PROPERTIES

AUDITED PROVISIONAL RESULTS

for the year ended 29 February 2016

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

HIGHLIGHTS

57%
Earnings per share

69%
Operating profit

83%
Net asset value per share

54%
Revenue

63%
Total comprehensive income

COMMENTARY

Corporate overview

Balwin is a specialist, niche, national large-scale, turnkey, sectional-title, residential property builder and developer (typically between 500 and 1 000 sectional-title residential units per development) targeting high-density, high-growth metropolitan areas in South Africa.

Balwin estates offer secure, affordable, high-quality, environmentally friendly and conveniently located one, two and three bedroom sectional-title residential units which range in size from 45m^2 to 120m^2 and in price from R599 999 to R1 699 000 per unit (including modern fitted kitchen appliances) within the normal operating model. Units are designed to appeal to a wide range of home buyers, including first-time, move-up, active adult, young professional, young family, older family, retirees as well as buy-to-let. All larger estates (comprising ±500 units and above only, such as Greenstone Ridge, The William, De Velde, etc.) also have a lifestyle centre with well-established concierge and other all-inclusive value added services including a spa, restaurant, gym, squash court, action sports field, games room, movie theatre, heated swimming pools, playgrounds and free wi-fi within lifestyle centres.

All residential estates are developed and marketed under the Balwin Properties brand.

Key differentiators in Balwin's build-to-sell model comprise the ability to deliver a superior offering through economies of scale, in-house turnkey development including construction and construction management, focus within a defined middle-income market segment, quality, broad market appeal, partnerships with relevant stakeholders and competitive pricing of developed units in-line or below market.

History and international acclaim

Balwin was founded by Stephen Brookes to address the need of South Africans for secure, quality newly developed, value-for-money, convenient, sectional-title homes without the homeowner having to involve themselves in the cumbersome day-to-day management of building their "dream" home. The Company commenced operations in 1996, with its first development (a small 50-unit sectional-title development in the south of Johannesburg), which was sold for R99 000 per unit.

With the support of three of the largest five banks in South Africa and consistent innovation and hands-on management guided by the vision of Mr Brookes, Balwin is now considered as South Africa's largest homebuilder targeting the middle income market segment, with operations in all three of South Africa's largest cities. The Company has developed various iconic residential estates in recognised middle-to-high income, high-density, high-growth residential nodes such as Bryanston, Fourways, Greenstone, Oakdene, Kyalami and Sunninghill with a growing presence in Pretoria East, Somerset West and Milnerton amongst others.

This unprecedented growth has led to Balwin being consistently recognised as the national homebuilder of choice in South Africa with various awards and industry recognition including:

- the International Property Awards' Rolls-Royce African Property Award for the De Velde estate in the Western Cape. The award, which was granted in the Africa/Middle East region, recognises the highest levels of achievement by companies operating in all sectors of the property and real estate industry; and
- the Concrete Masonry Association award for build excellence in Balwin's Monte Carlo estate.

Balwin operates exclusively within South Africa and has its headquarters in Bedfordview, Johannesburg and a local office in Stellenbosch, Cape Town.

Product offering

Balwin currently develops and sells in the range of 1 750 to 2 500 sectional-title residential units per year, but has the ability to increase its development capacity to approximately 3 000 sectional-title residential units per year based on its existing infrastructure and owned undeveloped land pipeline.

The construction of new developments is generally undertaken against pre-sales to interested buyers.

All Balwin estates are built to a standard specification (unique Balwin design, standard finishes, no customer changes), typically not more than four storey blocks with 10 homes per block (three bedroom units on the ground and first floors, and one and two bedroom units on the upper floors) enabling the Company to benefit from significant economies of scale. Residential estates are built and marketed in phases (between 50 and 100 units), allowing for appropriate risk management at all stages of the development process.Balwin's residential estates typically include:

- 24-hour security with well-equipped guard houses;
- high-quality, ergonomically designed units designed to maximise unit space and functionality;
- eco-friendly fittings, appliances and utilities (such as pre-paid electricity meters and gas and water supply meters);
- close to amenities including shopping centres, entertainment and leisure facilities, medical centres and schools, which are largely within walking distance of the estate; and
- lifestyle centres complete with free wi-fi, concierge service, heated swimming pools, playgrounds, spa, restaurant, gym, squash court, action sports fields and running tracks (larger estates comprising ±500 units and above only, such as Greenstone Ridge, The William, De Velde, etc.)

