Balwin Properties Limited
(Registration number 2003/028851/06)
Audited Consolidated and Separate Annual Financial Statements
for the year ended 28 February 2017

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Property development and related activities
Directors	SV Brookes RN Gray J Weltman H Saven K Mzondeki R Zekry A Shapiro
Prescribed officer	U Gschnaidtner
Business and registered office address	Block 1, Townsend Office Park 1 Townsend Avenue Bedfordview 2007
Postal address	Private Bag X4 Gardenview 2047
Auditor	Deloitte & Touche Registered Auditor
Company secretary	JUBA Statutory Services Proprietary Limited
Preparer	The consolidated and separate annual financial statements have been compiled under the supervision of: J Weltman (Chief Financial Officer) CA (SA)
Date of approval of annual financial statements	12 May 2017

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

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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.

Directors' Responsibility Statement and Approval of Consolidated and Separate Annual Financial Statements

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

The consolidated and separate financial statements are prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa 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 the group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk across the group. While operating risk cannot be fully eliminated, the group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the consolidated and separate financial statements. However, any system of internal financial control can provide only reasonable and not absolute, assurance against material misstatement or loss.

The directors have reviewed the group and company's cash flow forecasts for the year to 28 February 2018 and, in light of this review and the current financial positions, they are satisfied that the group and the company have access to adequate resources to continue in operational existence for the foreseeable future.

The external auditor is responsible for independently auditing and reporting on the consolidated and separate financial statements. The consolidated and separate financial statements have been examined by the group's external auditor and the report is presented on pages 11 to 14.

The consolidated and separate annual financial statements set out on pages 4 to 43, which have been prepared on the going concern basis, were approved by the board on 12 May 2017 and were signed on their behalf by:

SV Brookes

J Weltman

Company Secretary's Certification

In terms of section 88(2)(e) of the Act, I Sirkien van Schalkwyk, duly authorised on behalf of the company secretary, JUBA Statutory Services Proprietary Limited, certify that to the best of my knowledge and belief the company has lodged with the Companies and Intellectual Property Commission for the financial year ended 28 February 2017, 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
12 May 2017

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 King Code of Corporate Governance (King III).

In summary, this committee assists the board in its responsibilities cover the:
- internal and external audit process for the group taking into account the significant risks;
- adequacy and functioning of the group's internal controls;
- integrity of the financial reporting; and
- risk management and information technology.

The committee has performed all the duties required in section 94(7) of the Companies Act 71 of 2008. Due to the size of the company, the board made a decision to combine the committee and attend to both audit and risk responsibilities in one committee.

Members of the audit committee and attendance at meetings

The audit committee consists of three non-executive directors listed below and all members act independently as described in the Act. The members of the committee in respect of the year ended 28 February 2017 comprised Kholeka Mzondeki (chairman), Hilton Saven and Arnold Shapiro, all of whom are independent non-executive directors of the company.

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

Member	20 May 2016	9 September 2016	14 November 2016	22 February 2017
Basani Maluleke*	✓	✓	-	-
Kholeka Mzondeki	✓	✓	✓	✓
Hilton Saven	✓	✓	✓	✓
Arnold Shapiro**	-	-	✓	✓

* resigned 26 October 2016
** appointed 26 October 2016

The external and internal auditors attend and report at all the committee meetings. We are pleased to have appointed KPMG as our new internal auditor's effective 22 February 2017, replacing the previous firm due to capacity. The chief executive officer, chief financial officer and other relevant senior managers attend meetings by invitation.

Roles of the audit committee

The committee has adopted a formal terms of reference, approved by the board, setting out its duties and responsibilities as prescribed in the Act and incorporating additional duties delegated to it by the board.

The committee:
- fulfils the duties that are assigned to it by the Act and as governed by other legislative requirements, 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 consolidated and separate annual financial statements and sustainability reporting, and announcements in respect of the financial results;
- ensures that an effective control environment in the group is maintained;
- provides the chief financial officer, external auditors and the head of internal audit with unrestricted access to the committee and its chairman as is required in relation to any matter falling within the ambit of the committee;
- meets with the external and internal auditors, senior managers and executive directors as the committee may elect;
- meets confidentially with the internal and external auditors without other executive board members and the company's chief financial officer being present;
- reviews and recommends to the board the interim financial results and consolidated and separate annual financial statements;
- oversees the activities of, and ensures coordination between, the activities of the internal and external auditors;
- fulfils the duties that are assigned to it by the Act and as governed by other legislative requirements, including the statutory audit committee functions required for subsidiary companies;
- receives and deals with any complaints concerning accounting practices, internal audit or the content and audit of its financial statements or related matters;
- conduct annual reviews of the audit committee's work plan and terms of reference; and
- assesses the performance and effectiveness of the audit committee and its members on a regular basis.

Audit and Risk Committee Report (continued)

Execution of functions during the year

The committee is satisfied that, for the 2017 financial year, it has performed all the functions required to be performed by the committee as set out in the Act and the committee's terms of reference.

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

External audit

The committee among other matters:
- nominated Deloitte as the external auditor and designated auditor respectively to shareholders for appointment as auditor for the financial year ended 28 February 2017, and ensured that the appointment complied with all applicable legal and regulatory requirements for the appointment of an auditor;
- nominated the external auditor and the independent auditor for each material subsidiary company for re-appointment;
- reviewed the audit effectiveness and evaluated the external auditor's internal quality control procedures;
- obtained an annual confirmation from the auditor that their independence was not impaired;
- maintained a policy setting out the categories of non-audit services that the external auditor may and may not provide, split between permitted, permissible and prohibited services;
- approved non-audit services with Deloitte in accordance with its policy;
- approved the external audit engagement letter, the plan and the budgeted audit fees payable to the external auditor;
- obtained assurances from the external auditor that adequate accounting records were being maintained by the company and its subsidiary;
- 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.

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;
- the auditors' independence was not prejudiced as a result of any previous appointment as auditor; and
- the criteria specified for independence by the Independent Regulatory Board for auditors and international regulatory bodies.

Internal audit

The committee:
- appointed KPMG as internal auditor effective 22 February 2017, replacing the previous firm due to capacity;
- reviewed and approved the internal audit charter and annual audit plan and evaluated the independence, effectiveness and performance of the internal audit department and compliance with its charter;
- considered the reports of the internal auditor on the group's system of internal control including financial controls, business risk management and maintenance of effective internal control systems; and
- reviewed significant issues raised by the internal audit processes and the adequacy of corrective action in response to significant internal audit findings.

The head of internal audit reports functionally to the chair of the committee and administratively to the chief financial officer.

Audit and Risk Committee Report (continued)

Execution of functions during the year (continued)

Adequacy and functioning of the group's internal controls

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

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

Financial reporting

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

The committee among other matters:
- confirmed the going concern as the basis of preparation of the interim and consolidated and separate annual financial statements;
- reviewed compliance with the financial conditions of loan covenants and determined that the capital of the company was adequate;
- examined and reviewed the interim and consolidated and separate annual financial statements, as well as all financial information disclosed prior to the submission to the board for their approval and then for disclosure to stakeholders;
- ensured that the consolidated and separate annual financial statements fairly present the financial position of the group and of the company as at the end of the financial year and the results of operations and cash flows for the financial year and considered the basis on which the company and the group was determined to be a going concern;
- considered the appropriateness of the accounting policies adopted and changes thereto;
- reviewed the external auditor's audit report and key audit matters included;
- reviewed the representation letter relating to the 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 financial statements there are many areas where judgement is needed. These are outlined in note 1.2 to the consolidated and separate annual financial statements. The committee has looked at the quantum of the assets and liabilities on the statements of financial position and other items that require significant judgement and decided to note the following:
- Recognition of cost of constructed residential units 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 units sold, that is realised upon the sale of developments. The assumptions are material and relate to the estimation of costs to completion of respective developments as well as the determination of the percentage of completion. The group and company relies on management's experience and expertise, and monitors its estimation frequently.

