



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

Balwin
PROPERTIES

INTERIM RESULTS 2017
for the six months ended 31 August

RECONCILIATION OF HEADLINE EARNINGS

FOR THE SIX MONTHS ENDED 31 AUGUST 2017

		Unaudited Six months ended 31 August 2017	Restated unaudited Six months ended 31 August 2016	Audited 12 months ended 28 February 2017
Basic and headline earnings per share				
Basic	(cents)	35	50	141
Headline	(cents)	35	50	140
Tangible net asset value per share	(cents)	432	347	429
Net asset value per share	(cents)	432	347	429
Weighted average number of shares in issue	('000)	469 818	472 193	469 818
Net asset value	(R'000)	2 030 893	1 640 789	2 013 509
Reconciliation of profit for the year to headline earnings				
Profit for the year	(R'000)	163 078	236 847	660 344
Adjusted for:				
– Profit on disposal of property, plant and equipment	(R'000)	(17)	(271)	(277)
Headline earnings	(R'000)	163 061	236 576	660 067

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 31 AUGUST 2017

	Unaudited Six months ended 31 August 2017 R'000	Restated unaudited Six months ended 31 August 2016 R'000	Audited 12 months ended 28 February 2017 R'000
Revenue	894 077	986 635	2 702 153
Cost of sales	(604 226)	(586 163)	(1 691 129)
Gross profit	289 851	400 472	1 011 024
Other income	2 162	7 645	22 459
Operating expenses	(75 238)	(86 359)	(130 144)
Operating profit	216 775	321 758	903 339
Investment revenue	10 416	7 113	15 221
Finance costs	(419)	(787)	(1 375)
Profit before taxation	226 772	328 084	917 185
Taxation	(63 694)	(91 237)	(256 444)
Profit for the year	163 078	236 847	660 741
Other comprehensive income:			
Items that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations	686	(590)	(397)
Total comprehensive income for the year	163 764	236 257	660 344

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 AUGUST 2017

	Unaudited Six months ended 31 August 2017 R'000	Restated unaudited Six months ended 31 August 2016 R'000	Audited 12 months ended 28 February 2017 R'000
ASSETS			
Non-current assets			
Property, plant and equipment	52 116	43 877	43 180
Deferred tax	4 862	5 679	4 862
Total non-current assets	56 978	49 556	48 042
Current assets			
Developments under construction	2 413 677	2 254 388	2 011 324
Trade and other receivables	307 830	286 903	633 852
Other financial assets	8 601	3 220	30 129
Current tax receivable	60 241	418	358
Cash and cash equivalents	266 671	164 241	546 969
Total current assets	3 057 020	2 709 170	3 222 632
Total assets	3 113 998	2 758 726	3 270 674
Equity and liabilities			
Share capital	664 354	663 354	664 354
Reserves	(545)	(1 423)	(1 231)
Retained income	1 367 084	978 858	1 350 386
Total equity	2 030 893	1 640 789	2 013 509
LIABILITIES			
Non-current liabilities			
Other financial liabilities	583 992	589 136	610 677
Current liabilities			
Trade and other payables	102 522	70 373	137 457
Other financial liabilities	389 528	423 507	490 203
Current tax payable	2	29 662	4 562
Provisions	7 061	5 259	14 266
Total liabilities	1 083 105	1 117 937	1 257 165
Total equity and liabilities	3 113 998	2 758 726	3 270 674

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31 AUGUST 2017

	Share capital R'000	Foreign currency translation reserve R'000	Restated retained income R'000	Restated total equity R'000
Balance at 1 March 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
Total comprehensive income	–	192	486 191	486 383
Profit for the period	–	–	486 191	486 191
Other comprehensive income	–	192	–	192
Issue of shares	1 000	–	–	1 000
Dividends	–	–	(52 366)	(52 366)
Balance at 28 February 2017 (Audited)	664 354	(1 231)	1 350 386	2 013 509
Total comprehensive income	–	686	163 078	163 764
Profit for the period	–	–	163 078	163 078
Other comprehensive income	–	686	–	686
Issue of shares	–	–	–	–
Dividends	–	–	(146 380)	(146 380)
Balance at 31 August 2017 (Unaudited)	664 354	(545)	1 367 084	2 030 893

