



INTERIM RESULTS

for the six months ended 31 August 2016



BALWIN PROPERTIES LIMITED

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



RECONCILIATION OF HEADLINE EARNINGS

FOR THE SIX MONTHS ENDED 31 AUGUST 2016

		Restated unaudited Six months ended 31 August 2016	Unaudited Six months ended 31 August 2015	Audited 12 months ended 29 February 2016
Basic and headline earnings per share				
Basic	(cents)	50	58	132
Headline	(cents)	50	58	131
Tangible net asset value per share	(cents)	347	209	354
Net asset value per share	(cents)	347	209	354
Weighted average number of shares in issue	('000)	472 193	400 000	424 542
Net asset value	(R'000)	1 640 789	834 842	1 502 191
Reconciliation of profit for the year to headline earnings				
Profit for the year	(R'000)	236 847	233 614	558 567
Adjusted for:				
– Profit on disposal of investment property	(R'000)	–	–	(1 133)
– Profit on disposal of property, plant and equipment	(R'000)	(271)	–	(49)
Headline earnings	(R'000)	236 576	320 939	557 385

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 31 AUGUST 2016

	Restated unaudited Six months ended 31 August 2016 R'000	Unaudited Six months ended 31 August 2015 R'000	Audited 12 months ended 29 February 2016 R'000
Revenue	986 635	823 405	2 083 512
Cost of sales	(586 163)	(467 068)	(1 188 400)
Gross profit	400 472	356 337	895 112
Other income	7 645	6 315	13 096
Operating expenses	(86 359)	(43 870)	(134 585)
Share based payment charge	–	–	(6 030)
Operating profit	321 758	318 782	767 593
Investment revenue	7 113	3 499	10 797
Finance costs	(787)	(191)	(251)
Profit before taxation	328 084	322 090	778 139
Taxation	(91 237)	(88 476)	(219 572)
Profit for the year	236 847	233 614	558 567
Other comprehensive income:			
Items that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations	(590)	520	(603)
Total comprehensive income for the year	236 257	234 134	557 964

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FOR THE SIX MONTHS ENDED 31 AUGUST 2016

	Restated unaudited Six months ended 31 August 2016 R'000	Unaudited Six months ended 31 August 2015 R'000	Audited 12 months ended 29 February 2016 R'000
ASSETS			
Non-current assets			
Property, plant and equipment	43 877	31 408	40 806
Investment property	–	2 739	–
Deferred tax	5 679	1 900	5 679
Total non-current assets	49 556	36 047	46 485
Current assets			
Developments under construction	2 254 388	1 153 479	1 342 793
Loans to shareholders	–	409	–
Trade and other receivables	286 903	81 369	32 448
Other financial assets	3 220	33 753	7 375
Current tax receivable	418	–	491
Cash and cash equivalents	164 241	178 674	462 288
Total current assets	2 709 170	1 447 684	1 845 395
Total assets	2 758 726	1 483 731	1 891 880
Equity and liabilities			
Share capital	663 354	6	661 854
Reserves	(1 423)	(917)	(834)
Retained income	978 858	835 753	841 171
Total equity	1 640 789	834 842	1 502 191
LIABILITIES			
Non-current liabilities			
Other financial liabilities	589 136	–	80 957
Current liabilities			
Trade and other payables	70 373	52 194	93 765
Loans from shareholders	–	185	–
Other financial liabilities	423 507	513 879	161 242
Current tax payable	29 662	77 981	39 801
Provisions	5 259	4 650	13 924
Total liabilities	1 117 937	648 889	389 689
Total equity and liabilities	2 758 726	1 483 731	1 891 880

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31 AUGUST 2016

	Share capital R'000	Foreign currency translation reserve R'000	Restated retained income R'000	Restated total equity R'000
Balance at 1 March 2015 (Audited)	6	(1 437)	696 257	694 826
Total comprehensive income	–	520	233 614	234 134
Profit for the period	–	–	233 614	233 614
Other comprehensive income	–	520	–	520
Dividends	–	–	(94 118)	(94 118)
Balance at 31 August 2015 (Unaudited)	6	(917)	835 753	834 842
Total comprehensive income	–	83	324 953	325 036
Profit for the period	–	–	324 953	324 953
Other comprehensive income	–	83	–	83
Issue of shares	661 848	–	–	661 848
Share-based payment	–	–	6 030	6 030
Dividends	–	–	(325 565)	(325 565)
Balance at 29 February 2016 (Audited)	661 854	(834)	841 171	1 502 191
Total comprehensive income	–	(589)	236 847	236 258
Profit for the period	–	–	236 847	236 847
Other comprehensive income	–	(589)	–	(589)
Issue of shares	1 500	–	–	1 500
Dividends	–	–	(99 160)	(99 160)
Balance at 31 August 2016 (Unaudited)	663 354	(1 423)	978 858	1 640 789