Operational review

Balwin has produced strong results for the financial year ended 29 February 2016 through its continued focus on the development of sectional title residential units within strategic locations in key target nodes. Despite, tough trading conditions, increasing interest rates and a challenging macro-economic environment, demand for Balwin's residential apartments remains robust driven by increased urbanisation and the demand for affordable estate living.

Balwin was successful in delivering the following key operational highlights during the year under review:

- Developments under construction increased by 143% from the prior year due to management's concentrated effort to deliver on the secured development pipeline;
- Malakite, a development in Johannesburg East which had been earmarked for rental, has been released for sales due to significant demand;
- Sales in the award winning De Velde (Somerset West) development has been on an upward trajectory during the financial year with a total of 385 units being registered, which has allowed management to free up cash for the purchase of The Sandown (Cape Town) land in the region;
- Grove Lane (Balwin's first development in Pretoria) was released for sales during the financial year, with the 136 unit development being largely sold out through pre-sales by the end of the financial year; and
- New developments under construction during the financial year have performed exceptionally well with the launch of various developments such as The Cambridge (Johannesburg North), Amsterdam (Johannesburg North), Balboa Park (Johannesburg South), Westlake (Johannesburg East), Grove Lane (Pretoria East), Paardevlei (Somerset West) and The Sandown (Cape Town).

In keeping with Balwin's long term strategic objectives of expanding into select identified target nodes, Balwin has expanded its operating footprint in Pretoria East and the Western Cape. During the year under review, two land parcels were acquired in the Pretoria East node. The land parcels were acquired for the development of the "Grove Lane" (136 units) and ''River Walk" (6 000 units) estates. These represent Balwin's first acquisitions in the city of Pretoria, signalling the next phase in expansion of the Company's geographic footprint. Balwin further expanded into the Western Cape through the acquisition of land in the Milnerton node earmarked for the The Sandown (Cape Town) development. Strategic acquisitions during the financial year:

- The Cambridge (Johannesburg North);
- Amsterdam (Johannesburg North);
- The Clulee (Johannesburg East);
- The Reid (Johannesburg East);
- Westlake (Johannesburg East);
- The Whisken (Johannesburg North); and
- The Sandown (Cape Town).

The Company's secured development pipeline comprised 16 167 units at financial year end, which pipeline is expected to be developed over the next seven years. In addition to this pipeline, as announced by Balwin on the Stock Exchange News Service on 6 April 2016, the Company has concluded an agreement to acquire the development rights to develop approximately 15 000 units in Johannesburg's Waterfall node subject to conditions precedent, further expanding Balwin's footprint into one of South Africa's major development and growth nodes.

Financial review

Sales for the 2016 financial year have been exceptional, with revenue increasing 54% to R2.1 billion (2015: R1.4 billion). The strong increase in revenue is a result of the achievement of record sales in a number of developments for the period under review. A total number of 2 087 units were registered during the financial year, compared to 1 655 during the comparative period. The average selling price achieved per unit amounted to R998 328. It is noted that the average selling price per unit varies in terms of the mix of one, two and three bedroom units sold during a reporting period.