Risk management and information technology (IT) governance

The committee:
- reviewed the group's policies on risk assessment and risk management, including fraud risks and IT risks as they pertain to financial reporting and the going concern assessment, and found them to be sound.

Audit and Risk Committee Report (continued)

Execution of functions during the year (continued)

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; and
- considered reports provided by management, internal audit and the external auditors regarding compliance with legal and regulatory requirements.

Expertise and experience of chief financial officer and the financial function

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

Election of committee at the annual general meeting

Pursuant to the provisions of section 94(2) of the Companies Act, which required that a public company must elect an audit committee at each annual general meeting, it is proposed in the notice of annual general meeting to be held on 5 September 2017 that Kholeka Mzondeki (chairman), Hilton Saven and Arnold Shapiro be re-appointed as members of the committee until the next annual general meeting.

Evaluation of the committee

The company secretary conducted a self-evaluation of the committee's performance, mix of skills and individual contributions of members, its achievements in terms of its mandate from the board. The results were reviewed by the committee, which was satisfied with the overall assessment.

Consolidated and separate annual financial statements

Following the review by the committee of the consolidated and separate annual financial statements of Balwin Properties Limited for the year ended 28 February 2017, 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.

Recommendation of the consolidated and separate annual financial statements for approval by the board

Having achieved its objectives, the committee has recommended the consolidated and separate annual financial statements for the year ended 28 February 2017 for approval to the board. The board has subsequently approved the consolidated and separate annual financial statements, which will be open for discussion at the forthcoming annual general meeting.

Kholeka Mzondeki
Chairman Audit and Risk Committee

12 May 2017

Directors' Report

The directors have pleasure in submitting their report on the activities of Balwin Properties Limited (referred to as "the company") and its subsidiary (altogether referred to as "the group" or "consolidated") for the year ended 28 February 2017.

1. Review of financial results and activities

The group recorded a profit for the year ended 28 February 2017 of R660 740 576. This represented an increase from the profit of the prior year of R558 566 637.

2. State of affairs

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

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

3. Share capital

	2017	2016
Authorised	Number of shares	
Ordinary shares	1 000 000 000	1 000 000 000

	2017	2016	2017	2016
Issued	R	R	Number of shares	
Ordinary shares	664 353 712	661 853 712	469 662 237	469 662 237

69.7 million shares were issued for cash in the prior financial year as part of the share based payment transaction. In the current year 253 036 shares with a value of R2.5 million previously issued as part of the share based payment transaction were cancelled when the employees resigned. As a result of the cancellation of the transaction prior to its vesting date, these shares were accordingly issued to the market.

4. Dividends

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

Dividends of R151 525 422 were declared and paid during the 2017 financial year (2016: R419 682 571).

5. Directors and prescribed officer

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

Directors		**Changes**
SV Brookes	Executive Director	
RN Gray	Executive Director	
J Weltman	Executive Director	
H Saven	Independent non-executive Director (Chairman)	
R Tomlinson	Independent non-executive Director	Resigned 31 March 2016
B Maluleke	Independent non-executive Director	Resigned 26 October 2016
K Mzondeki	Independent non-executive Director	
R Zekry	Non-executive Director	
A Shapiro	Independent non-executive Director	Appointed 26 October 2016
A Diepenbroek	Independent non-executive Director	Appointed 26 October 2016, resigned 9 February 2017

Prescribed officer
U Gschnaidtner

6. Events after the reporting period

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

Directors' Report (continued)

7. Going concern

The directors have reviewed the group and company's cash flow forecasts for the year to 28 February 2018 and, in light of this review and the current financial positions, the directors believe that the group and company have adequate financial resources to continue in operation for the foreseeable future and accordingly the consolidated and separate annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the group and company are in a sound financial position and that they have access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the group. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the group and company.

8. Independent auditor

Deloitte & Touche were appointed as the auditor for the group for the 2017 financial year.

At the Annual General Meeting, the shareholders will be requested to reappoint Deloitte & Touche as the independent external auditor of the company and to confirm Patrick Kleb as the designated lead audit partner for the 2018 financial year.

9. Company secretary

The company secretary is JUBA Statutory Services Proprietary Limited.

Postal address	PO Box 4896 Rietvalleirand 0174
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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 12 May 2017.

Deloitte & Touche
Registered Auditors
Audit - Gauteng

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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF BALWIN PROPERTIES LIMITED

Report on the audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of Balwin Properties Limited and its subsidiary ("the Group") set out on pages 14 to 43, which comprise the statements of financial position as at 28 February 2017, the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the Group as at 28 February 2017, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Companies Act of South Africa.

Basis for Opinion

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

Key Audit Matter

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

Key Audit Matter	How the matter was addressed in the audit
Recognition of cost of goods sold	
The Group and Company utilises certain assumptions and key factors in the management of, and reporting for, the recognition of the cost of goods sold. The assumptions are significant and relate to the estimation of the total costs to completion for the respective developments. The cost of goods recognised upon the sale of residential units are calculated by apportioning the total forecasted costs of the development within which the unit is sold, to the square meterage of the unit disposed of as a percentage of the total square meterage of the development. The estimation of the total costs to completion of the developments involves significant judgement by the Directors since the estimation involves a significant element of forecasting. The total estimated costs to completion are inherently uncertain as they are influenced by factors such as future changes to the development plan and unforeseen events during construction and may also be impacted by macroeconomic factors. The Group and Company rely on management's experience and expertise, and monitors its estimation frequently. As such, this has been identified as a key audit matter. The accounting policy for the recognition of costs of goods sold is disclosed on page 18, and the actual cost of goods sold is disclosed in Note 6.	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 substantive procedures included the following: • Attendance at a property budget meeting at which the forecasts are discussed and approved; • Inspected the underlying development forecasts as reviewed and approved by the Directors; • Assessed the assumptions used in the forecasts to determine the total cost of completion of the development; • Recalculation of the cost of sales based on the approved forecasted total costs to completion of each development under construction; • Reviewed and compared the actual costs of developments completed during the year to the initial forecasted costs to complete the development, with a view to evaluating the historical accuracy of the Group and Company's forecasting ability; • Reviewed the development forecasts for each development, as approved by the Directors, on a monthly basis in order to identify significant fluctuations in the monthly forecasted costs of completion of the respective development; • Enquired from the Directors as to whether risks identified have been factored into the forecasted build costs; and • Assessed the adequacy of the Group and Company's disclosure in relation to the judgements and estimation included in the forecasts. We found the operation of the controls relating to the forecasting of the total costs to completion to be effective. Our substantive testing did not reveal any material misstatements. The audit evidence obtained concluded that the Directors had adequately factored in risks and the impact of macroeconomic factors into the forecasted costs to completion. We assessed the disclosure of the cost of goods sold against the requirements of IAS 2: *Inventory* per IFRS and consider the disclosures to be appropriate.

Other Information

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

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

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

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The Directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

In terms of the Independent Regulatory Board for Auditors (IRBA) Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Deloitte & Touche has been the auditor of Balwin Properties Limited for 2 years.