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 31 AUGUST 2016

	Unaudited Six months ended 31 August 2016 R'000	Unaudited Six months ended 31 August 2015 R'000	Audited 12 months ended 29 February 2016 R'000
Cash flows from operating activities			
Cash generated (used in) from operations	(873 970)	(100 012)	267 997
Interest income	7 113	3 499	10 797
Finance costs	(787)	(191)	(251)
Tax paid	(101 303)	(23 760)	(197 305)
Net cash (used in) from operating activities	(968 947)	(120 464)	81 238
Cash flows from investing activities			
Purchase of property, plant and equipment	(6 325)	(2 707)	(15 690)
Proceeds on disposal of property, plant and equipment	286	42	106
Proceeds on disposal of investment property	–	(350)	3 526
Net movement of financial assets	4 155	(81)	26 297
Net cash (used in) from investing activities	(1 884)	(3 096)	14 239
Cash flows from financing activities			
Proceeds on share issue	1 500	–	661 848
Net movement of other financial liabilities	770 444	266 398	(5 282)
Net movement of shareholders' loan	–	26	–
Dividends paid	(99 160)	(94 118)	(419 683)
Net cash from financing activities	672 784	172 306	236 883
Total cash and cash equivalents movement for the year	(298 047)	48 746	332 360
Cash and cash equivalents at the beginning of the year	462 288	129 928	129 928
Total cash and cash equivalents at the end of the year	164 241	178 674	462 288

SEGMENTAL ANALYSIS

FOR THE SIX MONTHS ENDED 31 AUGUST 2016

	Unaudited Six months ended 31 August 2016 R'000	Unaudited Six months ended 31 August 2015 R'000	Audited 12 months ended 29 February 2016 R'000
UNITED KINGDOM			
Segmental statement of financial position			
Assets			
Property, plant and equipment	–	809	–
Investment property	–	2 739	–
Developments under construction	–	–	–
Trade and other receivables	–	–	445
Other financial assets	–	–	–
Cash and cash equivalents	2 917	1 064	3 224
Investments	–	–	–
Liabilities			
Trade and other payables	19	176	145
Other financial liabilities	–	–	–
Loans from shareholders	–	–	–
Segmental statement of comprehensive income			
Revenue	–	–	–
Cost of sales	24	2	–
Operating expenses	34	521	1 458

SEGMENTAL ANALYSIS CONTINUED

FOR THE SIX MONTHS ENDED 31 AUGUST 2016

	Restated unaudited Six months ended 31 August 2016 R'000	Unaudited Six months ended 31 August 2015 R'000	Audited 12 months ended 29 February 2016 R'000
SOUTH AFRICA			
Segmental statement of financial position			
Assets			
Property, plant and equipment	43 877	30 599	40 806
Investment property	–	–	–
Developments under construction	2 254 388	1 153 479	1 342 793
Trade and other receivables	286 903	81 398	32 003
Other financial assets	3 220	33 753	7 375
Cash and cash equivalents	164 241	177 610	459 065
Investments	100	100	100
Liabilities			
Trade and other payables	70 373	52 019	93 620
Other financial liabilities	1 012 643	–	242 199
Loans from shareholders	–	185	–
Segmental statement of comprehensive income			
Revenue	986 635	823 405	2 083 512
Cost of sales	586 163	467 066	1 188 400
Operating expenses	86 359	43 348	133 127

NOTES TO THE CONDENSED CONSOLIDATED STATEMENTS

FOR THE SIX MONTHS ENDED 31 AUGUST 2016

1. Basis of preparation

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

The accounting policies are in terms of International Financial Reporting Standards ("IFRS") and are consistent with those of the consolidated financial statements as at 29 February 2016.

The unaudited consolidated interim financial results have not been reviewed or audited by the Group's external auditors.

2. Exchange rates

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

Rand/British Pound	31 August 2016	31 August 2015	29 February 2016
Closing rate	18.95	20.44	17.92
Average rate	20.57	18.85	17.86

3. Subsequent events

Mr Arnold Shapiro and Mr Anthony Diepenbroek have been appointed as non-executive directors of the Balwin board of directors with effect from 26 October 2016.

Basani Maluleke has resigned as a non-executive director of the Balwin board of directors with effect from 26 October 2016.

NOTES TO THE CONDENSED CONSOLIDATED STATEMENTS CONTINUED

FOR THE SIX MONTHS ENDED 31 AUGUST 2016

4. Interim dividend

Notice is hereby given that the directors have declared a gross dividend of 11.08975 cents per ordinary share, payable out of the income reserves for the period ended 31 August 2016 to shareholders in accordance with the timetable below.