Development-specific registrations for the 2016 financial year were as follows:

Development	Location	Unaudited units registered in the 2016 financial year
The William	Johannesburg North	233
De Velde	Somerset West (Western Cape)	385
Central Park	Johannesburg South	76
Greenstone Ridge	Johannesburg South	532
Kyalami Hills	Johannesburg North	263
Greenstone Crest	Johannesburg East	269
Stanley Park	Johannesburg South	110
Balboa Park	Johannesburg South	110
The Cambridge	Johannesburg North	59
Westlake	Johannesburg East	50
Total		**2 087**

Gross profit margin for the 2016 financial year was 42.6%, significantly higher than the 35.9% achieved in the comparative period and above the long term target of 40%. The average gross profit margin on a development is 40% with a lower margin achieved on earlier phases and a higher margin achieved in later phases. The increase in margin is due to a number of projects being in the later phases of development. In addition, Balwin's high margin is due to the achievement of significant economies of scale, effective cost controls, budgeting and focused project management, including the negotiation of competitive pricing with contractors in the face of inflationary pressures and the weakening of the rand to international currencies. The business is focused on the use of locally produced construction material and contractors and as such the exposure to variations in exchange rates is minimal.

Operating expenses increased by 68% year-on-year. The increase is as a result of the recognition of a short term employee incentive scheme expense, as well as higher professional fees which were incurred as a result of listing.

Earnings per share increased by 57% to 132 cents per share. Headline earnings per share of 131 cents per share had been achieved for the financial year. The Company's share capital was restructured on its listing in October 2015, with the result that 470 million shares are in issue as at the end of the financial year.

Land debt obtained through the acquisition of additional land parcels were mostly settled on listing. The ungearing of the balance sheet significantly reduces risk and provides Balwin with the capacity to raise finance for future acquisitions. Cash flow management remains a key focus in the business. Cash flow generated is closely monitored to ensure that proceeds are reinvested into the business in order to create long term value for shareholders as well ensuring an appropriate margin of safety.

Cash and cash equivalents increased by 256%, to R462 million. The significant increase in the cash holding is as a result of effective cash management and management's focus on ensuring an adequate margin of safety. Balwin aims to reinvest 70% of cash generated from operations and distribute 30% to shareholders as a dividend on a bi-annual basis.

Development finance for the 2016 financial year remains in line with the comparative period, despite a 76% increase in construction. This is as result of a focused effort to reduce gearing in order to increase the ability to raise finance for future acquisitions.

Residential property market overview and company prospects:

Balwin are pleased with this set of results against the backdrop of a challenging economic environment and remains committed to delivering sustainable value for shareholders. The company remains focused on the delivery of the secured pipeline as well as securing further strategic projects to supplement this pipeline.

Management expects the residential property market to continue to be driven by macroeconomic trends in the short to medium term. The consumer's disposable income is expected to decline as a result of the current South African economic outlook, which directly impacts on the ability to afford more expensive homes. The number of households in key target nodes has however increased significantly over the past five years and it is expected to continue to expand in the upcoming years. To this end, the demand for middle segment residential units is expected to remain strong and management anticipates the demand for the Balwin product to remain robust.

The business remains adaptable and flexible to the changing market environment, having the ability to vary the one, two and three bedroom development model in response to the ever changing needs of the consumer.

Management remains focused on the core business of property development, with an emphasis on the build-to-sell model. Development of a rental portfolio remains a long term objective of the business with the aim of supplementing the build-to-sell model which will remain the core business of Balwin.

RECONCILIATION OF HEADLINE EARNINGS

FOR THE YEAR ENDED 29 FEBRUARY 2016

		Audited 12 months ended 29 February 2016	Audited 12 months ended 28 February 2015
Basic and headline earnings per share			
Basic	(cents)	**132**	84
Headline	(cents)	**131**	–
Diluted earnings	(cents)	**131**	84
Diluted headline earnings	(cents)	**131**	–
Tangible net asset value per share	(cents)	**318**	174
Net asset value per share	(cents)	**318**	174
Weighted average shares in issue		**424 541 867**	400 000 000
Net asset value	(R)	**1 502 190 933**	694 825 563
Reconciliation of profit for the year to headline earnings			
Profit for the year		**558 566 637**	335 174 309
Adjusted for:			
– Profit on disposal of investment property		**(1 133 108)**	(23 678 436)
– Profit on disposal of property, plant and equipment		**(48 738)**	–
Headline earnings		**557 384 792**	311 495 873
Weighted average number of shares			
Weighted average number of shares in issue		**424 541 867**	400 000 000
Potential dilutive impact of share options		**2 530 355**	–
Weighted average diluted shares in issue		**427 072 222**	400 000 000

