**	2018 R'000	**2019 R'000**	2018 R'000
Land (Unconditional)	**233 910**	229 000	**233 910**	229 000
Land (Conditional)	**247 545**	1 047 000	**247 545**	1 047 000

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.

38. 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.