Deloitte & Touche

Deloitte & Touche
Registered Auditor
Per: Patrick Kleb
Partner
12 May 2017

Statements of Financial Position as at 28 February 2017

		Group		Company	
	Notes	2017 R	2016 R	2017 R	2016 R
Assets					
Non-Current Assets					
Property, plant and equipment	3	43 180 207	40 805 624	43 180 207	40 805 624
Investment in subsidiary	4	-	-	100	100
Deferred tax	5	4 862 190	5 678 890	4 862 190	5 678 890
		48 042 397	**46 484 514**	**48 042 497**	**46 484 614**
Current Assets					
Developments under construction	6	2 011 323 745	1 342 792 726	2 011 323 745	1 342 792 726
Loan to subsidiary	7	-	-	2 039 107	2 203 342
Trade and other receivables	8	633 851 955	32 448 462	633 851 955	32 003 458
Other financial assets	9	30 128 607	7 375 152	30 128 607	7 375 152
Current tax receivable		358 181	490 827	-	-
Cash and cash equivalents	10	546 968 777	462 288 496	544 430 052	459 064 527
		3 222 631 265	**1 845 395 663**	**3 221 773 466**	**1 843 439 205**
Total Assets		**3 270 673 662**	**1 891 880 177**	**3 269 815 963**	**1 889 923 819**
Equity and Liabilities					
Equity					
Share capital	11	664 353 712	661 853 712	664 353 712	661 853 712
Foreign currency translation reserve		(1 230 675)	(833 830)	-	-
Retained income		1 350 386 205	841 171 051	1 348 387 024	838 525 465
Total Equity		**2 013 509 242**	**1 502 190 933**	**2 012 740 736**	**1 500 379 177**
Liabilities					
Non-Current Liabilities					
Development loans	12	610 677 328	80 957 013	610 677 328	80 957 013
Current Liabilities					
Trade and other payables	13	137 455 912	93 765 036	137 366 719	93 620 434
Development loans	12	490 203 275	161 242 284	490 203 275	161 242 284
Current tax payable		4 561 839	39 800 568	4 561 839	39 800 568
Provisions	14	14 266 066	13 924 343	14 266 066	13 924 343
		646 487 092	**308 732 231**	**646 397 899**	**308 587 629**
Total Liabilities		**1 257 164 420**	**389 689 244**	**1 257 075 227**	**389 544 642**
Total Equity and Liabilities		**3 270 673 662**	**1 891 880 177**	**3 269 815 963**	**1 889 923 819**

Statements of Profit or Loss and Other Comprehensive Income

		Group		Company	
	Notes	2017 R	2016 R	2017 R	2016 R
Revenue	15	2 702 152 763	2 083 512 353	2 702 152 763	2 083 512 353
Cost of sales		(1 691 128 627)	(1 188 400 247)	(1 691 128 627)	(1 188 400 247)
Gross profit		**1 011 024 136**	**895 112 106**	**1 011 024 136**	**895 112 106**
Other income	16	22 459 378	13 095 888	22 459 378	11 450 194
Share based payment charge	17	-	(6 030 155)	-	(6 030 155)
Operating expenses		(130 145 268)	(134 584 815)	(129 305 397)	(133 127 230)
Operating profit	18	**903 338 246**	**767 593 024**	**904 178 117**	**767 404 915**
Interest income	19	15 220 797	10 796 991	15 027 331	10 796 991
Finance costs	20	(1 374 934)	(251 050)	(1 374 934)	(251 050)
Profit before taxation		**917 184 109**	**778 138 965**	**917 830 514**	**777 950 856**
Taxation	21	(256 443 533)	(219 572 328)	(256 443 533)	(220 021 656)
Profit for the year		**660 740 576**	**558 566 637**	**661 386 981**	**557 929 200**
Other comprehensive income:					
Items that may be reclassified to profit or loss:					
Exchange differences on translating foreign operation		(396 845)	603 237	-	-
Total comprehensive income for the year		**660 343 731**	**559 169 874**	**661 386 981**	**557 929 200**
Basic and diluted earnings per share					
Basic (cents)	31	140.6	131.5	140.7	131.4
Diluted (cents)	31	139.9	130.7	140.1	130.6

Statements of Changes in Equity

	Share capital R	Foreign currency translation reserve R	Retained income R	Total equity R
Group				
Balance at 1 March 2015	**5 800**	**(1 437 067)**	**696 256 830**	**694 825 563**
Profit for the year	-	-	558 566 637	558 566 637
Other comprehensive income	-	603 237	-	603 237
Total comprehensive income for the year	**-**	**603 237**	**558 566 637**	**559 169 874**
Issue of shares	661 847 912	-	-	661 847 912
Share-based payment	-	-	6 030 155	6 030 155
Dividends paid	-	-	(419 682 571)	(419 682 571)
Balance at 1 March 2016	**661 853 712**	**(833 830)**	**841 171 051**	**1 502 190 933**
Profit for the year	-	-	660 740 576	660 740 576
Other comprehensive loss	-	(396 845)	-	(396 845)
Total comprehensive income for the year	**-**	**(396 845)**	**660 740 576**	**660 343 731**
Shares issued as a result of share-based payment transaction (refer note 11)	2 500 000	-	-	2 500 000
Dividends paid	-	-	(151 525 422)	(151 525 422)
Balance at 28 February 2017	**664 353 712**	**(1 230 675)**	**1 350 386 205**	**2 013 509 242**
Notes	11			
Company				
Balance at 1 March 2015	**5 800**	**-**	**694 248 681**	**694 254 481**
Profit for the year	-	-	557 929 200	557 929 200
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**557 929 200**	**557 929 200**
Issue of shares	661 847 912	-	-	661 847 912
Share-based payment	-	-	6 030 155	6 030 155
Dividends paid	-	-	(419 682 571)	(419 682 571)
Balance at 1 March 2016	**661 853 712**	**-**	**838 525 465**	**1 500 379 177**
Profit for the year	-	-	661 386 981	661 386 981
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**661 386 981**	**661 386 981**
Shares issued as a result of share-based payment transaction (refer note 11)	2 500 000	-	-	2 500 000
Dividends paid	-	-	(151 525 422)	(151 525 422)
Balance at 28 February 2017	**664 353 712**	**-**	**1 348 387 024**	**2 012 740 736**
Note	11			

Statements of Cash Flows

		Group		Company	
	Notes	2017 R	2016 R	2017 R	2016 R
Cash flows (used in) from operating activities					
Cash (used in) generated from operations	22	(316 600 215)	267 997 070	(315 588 859)	268 062 677
Interest income		15 220 797	10 796 991	15 027 331	10 796 991
Finance costs		(1 374 934)	(251 050)	(1 374 934)	(251 050)
Taxation paid	23	(290 732 916)	(197 305 086)	(290 865 562)	(195 453 595)
Net cash (used in) from operating activities		**(593 487 268)**	**81 237 925**	**(592 802 024)**	**83 155 023**
Cash (used in) flows from investing activities					
Purchase of property, plant and equipment	3	(9 045 401)	(15 689 532)	(9 045 401)	(15 689 532)
Proceeds on sale of property, plant and equipment	3	310 521	105 817	310 521	105 817
Proceeds on sale of investment property		-	3 525 568	-	-
Proceeds from loan to subsidiary		-	-	-	16 757
Net movement of other financial assets		(22 753 455)	26 296 915	(22 753 455)	26 298 085
Net cash (used in) from investing activities		**(31 488 335)**	**14 238 768**	**(31 488 335)**	**10 731 127**
Cash flows from financing activities					
Proceeds on share issue	11	2 500 000	661 847 912	2 500 000	661 847 912
Development loans repaid		(1 300 279 016)	(700 076 113)	(1 300 279 016)	(700 076 113)
Development loans raised		2 158 960 322	694 794 410	2 158 960 322	694 794 410
Dividends paid		(151 525 422)	(419 682 571)	(151 525 422)	(419 682 571)
Net cash from financing activities		**709 655 884**	**236 883 638**	**709 655 884**	**236 883 638**
Total cash and cash equivalents movement for the year		**84 680 281**	**332 360 331**	**85 365 525**	**330 769 788**
Cash and cash equivalents at the beginning of the year		462 288 496	129 928 165	459 064 527	128 294 739
Total cash and cash equivalents at end of the year	10	**546 968 777**	**462 288 496**	**544 430 052**	**459 064 527**