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

SUMMARISED CONSOLIDATED **STATEMENT OF COMPREHENSIVE INCOME**

FOR THE YEAR ENDED 29 FEBRUARY 2016

Figures in Rand		Audited 12 months ended 29 February 2016	Audited 12 months ended 28 February 2015
Revenue		**2 083 512 353**	1 354 928 529
Cost of sales		**(1 188 400 247)**	(868 037 064)
Gross profit		**895 112 106**	486 891 465
Other income		**13 095 888**	47 092 186
Operating expenses		**(134 584 815)**	(80 042 044)
Share based payment charge		**(6 030 155)**	–
Operating profit		**767 593 024**	453 941 607
Interest income		**10 796 991**	5 489 646
Finance costs		**(251 050)**	(4 283 353)
Profit before taxation		**778 138 965**	455 147 900
Taxation		**(219 572 328)**	(119 973 591)
Profit for the year		**558 566 637**	335 174 309
Other comprehensive income:			
Items that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		**603 237**	7 159 672
Total comprehensive income for the year		**559 169 874**	342 333 981
Basic and headline earnings per share			
Basic	(cents)	**132**	84
Diluted earnings	(cents)	**131**	84

SUMMARISED CONSOLIDATED **STATEMENT OF FINANCIAL POSITION**
AS AT 29 FEBRUARY 2016

Figures in Rand	Audited 12 months ended 29 February 2016	Audited 12 months ended 28 February 2015
ASSETS		
Non-current assets		
Property, plant and equipment	**40 805 624**	30 697 348
Investment property	**–**	2 392 460
Deferred tax	**5 678 890**	1 899 978
	46 484 514	34 989 786
Current assets		
Developments under construction	**1 342 792 726**	687 449 735
Other receivables	**32 448 462**	143 672 689
Other financial assets	**7 375 152**	33 672 067
Current tax receivable	**490 827**	–
Cash and cash equivalents	**462 288 496**	129 928 165
	1 845 395 663	994 722 656
Total assets	**1 891 880 177**	1 029 712 442
Equity and liabilities		
Equity		
Stated capital/share capital	**661 853 712**	5 800
Foreign currency translation reserve	**(833 830)**	(1 437 067)
Retained income	**841 171 051**	696 256 830
Total equity	**1 502 190 933**	694 825 563
LIABILITIES		
Non-current liabilities		
Other financial liabilities	**80 957 013**	51 528 508
Current liabilities		
Trade and other payables	**93 765 036**	67 126 716
Loans from shareholders	**–**	229 939
Other financial liabilities	**161 242 284**	195 952 492
Current tax payable	**39 800 568**	13 263 587
Provisions	**13 924 343**	6 785 637
	308 732 231	283 358 371
Total liabilities	**389 689 244**	334 886 879
Total equity and liabilities	**1 891 880 177**	1 029 712 442

SUMMARISED CONSOLIDATED **STATEMENT OF CHANGES IN EQUITY**
FOR THE YEAR ENDED 29 FEBRUARY 2016

Figures in Rand	Share capital	Foreign currency translation reserve	Retained income	Total equity
Balance at 1 March 2014	5 800	(8 596 739)	455 200 168	446 609 229
Profit for the year	–	–	335 174 309	335 174 309
Other comprehensive income	–	7 159 672	–	7 159 672
Total comprehensive income for the year	–	7 159 672	335 174 309	342 333 981
Dividends	–	–	(94 117 647)	(94 117 647)
Balance at 1 March 2015 (audited)	5 800	(1 437 067)	696 256 830	694 825 563
Profit for the year	**–**	**–**	**558 566 637**	**558 566 637**
Other comprehensive income	**–**	**603 237**	**–**	**603 237**
Total comprehensive income for the year	**–**	**603 237**	**558 566 637**	**559 169 874**
Issue of shares	**661 847 912**	**–**	**–**	**661 847 912**
Share-based payment	**–**	**–**	**6 030 155**	**6 030 155**
Dividends	**–**	**–**	**(419 682 571)**	**(419 682 571)**
Balance at 29 February 2016 (audited)	**661 853 712**	**(833 830)**	**841 171 051**	**1 502 190 933**