	2016
Declared	15 November
<i>Cum</i> dividend	6 December
<i>Ex</i> dividend	7 December
Record date	9 December
Payment date	12 December

Dividends tax amounting to 1.66350 cents per ordinary share will be withheld in terms of the Income Tax Act. Ordinary shareholders who are not exempt from dividends tax will therefore receive a net dividend of 9.42650 cents per ordinary share net of dividends tax. The Company has 472 192 592 ordinary shares in issue. Balwin's income tax reference number is 9058216848.

Share certificates may not be dematerialised or rematerialised between Wednesday, 7 December and Friday 9 December, both days inclusive.

	Number of shares 2016	Number of shares 2015
5. Stated capital/share capital		
Authorised		
Ordinary shares	1 000 000 000	5 800
Issued		
Ordinary shares	469 662 237	5 800
The unissued shares are under the control of the directors until the next annual general meeting.		
Reconciliation of shares in issue:		
Opening balance	469 662 237	5 800
Movement	–	–
Closing balance	469 662 237	5 800

	Unaudited Six months ended 31 August 2016 R'000	Unaudited Six months ended 31 August 2015 R'000	Audited 12 months ended 29 February 2016 R'000
6. Related party disclosure			
Related party balances			
Loan accounts – Owing by related parties			
Slade Properties Proprietary Limited	–	–	83
RN Gray	–	–	445
Related party transactions			
Sale of units to related parties			
SV Brookes	–	16 496	84 422
RN Gray	–	–	31 373
J Weltman	–	–	1 046
U Gschnaidtner	10 932	–	10 458
Rent paid to related parties			
SV Bookes	303	–	–
Purchases from related parties			
Friedshelf 966 Proprietary Limited	–	–	38 760
Management fee from related parties			
SV Brookes	178	–	–
RN Gray	43	–	–
J Weltman	3	–	–
U Gschnaidtner	9	–	–
Compensation to directors and other key management			
Directors' emoluments	8 120	12 698	21 509

NOTES TO THE CONDENSED CONSOLIDATED STATEMENTS CONTINUED

FOR THE SIX MONTHS ENDED 31 AUGUST 2016

7. Fair value information

Fair value hierarchy

The different levels are defined as follows:

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

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

Level 3: Unobservable inputs for the asset or liability.

No changes have been made to the valuation technique.

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

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

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

	Restated unaudited Six months ended 31 August 2016 R'000	Unaudited Six months ended 31 August 2015 R'000	Audited 12 months ended 29 February 2016 R'000
8. Financial instruments			
Loans and receivables			
Other receivables	280 099	69 975	32 004
Cash and cash equivalents	164 241	178 674	462 288
Other financial assets	3 220	33 753	7 375
Loans to shareholders	–	409	445
Financial liabilities at amortised cost			
Other financial liabilities	1 012 643	513 879	242 199
Trade and other payables	70 373	52 194	63 419
Loans from shareholders	–	185	–

9. Board of directors

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

- Basani Maluleke resigned as a director effective 26 October 2016.
- Arnold Shapiro was appointed as a non-executive director effective 26 October 2016.
- Anthony Diepenbroek was appointed as an independent non-executive director effective 26 October 2016.

NOTES TO THE CONDENSED CONSOLIDATED STATEMENTS CONTINUED

FOR THE SIX MONTHS ENDED 31 AUGUST 2016

10. Change in accounting policy

The published interim results for the six-month period ended 31 August 2016 included commentary on Balwin's intention to change its revenue recognition accounting estimate. As a result of questions raised by the JSE in their proactive monitoring review of the Group's annual financial statements for the year ended 28 February 2017, the directors are of the subsequent opinion that the change in the timing of the recognition of revenue should have been accounted for as a change in an accounting policy and not a change in accounting estimate and therefore should have been retrospectively applied. The effects of the retrospective application of the accounting policy have been disclosed in the restated interim results presented. We confirm that there has been no financial impact resulting from the retrospective change in the accounting policy for any other period or financial year-end.

The directors have not included commentary in these restated results presented as detailed commentary on the overview of the Group as well as its operational and financial performance have been included in all subsequently published annual financial statements, interim results and results presentations. All such reports are available on the Group's website.

DISCLAIMER

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

CORPORATE INFORMATION

BALWIN PROPERTIES LIMITED

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

Directors

H Saven (Chairperson)*#
SV Brookes (Chief Executive Officer)
J Weltman (Financial Director)
R Gray (Managing Director)
A Shapiro*#
JAA Diepenbroek** (resigned 9 February 2017)
KW Mzondeki*#
R Zekry#
T Mokgosi-Mwantembe** (appointed 16 May 2017)
O Amosun** (appointed 16 May 2017)

* *Independent*

Non-executive

Company secretary

JUBA Statutory Services Proprietary Limited

Registered office

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

Sponsor

Investec Bank Limited

Transfer secretary

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www.balwin.co.za
Johannesburg, 15 November 2016