Accounting Policies

1. Presentation of consolidated and separate annual financial statements

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

The consolidated and separate annual financial statements have been consistently prepared in accordance with International Financial Reporting Standards ("IFRS") and its interpretations adopted by the Independent Accounting Standards Board, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the requirements of the Companies Act 2008 ("the 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.

1.1 Consolidation

Basis of consolidation

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

The group has control of an entity when it is exposed to or has rights to variable returns from involvement with the entity and it has the ability to affect those returns through use its power over the entity.

The results of the subsidiary is included in the consolidated financial statements from the effective date of acquisition to the effective date of disposal.

Adjustments are made when necessary to the financial statements of the subsidiary 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 units sold

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

1.3 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.

Accounting Policies (continued)

1.3 Property, plant and equipment (continued)

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 is included in profit or loss in the year in which they are incurred.

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

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

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

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

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

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

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

1.4 Investments in subsidiary

In the company's separate annual financial statements, the investment in the subsidiary is carried at cost less any accumulated impairment.

The cost of an investment in a subsidiary is the aggregate of:
- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the company; plus
- any costs directly attributable to the purchase of the subsidiary.

1.5 Financial instruments

Initial recognition and measurement

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

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

Financial instruments are measured initially at fair value.

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

Accounting Policies (continued)

1.5 Financial instruments (continued)

Subsequent measurement

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

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

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

Derecognition

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

Offset

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

Loan to subsidiary

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

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

Loans to shareholders

These financial assets are classified as loans and receivables.

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

Trade and other receivables

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

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When an amount due from a trade and other receivable is uncollectable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Trade and other receivables are classified as loans and receivables.

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

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.

Accounting Policies (continued)

1.5 Financial instruments (continued)

Cash and cash equivalents

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

Development loans

Development loans (bond creditors) 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.

1.6 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 significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the group to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

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 complexity of tax legislation and the different jurisdictions of tax in the group. 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.

Accounting Policies (continued)

1.7 Leases

Operating leases – lessee

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

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

1.8 Developments under construction

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

Cost includes all of the expenditure which is directly attributable to the acquisition of the land or construction of residential estates/units, including the capitalisation of borrowing costs on residential estates/units. The construction of residential estates/units is a qualifying asset in terms of IAS 23, *Borrowing costs.*

Borrowing costs are capitalised to the extent that they are directly attributable to the acquisition, construction or production of a qualifying asset. Refer to the accounting policy in note 1.15 for further detail on borrowing costs. The construction of residential estates/units is a qualifying asset as a defined in IAS 23, *Borrowing costs.*

As the developments under construction are held primarily for the purposes of trading, the asset is classified as current in accordance with the presentation requirements of IAS 1, *Presentation of Financial Statements.*

1.9 Impairment of assets

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

If there is any indication that an asset may be impaired, the recoverable amount is estimated for 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.

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

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

1.10 Share capital and equity

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

1.11 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Accounting Policies (continued)

1.12 Provisions

Provisions are recognised when:

- the group has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

1.13 Revenue

Revenue of the group comprises:

- Revenue from the sale of developed residential units;
- Bond commission.

Value added tax is excluded.

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

Revenue is recognised on the following basis:

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

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

1.14 Other income

Other income includes interest and other items of income not derived from the main activities of the group and company.

Interest income is recognised as interest accrues using the effective interest rate method.

1.15 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The construction of residential estates/units is a qualifying asset in terms of IAS 23. The amount of borrowing costs eligible for capitalisation is determined as follows:

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

The capitalisation of borrowing costs commences when:

- expenditures for the residential estate/units have occurred;
- borrowing costs have been incurred; and
- residential estate/units for its intended use or sale are in progress.

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

Accounting Policies (continued)

1.16 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.

1.17 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.

The group does not apply hedge accounting. Hedging instruments are not used by the group to hedge foreign currency risk.

1.18 Segmental reporting

The geographical segments of the South African and UK operations have been identified as segments in the group as they provide services within different economic environments. The environments are subject to risks and returns that differ from the respective segments.

1.19 Earnings per share and headline earnings per share

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

1.20 Share based payments

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

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
• Amendments to IAS 16: Property, Plant and Equipment: Clarification of Acceptable Methods of Depreciation	1 January 2016
• Amendment to IFRS 7: Financial Instruments: Disclosures: Annual Improvements project	1 January 2016
• Amendment to IAS 19: Employee Benefits: Annual Improvements project	1 January 2016
• Disclosure Initiative: Amendment to IAS 1: Presentation of Financial Statements	1 January 2016

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 2017 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after
• IFRS 16: Leases	1 January 2019
• 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
• Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	1 January 2018
• Amendments to IAS 7: Disclosure initiative	1 January 2017
• Amendments to IFRS 12: Disclosure of Interest in Other Entities	1 January 2017
• IFRIC 22: Foreign Transactions and Advance Consideration	1 January 2018

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

Notes to the Annual Financial Statements (continued)

3. Property, plant and equipment

Group and company	2017			2016		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Land and buildings	32 010 148	(3 123 872)	28 886 276	32 010 148	(1 773 364)	30 236 784
Plant and machinery	13 407 336	(8 294 788)	5 112 548	9 429 136	(5 553 007)	3 876 129
Furniture and fixtures	2 389 879	(999 477)	1 390 402	1 896 153	(825 578)	1 070 575
Motor vehicles	8 389 311	(2 774 320)	5 614 991	5 984 938	(1 856 393)	4 128 545
Office equipment	1 668 672	(731 401)	937 271	1 135 468	(511 050)	624 418
Computer equipment	2 791 315	(1 552 596)	1 238 719	1 787 856	(918 683)	869 173
Total	**60 656 661**	**(17 476 454)**	**43 180 207**	**52 243 699**	**(11 438 075)**	**40 805 624**

Reconciliation of property, plant and equipment - Group and company - 2017

	Opening balance	Additions	Disposals	Foreign exchange movements	Depreciation	Closing balance
Land and buildings	30 236 784	-	-	-	(1 350 508)	28 886 276
Plant and machinery	3 876 129	3 978 200	-	-	(2 741 781)	5 112 548
Furniture and fixtures	1 070 575	624 793	-	-	(304 966)	1 390 402
Motor vehicles	4 128 545	2 872 597	(15 743)	-	(1 370 408)	5 614 991
Office equipment	624 418	533 203	-	-	(220 350)	937 271
Computer equipment	869 173	1 036 608	(17 470)	-	(649 592)	1 238 719
	40 805 624	**9 045 401**	**(33 213)**	**-**	**(6 637 605)**	**43 180 207**