SUMMARISED CONSOLIDATED **STATEMENT OF CASH FLOWS**
FOR THE YEAR ENDED 29 FEBRUARY 2016

Figures in Rand	Audited 12 months ended 29 February 2016	Audited 12 months ended 28 February 2015
Cash flows from (used in) operating activities		
Cash generated from operations	**268 191 992**	94 023 372
Interest income	**10 796 991**	5 489 646
Finance costs	**(251 050)**	(4 283 353)
Taxation paid	**(197 305 086)**	(121 763 970)
Net cash from (used in) operating activities	**81 432 847**	(26 534 305)
Cash flows from investing activities		
Purchase of property, plant and equipment	**(15 689 532)**	(11 183 612)
Proceeds on sale of property, plant and equipment	**105 817**	19 192 241
Proceeds on sale of investment property	**3 525 568**	191 700 475
Net movement of financial assets	**26 296 915**	21 628 719
Net cash from investing activities	**14 238 768**	221 337 823
Cash flows from (used in) financing activities		
Proceeds on share issue	**661 847 912**	–
Other financial liabilities repaid	**(700 076 113)**	(434 393 389)
Other financial liabilities raised	**694 794 410**	455 344 072
Net movement in shareholders loan	**(194 922)**	(3 552 019)
Net movement in finance leases	**–**	(842 429)
Dividends paid	**(419 682 571)**	(94 117 647)
Net cash from (used in) financing activities	**236 688 716**	(77 561 412)
Total cash and cash equivalents movement for the year	**332 360 331**	117 242 106
Cash and cash equivalents at the beginning of the year	**129 928 165**	12 686 059
Total cash and cash equivalents at end of the year	**462 288 496**	129 928 165

SEGMENTAL ANALYSIS
FOR THE YEAR ENDED 29 FEBRUARY 2016

Figures in Rand	United Kingdom		South Africa	
	Audited 12 months ended 29 February 2016	Audited 12 months ended 28 February 2015	Audited 12 months ended 29 February 2016	Audited 12 months ended 28 February 2015
Segmental statement of financial position			**2016**	2015
Assets				
Property, plant and equipment	**–**	706 907	**40 805 624**	29 990 441
Investment property	**–**	2 392 460	**–**	–
Deferred taxation	**–**	–	**5 678 890**	–
Developments under construction	**–**	–	**1 342 792 726**	687 449 735
Other receivables	**444 914**	–	**–**	479 931
Trade and other receivables	**90**	–	**32 003 458**	140 472 022
Other financial assets	**–**	–	**7 375 152**	33 672 067
Cash and cash equivalents	**3 223 969**	1 633 426	**459 064 527**	128 294 738
Investments	**–**	–	**100**	100
Liabilities				
Trade and other payables	**144 597**	131 374	**93 620 434**	64 275 637
Other financial liabilities	**–**	–	**242 199 297**	247 481 000
Loans from shareholders	**–**	–	**–**	229 932
Current taxation payable	**–**	–	**39 800 568**	9 243 595
Provisions	**–**	–	**13 924 343**	6 785 637
Segmental statement of comprehensive income				
Revenue	**–**	2 582 062	**2 083 512 353**	1 352 346 467
Cost of sales	**–**	148 124	**1 188 400 247**	881 068 618
Operating expenses	**1 457 585**	6 723 399	**133 127 229**	73 318 645

The basis of segmentation is by geographic area. Segmental disclosure were adopted in the 2016 financial year for the first time.

The 2016 financial year is the first year that the segmental analysis disclosure is required as the Company listed during the financial year.

NOTES TO THE SUMMARISED CONSOLIDATED STATEMENTS
FOR THE YEAR ENDED 29 FEBRUARY 2016

1. Basis of preparation

The audited summarised consolidated provisional financial statements have been prepared in accordance with the JSE Listing Requirements and the Companies Act 2008 of South Africa and the framework concepts and the measurement and recognition requirements of IFRS and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and must also as a minimum contain the information required by IAS 34: Interim Financial Reporting. They have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair value, and are presented in South African Rand, which is the Group's functional and presentation currency.

The audited consolidated financial statements from which these summarised consolidated provisional financial statements were derived from are available at our registered office, Block 1, Townsend Office Park, 1 Townsend Avenue, Bedfordview, Johannesburg at no charge.

The accounting policies are in terms of International Financial Reporting Standards (“IFRS”) with framework concepts, measurements and recognition requirements of IFRS. In the prior year, the financial statements were prepared in accordance with IFRS for small and medium sized entities. There have been no change in the measurement basis applied upon the first time adoption of IFRS. Furthermore, there has been no change to the balances presented in the financial statements and thus no reconciliations are required to explain the impact of the transition to IFRS on the group’s reported financial position, financial performance and cash flows.

The audited summarised consolidated provisional financial statements have been externally prepared under the supervision of J Weltman, in his capacity as Chief Financial Officer and were approved by the board on 20 May 2016.

The summarised consolidated provisional financial statements have been audited by Deloitte & Touche, who issued an ISA 810 opinion, they are Group’s external auditors. The ISA 810 opinion is available for inspection at the registered office. The auditor’s report does not necessarily report on all the information contained in the announcement/financial results. Shareholders are advised that in order to obtain a full understanding of the nature of the auditor’s engagement, they should obtain a copy of the auditor’s report together with the accompanying financial information from the issuer’s registered office. Foward looking statements are not reported on by the external auditors.

2. Exchange rates

The following exchange rates were used in foreign interest and foreign transactions during the periods:

Rand/British Pound	29 February 2016	28 February 2015
Closing rate	**22.25**	18.01
Average rate	**20.36**	17.92

NOTES TO THE SUMMARISED CONSOLIDATED STATEMENTS CONTINUED
FOR THE YEAR ENDED 29 FEBRUARY 2016

3. Subsequent events

Shareholders are referred to the stock exchange news service announcement dated 6 April 2016 in which Balwin announced that it had concluded a formal acquisition agreement with Portimix Proprietary Limited for the acquisition of development rights in the Johannesburg Waterfall node in terms of which an approximate 15 000 residential units may be developed.

Rex Tomlinson (non-executive director) resigned effective 31 March 2016

CIS Secretarial Services resigned from the office of Company Secretary effective 30 April 2016.

Juba Statutory Services (Proprietary) Limited, represented by Sirkien Van Schalkwyk has been appointed as Company Secretary effective form 6 May 2016.

4. Final dividends

Notice is hereby given that the directors have declared a final gross dividend of 21 cents per ordinary share, payable out of income reserves for the year ended 29 February 2016 to ordinary shareholders in accordance with the timetable below.

	2016
Declared	**23 May**
Cum dividend	**9 June**
Ex dividend	**10 June**
Record date	**17 June**
Payment date	**20 June**

Dividends tax amounting to 3.15 cents per ordinary share will be withheld in terms of the Income Tax Act. Ordinary shareholders who are not exempt from dividends tax will therefore receive a dividend of 17.85 cents net of dividends tax. The company has 472 192 592 ordinary shares in issue. Balwin's income tax reference number is 9058216848.

Share certificates may not be dematerialised or rematerialised between Monday, 10 June 2016 and Friday, 17 June 2016, both days inclusive.