Reconciliation of property, plant and equipment - Group - 2016

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

Reconciliation of property, plant and equipment - Company - 2016

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

Notes to the Annual Financial Statements (continued)

	Group		Company	
	2017 R	2016 R	2017 R	2016 R
3. Property, plant and equipment (continued)				
Details of properties				
Property 1				
Block 1 Townsend Office Park, Erf 2979 Bedfordview Extension 59 Township, Gauteng				
- Purchase price: 28 February 2013	20 310 160	20 310 160	20 310 160	20 310 160
- Additions since purchase or valuation	1 993 364	1 993 364	1 993 364	1 993 364
	22 303 524	**22 303 524**	**22 303 524**	**22 303 524**
Property 2				
Section 6 and 7, Stellenpark, Stellenbosch, Western Cape				
- Purchase price: 22 January 2016	9 706 624	9 706 624	9 706 624	9 706 624

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

4. Investment in subsidiary

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

Name of company	Country of incorporation	Year end	% holding 2017	% holding 2016	Carrying amount 2017	Carrying amount 2016
Balwin Properties (UK) Limited	United Kingdom	February	100 %	100 %	100	100

Nature of business of subsidiary

Balwin Properties (UK) Limited primarily held investment property of which the last investment property was sold during 2016. No operations have taken place in the subsidiary since the sale of the last investment property in the prior year.

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

	Group		Company	
	2017 R	2016 R	2017 R	2016 R
5. Deferred tax				
Deferred tax asset				
Deferred tax on provisions	4 862 190	5 678 890	4 862 190	5 678 890

Notes to the Annual Financial Statements (continued)

	Group		Company	
	2017 R	2016 R	2017 R	2016 R

5. Deferred tax (continued)

Reconciliation of deferred tax asset

At beginning of year	5 678 890	1 899 978	5 678 890	1 899 978
Charge to statement of profit or loss and other comprehensive income	(816 700)	3 778 912	(816 700)	3 778 912
	4 862 190	**5 678 890**	**4 862 190**	**5 678 890**

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

6. Developments under construction

Developments under construction	2 011 323 745	1 342 792 726	2 011 323 745	1 342 792 726
	2 011 323 745	**1 342 792 726**	**2 011 323 745**	**1 342 792 726**

The cost of developments under construction recognised as an expense during the current year was R1 691.1 million (2016: R1 188.4 million). There has been no write down of developments under construction in the current year (2016: Rnil).

A first covering mortgage bond of R300 000 000 is in place over the remaining extent of Portion 241 (a portion of portion 6) and Portion 138 (a portion of portion 23) of the Farm Zwartkoppies 364 JR portion 138 and remaining extents of portion 6 and 241.

7. Loan to subsidiary

Balwin Properties (UK) Limited	-	-	2 039 107	2 203 342

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

8. Trade and other receivables

Trade receivables	537 059 346	-	537 059 346	-
Amounts due from transferring attorneys	76 981 412	21 110 887	76 981 412	21 110 887
Other receivables	19 811 197	11 256 559	19 811 197	10 811 555
Staff loans	-	81 016	-	81 016
	633 851 955	**32 448 462**	**633 851 955**	**32 003 458**

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

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

Credit quality of trade and other receivables

The credit quality of trade and other receivables that are neither past nor due nor impaired can be assessed by reference to external credit ratings or to historical information. Given the nature of the operations of the group and company, no significant credit risk is identified as the amounts due from Tonkin Clacey is a timing event that arises due to sale of the residential unit being in progress. No trade and other receivables are past due at period end.

Notes to the Annual Financial Statements (continued)

	Group		Company	
	2017 R	2016 R	2017 R	2016 R

8. Trade and other receivables (continued)

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

Tonkin Clacey	72 393 843	8 818 423	72 393 843	8 818 423
City of Johannesburg	-	9 388 867	-	9 388 867
	72 393 843	**18 207 290**	**72 393 843**	**18 207 290**

Trade and other receivables past due but not impaired

At 28 February 2017, Rnil (2016: Rnil) were past due but not impaired. No provision for bad debts have been raised (2016: Rnil).

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

9. Other financial assets

Loans and receivables				
Slade Properties Proprietary Limited	-	82 534	-	82 534
Development loans	30 128 607	7 292 618	30 128 607	7 292 618
	30 128 607	**7 375 152**	**30 128 607**	**7 375 152**

The loan to Slade Properties Proprietary Limited, bore interest at prime and had no fixed repayment term. The development loans bear interest at prime and is repayable between March 2017 and September 2017. The loans are therefore classified as current. The directors consider the fair value of other financial assets to approximate their fair value.

10. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	22 000	21 500	22 000	21 500
Bank balances	546 946 777	462 266 996	544 408 052	459 043 027
	546 968 777	**462 288 496**	**544 430 052**	**459 064 527**

Guarantees and facilities in place on 29 February 2016:
(a) Letters of guarantee: R2 663 606
(b) Facility linked to letters of guarantee: R170 000 000

Guarantees and facilities in place on 28 February 2017:
(a) Letters of guarantee: R15 835 195
(b) Facility linked to letters of guarantee: R130 000 000
(c) Overdraft facility available: R50 000 000
(d) First covering mortgage bond over the remaining extent of Portion 241 (a portion of portion 6) and Portion 138 (a portion of portion 23) of the Farm Zwartkoppies 364 JR portion 138 and remaining extents of portion 6 and 241: R300 000 000

11. Share capital

Authorised				
Ordinary shares	1 000 000 000	1 000 000 000	1 000 000 000	1 000 000 000
Issued and fully paid				
Ordinary	664 353 712	661 853 712	664 353 712	661 853 712

Notes to the Annual Financial Statements (continued)

11. Share capital (continued)

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

	Group		Company	
	2017	2016	2017	2016
	Number of shares			
Reconciliation of shares in issue:				
Opening balance	469 662 237	5 800	469 662 237	5 800
Shares in issue converted on listing	-	(5 800)	-	(5 800)
Conversion of existing 5 800 shares	-	400 000 000	-	400 000 000
Shares issued on 15 October 2015	-	69 662 237	-	69 662 237
Shares issued	253 036	-	253 036	-
Closing balance	**469 915 273**	**469 662 237**	**469 915 273**	**469 662 237**

69.7 million shares were issued for cash in the prior financial year and 2.5 million shares were issued as part of the share based payment transaction. In the current year 253 036 shares with a value of R2.5 million previously issued as part of the share based payment transaction were cancelled when the employees resigned. As a result of the cancellation of the transaction prior to its vesting date, these shares were accordingly issued to the market.

	Group		Company	
	2017 R	2016 R	2017 R	2016 R
12. Development loans				
Held at amortised cost				
Mortgage bonds	1 100 880 603	242 199 297	1 100 880 603	242 199 297

The construction finance is secured by pre-sold units.

2017	Average nominal interest rate %	Maturity date	Carrying amount
Non-current loans			
Investec	10.50	June 2027	43 903 923
Portimix	10.50	June 2025	516 613 405
ABSA	10.50	8 February 2019	50 160 000
Current loans			
Nedbank	10.50	Between March 2017 and February 2018	122 450 300
Investec	10.34	Between March 2017 and February 2018	367 752 975
			1 100 880 603
2016			
Non-current loans			
Investec	10.50	Between January 2018 and February 2018	80 957 013
Current loans			
Investec	10.25	Between December 2016 and February 2017	81 146 356
Nedbank	10.50	November 2016	80 095 928
			242 199 297

Notes to the Annual Financial Statements (continued)

	Group		Company	
	2017 R	2016 R	2017 R	2016 R

12. Development loans (continued)

Non-current liabilities				
At amortised cost	610 677 328	80 957 013	610 677 328	80 957 013
Current liabilities				
At amortised cost	490 203 275	161 242 284	490 203 275	161 242 284
	1 100 880 603	**242 199 297**	**1 100 880 603**	**242 199 297**
Fair value of the financial liabilities carried at amortised cost				
Bank loans	1 100 880 603	242 199 297	1 100 880 603	242 199 297

13. Trade and other payables

Trade payables	44 240 585	59 998 447	44 240 678	59 998 442
Value added taxation payable	88 624 110	30 345 961	88 624 110	30 345 961
Payroll accruals	4 471 931	3 246 031	4 471 931	3 246 031
Other accruals	119 286	174 597	30 000	30 000
	137 455 912	**93 765 036**	**137 366 719**	**93 620 434**

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.

14. Provisions

Reconciliation of provisions - Group and company - 2017

	Opening balance R	Additions R	Utilised during the year R	Closing balance R
Leave pay	3 577 834	7 294 435	(5 088 323)	5 783 946
Bonus	10 346 509	8 229 854	(10 094 243)	8 482 120
	13 924 343	**15 524 289**	**(15 182 566)**	**14 266 066**

Reconciliation of provisions - Group and company - 2016

Leave pay	675 562	4 144 913	(1 242 641)	3 577 834
Bonus	4 869 641	20 661 905	(15 185 037)	10 346 509
Other provisions	1 240 434	-	(1 240 434)	-
	6 785 637	**24 806 818**	**(17 668 112)**	**13 924 343**

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

Bonus provision relates to a bonus payable to employees based on the approved short term incentive scheme.

	Group		Company	
	2017 R	2016 R	2017 R	2016 R

15. Revenue

Revenue from sale of developments	2 697 714 278	2 078 212 150	2 697 714 278	2 078 212 150
Bond commission	4 438 485	5 300 203	4 438 485	5 300 203
	2 702 152 763	**2 083 512 353**	**2 702 152 763**	**2 083 512 353**

Notes to the Annual Financial Statements (continued)

	Group		Company	
	2017 R	2016 R	2017 R	2016 R

16. Other income

Administration fees	487 136	358 942	487 136	358 942
Rental income	21 143 657	9 350 601	21 143 657	9 350 601
Recoveries	551 277	1 711 836	551 277	1 691 913
Profit on sale of investment property	-	1 133 108	-	-
Profit on exchange differences	-	492 663	-	-
Profit on sale of property plant and equipment	277 308	48 738	277 308	48 738
	22 459 378	**13 095 888**	**22 459 378**	**11 450 194**

17. Share based payments

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

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

The loan was granted for a term of five years from date of listing, however, early settlement of the loan is allowed as follows:
- up to 50% of the outstanding balance of the loan may be settled between years three and four; and
- up to 75% of the outstanding balance of the loan may be settled after the 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 Balwin. The early settlement fee is calculated as the market value of the pledged shares at the time of repayment less the sum of the outstanding balance.

Upon the repayment date of the loan:

- the investor is required to settle the outstanding loan amount (calculated as the sum of the initial loan amount, plus interest accrued and less dividends received the investor has elected to apply against the outstanding loan balance) in cash prior to the release by Balwin of the pledge over the shares; or
- the investor may request that Balwin sell such number of pledged shares required to settle the outstanding balance in order to secure the release of the pledge of the remaining unsold Balwin shares under the following conditions:

→ if the value of the Balwin shares sold exceeds the outstanding balance, the excess proceeds will be paid by Balwin to the interested investor; or

→ if the value of the Balwin shares sold is less than the outstanding balance, Balwin will have no further claim against the interested investors in respect of the shortfall.

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

Share Option Group	2017 Number of shares	2016 Number of shares
Outstanding at the beginning of the year	2 530 364	2 530 364
Granted during the year	-	-
Cancelled during the year	(253 036)	-
Outstanding at the end of the year	**2 277 328**	**2 530 364**
Exercisable at the end of the year	-	-

17. Share based payments (continued)

Information on options granted during the prior year

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

- Weighted average share price of R13.86;
- Exercise price of R9.88;
- Expected volatility of 23%;
- Vesting period of 5 years; and
- The risk-free interest rate of 8.62%.

Method and the assumptions incorporated:

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

Total expenses of Rnil (2016: R6 030 155) related to share based payments transactions that were recognised.

	Group		Company	
	2017 R	2016 R	2017 R	2016 R
18. Operating profit				
Operating profit for the year is stated after charging the following, amongst others:				
Auditor's remuneration - external				
Audit fees	610 000	490 000	610 000	490 000
Other fees	190 000	47 000	190 000	47 000
	800 000	**537 000**	**800 000**	**537 000**
Employee costs	68 709 227	113 223 355	68 709 227	113 223 355
Operating leases - premises	229 700	863 208	229 700	853 456
Depreciation	6 637 605	5 623 302	6 637 605	4 817 270
Legal fees	4 053 563	1 158 083	4 053 563	1 158 083
Consulting fees	5 710 554	1 021 880	5 710 554	1 021 880
19. Interest income				
Bank	13 424 432	8 374 823	13 230 966	8 374 823
Other	1 796 365	2 422 168	1 796 365	2 422 168
	15 220 797	**10 796 991**	**15 027 331**	**10 796 991**
20. Finance costs				
Mortgage loans	74 238 020	25 910 475	74 238 020	25 910 475
Shareholders loans	-	221 608	-	221 608
Bank	1 362 371	29 442	1 362 371	29 442
Other	12 563	-	12 563	-
Capitalised interest on developments under construction	(74 238 020)	(25 910 475)	(74 238 020)	(25 910 475)
	1 374 934	**251 050**	**1 374 934**	**251 050**

Notes to the Annual Financial Statements (continued)

	Group		Company	
	2017 R	2016 R	2017 R	2016 R

21. Taxation

Major components of the tax expense

Current				
Local income tax - current year	256 423 985	223 351 240	256 423 985	223 800 568
Local income tax - recognised in current tax for prior periods	(797 152)	-	(797 152)	-
	255 626 833	**223 351 240**	**255 626 833**	**223 800 568**
Deferred tax				
Arising from temporary difference - current year	816 700	(3 778 912)	816 700	(3 778 912)
	256 443 533	**219 572 328**	**256 443 533**	**220 021 656**

Reconciliation of the taxation

Reconciliation between applicable tax rate and average effective tax rate.