Number of shares	2016	2015
5. Stated capital/share capital		
Authorised		
Ordinary shares	**1 000 000 000**	5 800
Issued		
Ordinary shares	**661 853 712**	5 800
The unissued shares are under the control of the directors until the next annual general meeting.		
Reconciliation of shares in issue:		
Opening balance	**5 800**	5 800
Shares in issue converted on listing	**(5 800)**	–
Conversion of existing 5 800 shares	**400 000 000**	–
Shares in issue on 15 October 2015	**69 662 237**	–
Closing balance	**469 662 237**	5 800

	Audited 12 months ended 29 February 2016	Audited 12 months ended 28 February 2015
6. Related party disclosure		
Related party balances		
Loan accounts – Owing by (to) related parties		
Balwin Properties (UK) Limited	**–**	–
Slade Properties Proprietary Limited	**82 534**	1 672
Friedshelf 966 Proprietary Limited	**–**	33 670 395
SV Brooks	**–**	(229 939)
U Gshnaidtner	**–**	477 831
RN Gray	**444 944**	2 100
Related party transactions		
Interest received from related parties		
Slade Properties Proprietary Limited	**–**	(699 262)
Sale of units to related parties		
SV Brookes	**84 421 619**	
R Gray	**17 849 211**	3 753 947
J Weltman	**3 289 211**	571 842
Property rental management fee from related parties		
SV Brookes	**136 997**	–
R Gray	**31 373**	–
J Weltman	**1 046**	–
U Gschnaidtner	**10 458**	–
Purchases from related parties		
Friedshelf 966 Proprietary Limited	**38 760 000**	–
Compensation to directors and other key management		
Directors emoluments	**21 509 368**	14 067 629

7. Fair value information

Fair value hierarchy

The different levels are defined as follows:

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

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

Level 3: Unobservable inputs for the asset or liability.

No changes have been made to the valuation technique.

The fair values of financial instruments that are not traded in an active market are determined using standard valuation techniques. These valuation techniques maximise the use of observable market data were available and rely as little as possible on company specific estimates.

The fair values disclosed for the financial assets and financial liabilities are classified in level 3 of the financial instrument hierarchy have been assessed to approximate their carrying amounts.

There were no transfers between Levels 1, 2 and 3 during the year.

8. Financial instrument disclosure

Categories of financial instruments	Loans and receivables	Financial liabilities at amortised cost	Equity and non-financial assets and liabilities	Total
GROUP 2016				
Assets				
Non-current assets				
Property, plant and equipment	–	–	40 805 624	40 805 624
Deferred tax	–	–	5 678 890	5 678 890
	–	–	46 484 514	46 484 514
Current assets				
Inventories	–	–	1 342 792 726	1 342 792 726
Loans to shareholders	444 914	–	–	444 914
Other financial assets	7 375 152	–	–	7 375 152
Current tax receivable	–	–	490 827	490 827
Other receivables	32 003 548	–	–	32 003 548
Cash and cash equivalents	462 288 496	–	–	462 288 496
	502 112 110	–	1 343 283 553	1 845 395 663
Total assets	502 112 110	–	1 389 768 067	1 891 880 177
Liabilities				
Non-current liabilities				
Other financial liabilities	–	80 957 013	–	80 957 013
Current liabilities				
Other financial liabilities	–	161 242 28	–	161 242 284
Current tax payable	–	–	39 800 568	39 800 568
Trade and other payables	–	63 419 075	30 345 961	93 765 036
Provisions	–	–	13 924 343	13 924 343
	–	224 661 359	84 070 872	308 732 231
Total liabilities	–	305 618 372	84 070 872	389 689 244

NOTES TO THE SUMMARISED CONSOLIDATED STATEMENTS CONTINUED

FOR THE YEAR ENDED 29 FEBRUARY 2016

8. Financial instrument disclosure continued

Categories of financial instruments	Loans and receivables	Financial liabilities at amortised cost	Equity and non-financial assets and liabilities	Total
GROUP 2015				
Assets				
Non-current assets				
Investment property	–	–	2 392 460	2 392 460
Property, plant and equipment	–	–	30 697 348	30 697 348
Deferred tax	–	–	1 899 978	1 899 978
	–	–	34 989 786	34 989 786
Current assets				
Inventories	–	–	687 449 735	687 449 735
Loans to shareholders	479 931	–	–	479 931
Other financial assets	33 672 067	–	–	33 672 067
Other receivables	143 192 758	–	–	143 192 758
Cash and cash equivalents	129 928 165	–	–	129 928 165
	307 272 921	–	687 449 735	994 722 656
Total assets	307 272 921	–	722 439 521	1 029 712 442
Liabilities				
Non-current liabilities				
Other financial liabilities	–	51 528 508	–	51 528 508
Current liabilities				
Loans from shareholders	–	229 939	–	229 939
Other financial liabilities	–	195 952 492	–	195 952 492
Current tax payable	–	–	13 263 587	13 263 587
Trade and other payables	–	42 785 213	24 341 503	67 126 716
Provisions	–	–	6 785 637	6 785 637
	–	238 967 644	44 390 727	283 358 371
Total liabilities	–	290 496 152	44 390 727	334 886 879

9. Board of directors

The following changes to the board of directors were effected during the reporting period:

- Ms Basani Maluleke was appointed as an independent non-executive director with effect from 25 September 2015;
- Mr Hilton Saven was appointed as an independent non-executive director with effect from 21 September 2015;
- Ms Kholeka Winifred Mzondeki was appointed as an independent non-executive director with effect from 25 September 2015;
- Mr Rex Tomlinson was appointed as an independent non-executive director with effect from 21 September 2015 (resigned effective 30 April 2016);
- Mr Ronen Zekry was appointed as a non-executive director with effect from 21 September 2015;
- Mr Rodney Norman Gray was appointed as an executive director with effect from 23 November 2015;
- Mr Ulrich Gschnaidtner resigned as a director with effect 20 September 2015.

DISCLAIMER

We may make statements that are not historical facts and relate to analyses and other information based on forecasts of future results and estimates of amounts not yet determinable. These are forward-looking statements as defined in the U.S. Private Securities Litigation Reform Act of 1995. Words such as "prospects", "believe", "anticipate", "expect", "intend", "seek", "will", "plan", "indicate", "could", "may", "endeavour" and "project" and similar expressions are intended to identify such forward-looking statements, but are not the exclusive means of identifying such statements. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and there are risks that predictions, forecasts, projections and other forward-looking statements will not be achieved. If one or more of these risks materialise, or should underlying assumptions prove incorrect, actual results may be very different from those anticipated. The factors that could cause our actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements are discussed in each year's annual report. Forward-looking statements apply only as of the date on which they are made, and we do not undertake, other than in terms of the Listings Requirements of the JSE Limited, any obligation to update or revise any of them, whether as a result of new information, future events or otherwise. All profit forecasts published in this report are unaudited.

CORPORATE INFORMATION

BALWIN PROPERTIES LIMITED

Incorporated in the Republic of South Africa
Registration number 2003/028851/06
Share code: BWN
ISIN: ZAE000209532
("Balwin" or "the Company")

Directors

H Saven (Chairperson)*#
SV Brookes (Chief Executive Officer)
J Weltman (Financial Director)
R Gray (Managing Director)
B Maluleke*#
KW Mzondeki*#
R Tomlinson*#
R Zekry#
** Independent*
 # Non-executive

Company secretary

JUBA Statutory Services

Registered office

Block 1, Townsend Office Park
1 Townsend Avenue
Bedfordview
Private Bag X4, Gardenview, 2047
Telephone: 011 450 2818

Sponsor

Investec Bank Limited

Transfer secretary

Computershare Investor Services Proprietary Limited
(Registration number 2004/003647/07),
70 Marshall Street, Johannesburg, 2001. (PO Box 61051, Marshalltown, 2107)

www.balwin.co.za
Johannesburg, 23 May 2016

Balwin
PROPERTIES