Applicable tax rate	28.00 %	28.00 %	28.00 %	28.00 %
Exempt income	- %	(0.06)%	- %	- %
Disallowable charges	0.05 %	0.04 %	0.03 %	0.04 %
Prior year adjustment	(0.09)%	- %	(0.09)%	- %
	27.96 %	**27.98 %**	**27.94 %**	**28.04 %**

22. Cash (used in) generated from operations

Profit before taxation	917 184 109	778 138 965	917 830 514	777 950 856
Adjustments for:				
Depreciation	6 637 605	5 623 302	6 637 605	4 817 270
Profit on sale of property, plant and equipment	(277 308)	(48 738)	(277 308)	(48 738)
Profit on sale of investment property	-	(1 133 108)	-	-
Interest income	(15 220 797)	(10 796 991)	(15 027 331)	(10 796 991)
Finance costs	1 374 934	251 050	1 374 934	251 050
Foreign exchange on loan to subsidiary	-	-	164 235	-
Movements in provisions	341 723	7 138 706	341 723	7 138 706
Share-based payment transaction	-	6 030 155	-	6 030 155
Foreign exchange on property, plant and equipment	-	(99 125)	-	-
Movement in foreign exchange translation reserve	(396 845)	603 237	-	-
Movement in working capital				
Developments under construction	(668 531 019)	(655 342 991)	(668 531 019)	(655 342 991)
Trade and other receivables	(601 403 493)	110 994 288	(601 848 497)	108 718 563
Trade and other payables	43 690 876	26 638 320	43 746 285	29 344 797
	(316 600 215)	**267 997 070**	**(315 588 859)**	**268 062 677**

Notes to the Annual Financial Statements (continued)

	Group		Company	
	2017 R	2016 R	2017 R	2016 R

23. Taxation paid

Balance at beginning of the year	(39 309 741)	(13 263 587)	(39 800 568)	(11 453 595)
Current taxation for the year	(255 626 833)	(223 351 240)	(255 626 833)	(223 800 568)
Balance at end of the year	4 203 658	39 309 741	4 561 839	39 800 568
	(290 732 916)	**(197 305 086)**	**(290 865 562)**	**(195 453 595)**

24. Related parties

Relationships	
Subsidiary	Refer to note 4
Members of key management	Refer to directors' report for list of directors and prescribed officer

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

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

Related party balances

Loan accounts - Owing by related parties				
Balwin Properties (UK) Limited	-	-	2 039 107	2 203 342
Slade Properties Proprietary Limited	-	82 534	-	82 534
RN Gray	-	444 914	-	-

Related party transactions

Sale of units to related parties				
SV Brookes	182 330 369	84 421 619	182 330 369	84 421 619
R Gray	43 954 693	17 849 211	43 954 693	17 849 211
J Weltman	-	3 289 211	-	3 289 211
U Gschnaidtner	10 932 456	-	10 932 456	-
M Brookes	2 148 860	-	2 148 860	-
S Brookes	710 439	-	710 439	-
Property rental management fee from related parties				
SV Brookes	359 312	136 997	359 312	136 997
R Gray	86 741	31 373	86 741	31 373
J Weltman	6 086	1 046	6 086	1 046
U Gschnaidtner	19 992	10 458	19 992	10 458
Purchases from related parties				
Friedshelf 966 Proprietary Limited	-	38 760 000	-	38 760 000
Rental to related parties				
SV Brookes	934 002	-	934 002	-
Compensation to directors and other key management				
Directors emoluments	29 302 182	21 509 368	29 302 182	21 509 368

25. Directors' and prescribed officer emoluments

Executive

2017

	Basic salary R	Bonus R	Medical aid R	Provident fund R	Total R
SV Brookes	4 424 000	700 000	144 124	221 200	5 489 324
RN Gray	3 539 200	560 000	144 296	176 960	4 420 456
J Weltman	2 275 200	360 000	132 766	113 760	2 881 726
	10 238 400	**1 620 000**	**421 186**	**511 920**	**12 791 506**

2016

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

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

Non-executive directors' fees

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

	2017 R	2016 R
H Saven	756 400	260 000
R Tomlinson	-	195 000
B Maluleke	208 650	195 000
K Mzondeki	428 000	200 000
R Zekry	344 200	175 000
A Shapiro	258 650	-
A Diepenbroek	72 225	-
	2 068 125	**1 025 000**

Prescribed officer

2017

	Basic salary R	Variable remuneration* R	Medical aid R	Provident fund R	Total R
U Gschnaidtner	3 539 200	10 654 243	72 148	176 960	14 442 551

2016

U Gschnaidtner	1 400 000	6 014 936	28 764	70 000	7 513 700

* The variable remuneration is based upon the employment contract.

Notes to the Annual Financial Statements (continued)

25. Directors' and prescribed officer emoluments (continued)

Directors' interest

No shares were issued to directors or individuals holding a prescribed office in the current financial year. In the prior financial year the following shares were issued:

	Number of shares	2017 and 2016 Date of Issue	% shareholding
SV Brookes	167 235 659	15 October 2015	35.4 %
RN Gray	47 221 798	15 October 2015	10.0 %
U Gschnaidtner	10 150 788	15 October 2015	2.2 %
R Zekry	7 083 269	15 October 2015	1.5 %
J Weltman*	1 012 145	15 October 2015	0.2 %

*These shares were issued under the share scheme. The shares have not as yet vested. Refer to note 17.

26. Major shareholders

	2017		2016	
Registered shareholders owning more than 5% of issued shares	**Number of shares held**	**Percentage of issued shares**	**Number of shares held**	**Percentage of issued shares**
SV Brookes	167 235 659	35.4 %	167 235 659	35.4 %
RN Gray	47 221 798	10.0 %	47 221 798	10.0 %
Buff-Shares Proprietary Limited	43 597 577	9.2 %	43 597 577	9.2 %

27. Risk management

Capital risk management

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

The capital structure of the group consists of debt, which includes the development finance disclosed in note 12, cash and cash equivalents disclosed in note 10, and equity as disclosed in the statement of financial position. Consistent with others in the industry, the group monitors capital on the basis of the gearing ratio.

Financial risk management

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

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

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.

Notes to the Annual Financial Statements (continued)

	Group		Company	
	2017 R	2016 R	2017 R	2016 R

27. Risk management (continued)

Interest rate risk (continued)

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 R5 237 832 (2016: R2 274 644) for the group and R5 242 828 (2016: R2 264 437) for the company.

Interest-bearing instrument comprise:				
Loans to subsidiary	-	-	2 039 107	2 203 342
Other financial assets	30 128 607	7 375 152	30 128 607	7 375 152
Cash and cash equivalents	546 968 777	462 288 496	544 430 052	459 064 527
Development loans	(1 100 880 603)	(242 199 297)	(1 100 880 603)	(242 199 297)
	(523 783 219)	**227 464 351**	**(524 282 837)**	**226 443 724**

Interest rate sensitivity				
Loans to subsidiary	-	-	20 391	22 033
Other financial assets	301 286	73 752	301 286	73 752
Cash and cash equivalents	5 469 688	4 622 885	5 444 301	4 590 645
Development loans	(11 008 806)	(2 421 993)	(11 008 806)	(2 421 993)
	(5 237 832)	**2 274 644**	**(5 242 828)**	**2 264 437**

Credit risk

Credit risk is managed on a group basis.

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

Trade and other receivables relates to sales where registration has not yet transferred, however, revenue has been recognised as the unit has been handed over to the purchaser and financial guarantees are in place and amounts owing by transfer attorneys as at the end of the financial year. Amounts owing by the transfer attorneys relates to cash received from registrations which has not yet been transferred to Balwin. Due to the nature of the trade and other receivables the credit risk is limited.

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

Financial instrument				
Loan to subsidiary	-	-	2 039 107	2 203 342
Trade and other receivables	633 851 955	32 448 462	633 851 955	32 003 458
Other financial assets	30 128 607	7 375 152	30 128 607	7 375 152
Cash and cash equivalents	546 968 777	462 288 496	544 430 052	459 064 527

Foreign exchange risk

The groups exposure to foreign exchange risk is limited due to the fact that no operations have taken place in the Balwin Properties Limited UK subsidiary since the sale of the last investment property in the prior year. The exposure, if any, are primarily with respect to the UK pound.

The group does not hedge foreign exchange fluctuations.

Notes to the Annual Financial Statements (continued)

27. Risk management (continued)

Exchange rates used for conversion of foreign items were:

	2017	2016
GBP (spot rate)	16.23	22.25
GBP (average rate)	19.00	20.36

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 units on a phase-by-phase basis. Development finance is repaid upon registration of a specific phase being financed. The phase-by-phase approach to funding reduces the risk of accumulating excessive debt which impacts liquidity. The business targets an optimal debt to equity ratio of 30% in the long term and operates within pre-defined risk tolerance levels.

The table below analyses the group's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position 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

At 28 February 2017	**Less than 1 year** R	**Between 1 and 2 years** R	**Between 2 and 5 years** R	**Over 5 years** R
Development loans	490 203 275	119 812 607	311 178 100	179 686 621
Trade and other payables	48 831 802	-	-	-
Provisions	14 266 066	-	-	-
	553 301 143	119 812 607	311 178 100	179 686 621
At 29 February 2016				
Development loans	161 242 284	80 957 013	-	-
Trade and other payables	63 419 075	-	-	-
Provisions	13 924 343	-	-	-
	238 585 702	80 957 013	-	-

Company

At 28 February 2017	**Less than 1 year** R	**Between 1 and 2 years** R	**Between 2 and 5 years** R	**Over 5 years** R
Development loans	490 203 275	119 812 607	311 178 100	179 686 621
Trade and other payables	48 742 609	-	-	-
Provisions	14 266 066	-	-	-
	553 211 950	119 812 607	311 178 100	179 686 621
At 29 February 2016				
Development loans	161 242 284	80 957 013	-	-
Trade and other payables	63 274 473	-	-	-
Provisions	13 924 343	-	-	-
	238 441 100	80 957 013	-	-

Notes to the Annual Financial Statements (continued)

28. Financial assets and liabilities by category

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

Group - 2017

	Loans and receivables	Financial liabilities at amortised cost
	R	R
Other financial assets	30 128 607	-
Trade and other receivables	633 851 955	-
Cash and cash equivalents	546 968 777	-
Development loans	-	(1 100 880 603)
Trade and other payables	-	(48 831 802)
	1 210 949 339	**(1 149 712 405)**

Group - 2016

	Loans and receivables	Financial liabilities at amortised cost
Other financial assets	7 375 152	-
Trade and other receivables	32 448 462	-
Cash and cash equivalents	462 288 496	-
Development loans	-	(242 199 297)
Trade and other payables	-	(63 419 075)
	502 112 110	**(305 618 372)**

Company - 2017

	Loans and receivables	Financial liabilities at amortised cost
Loans to group companies	2 039 107	-
Other financial assets	30 128 607	-
Trade and other receivables	633 881 955	-
Cash and cash equivalents	544 430 052	-
Development loans	-	(1 100 880 603)
Trade and other payables	-	(48 742 609)
	1 210 479 721	**(1 149 623 212)**

Company - 2016

	Loans and receivables	Financial liabilities at amortised cost
Loans to group companies	2 203 342	-
Other financial assets	7 375 152	-
Trade and other receivables	32 003 458	-
Cash and cash equivalents	459 064 527	-
Development loans	-	(242 199 297)
Trade and other payables	-	(63 274 473)
	500 646 479	**(305 473 770)**

Notes to the Annual Financial Statements (continued)

29. Fair value information

Fair value hierarchy

The different levels are defined as follows:

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

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

Level 3: Unobservable inputs for the asset or liability.

No changes have been made to the valuation technique.

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

30. Change in estimate

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

Below are the impact of the change in estimate as described above:	2017 R	2016 R
Due to the change in accounting estimate, revenue and cost of sales is reported at:	1 011 024 136	-
Revenue	2 702 152 763	-
Cost of sales	(1 691 128 627)	-
Trade receivables	529 677 906	-
Revenue and cost of sales using the previous method would have been reported at:	863 278 193	-
Revenue	2 237 523 021	-
Cost of sales	(1 374 244 828)	-
Trade receivables	-	-
Difference	147 745 943	-
Revenue	464 629 742	-
Cost of sales	(316 883 799)	-
Trade receivables	529 677 906	-

The effect on future periods cannot be determined due to the nature of revenue and cost of sales.

Notes to the Annual Financial Statements (continued)

	Group		Company	
	2017 R	2016 R	2017 R	2016 R

31. Basic, headline and diluted earnings per share

Basic (cents)	140.64	131.57	140.78	131.42
Headline (cents)	140.58	131.29	-	-
Diluted earnings (cents)	139.96	130.79	140.10	130.64
Diluted headline earnings (cents)	139.90	130.51	-	-
Tangible net asset value per share (cents)	428.57	319.84	428.41	319.46
Net asset value per share (cents)	428.57	319.84	428.41	319.46
Weighted average shares in issue	469 818 275	424 541 867	469 818 275	424 541 867
Net asset value (R)	2 013 509 242	1 502 190 933	2 012 740 736	1 500 379 172

Reconciliation of profit for the year to headline earnings

Profit for the year	660 740 576	558 566 637	-	-
Adjusted for:				
- Profit on disposal of investment property	-	(1 133 108)	-	-
- Profit on disposal of property, plant and equipment	(277 308)	(48 738)	-	-
Headline earnings	660 463 268	557 384 791	-	-

Weighted average number of shares

Weighted average number of shares in issue	469 818 275	424 541 867	469 818 275	424 541 867
Potential dilutive impact of share options	2 277 320	2 530 355	2 277 320	2 530 355
Weighted average diluted shares in issue	472 095 595	427 072 222	472 095 595	427 072 222

32. Segmental reporting

	United Kingdom		South Africa	
Segmental statement of financial position	2017 R	2016 R	2017 R	2016 R
Assets				
Property, plant and equipment	-	-	43 180 207	40 805 624
Investment in subsidiary	-	-	100	100
Deferred taxation	-	-	4 862 190	5 678 890
Developments under construction	-	-	2 011 323 745	1 342 792 726
Loan to group companies	-	-	2 039 107	2 203 342
Current taxation receivables	358 181	490 827	-	-
Trade and other receivables	-	445 004	633 851 955	32 003 458
Other financial assets	-	-	30 128 607	7 375 152
Cash and cash equivalents	2 538 725	3 223 969	544 430 052	459 064 527
Liabilities				
Trade and other payables	89 193	144 597	137 366 719	93 620 434
Development loans	-	-	1 100 880 603	242 199 297
Loan from group companies	2 039 107	2 203 342	-	-
Current taxation payable	-	-	4 561 839	39 800 568
Provisions	-	-	14 266 066	13 924 343
Segmental statement of profit or loss and other comprehensive income				
Revenue	-	-	2 702 152 763	2 083 512 353
Cost of sales	-	-	1 691 128 627	1 188 400 247
Operating expenses	839 871	1 457 585	129 305 397	133 127 229
Other income	-	1 645 694	22 459 378	11 450 194

33. Contingent liabilities

The group had no contingent liabilities at 28 February 2017 (2016: RNil).

Notes to the Annual Financial Statements (continued)

	Group		Company	
	2017 R	2016 R	2017 R	2016 R

34. Commitments

Authorised capital expenditure

Already contracted for but not provided for				
- Land	143 000 000	163 000 000	143 000 000	163 000 000

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

35. 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.