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 31 AUGUST 2017

	Unaudited Six months ended 31 August 2017 R'000	Unaudited Six months ended 31 August 2016 R'000	Audited 12 months ended 29 February 2017 R'000
Cash flows from operating activities			
Cash generated from/(used in) operations	103 868	(873 970)	(316 600)
Interest income	10 416	7 113	15 221
Finance costs	(419)	(787)	(1 375)
Tax paid	(128 136)	(101 303)	(290 733)
Net cash used in operating activities	(14 271)	(968 947)	(593 487)
Cash flows from investing activities			
Purchase of property, plant and equipment	(13 849)	(6 325)	(9 045)
Proceeds on disposal of property, plant and equipment	34	286	311
Net movement of financial assets	21 528	4 155	(22 753)
Net cash from/(used in) investing activities	7 713	(1 884)	(31 487)
Cash flows from financing activities			
Proceeds on share issue	–	1 500	2 500
Net movement of other financial liabilities	(127 360)	770 444	852 681
Dividends paid	(146 380)	(99 160)	(151 526)
Net cash (used in)/from financing activities	(273 740)	672 784	709 655
Total cash and cash equivalents movement for the year	(280 298)	(298 047)	84 681
Cash and cash equivalents at the beginning of the year	546 969	462 288	462 288
Total cash and cash equivalents at end of the year	266 671	164 241	546 969

SEGMENTAL ANALYSIS

FOR THE SIX MONTHS ENDED 31 AUGUST 2017

	Unaudited Six months ended 31 August 2017 R'000	Restated unaudited Six months ended 31 August 2016 R'000	Audited 12 months ended 28 February 2017 R'000
UNITED KINGDOM			
Segmental statement of financial position			
Assets			
Cash and cash equivalents	2 873	2 917	2 539
Liabilities			
Trade and other payables	17	19	89
Segmental statement of comprehensive income			
Cost of sales	–	24	–
Operating expenses	639	34	840
SOUTH AFRICA			
Segmental statement of financial position			
Assets			
Property, plant and equipment	52 116	43 877	43 180
Developments under construction	2 413 677	2 254 388	2 011 324
Trade and other receivables	307 830	286 903	633 852
Other financial assets	8 601	3 220	30 129
Cash and cash equivalents	263 798	161 241	544 430
Investments	100	100	100
Liabilities			
Trade and other payables	102 505	70 373	137 368
Other financial liabilities	973 520	1 012 643	1 100 881
Segmental statement of comprehensive income			
Revenue	894 077	986 635	2 702 153
Cost of sales	604 226	586 163	1 691 129
Operating expenses	74 599	86 359	129 304

NOTES TO THE CONDENSED CONSOLIDATED STATEMENTS

FOR THE SIX MONTHS ENDED 31 AUGUST 2016

1. Basis of preparation

The unaudited condensed consolidated interim financial statements have been prepared in accordance with and containing the information required by IAS 34: Interim Financial Reporting as well as the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the JSE Listings Requirements and the Companies Act, 2008 (No 71 of 2008) as amended. 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 at 28 February 2017.

The unaudited condensed consolidated interim financial statements have been externally prepared under the supervision of J Weltman, in his capacity as Chief Financial Officer.

The interim unaudited condensed consolidated financial statements have not been reviewed or audited by Deloitte & Touche, 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 2017	31 August 2016	28 February 2017
Closing rate	16.75	18.95	16.23
Average rate	16.8	20.57	19

3. Subsequent events

During the period under review, Mr Tomi Amosun and Ms Thoko Mokgosi-Mwantombe were appointed as independent non-executive directors with effect from 16 May 2017.

4. Interim dividend

Notice is hereby given that the Board have declared a gross dividend of 10 cents per ordinary share, payable out of the income reserves for the period ended 31 August 2017 to shareholders in accordance with the timetable below.

	Date
Declared	Monday, 20 November 2017
<i>Cum</i> dividend	Tuesday, 12 December 2017
<i>Ex</i> dividend	Wednesday, 13 December 2017
Record date	Friday, 15 December 2017
Payment date	Monday, 18 December 2017

Dividends tax amounting to 2 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 8 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.

The Board is considering a distribution re-investment alternative in which a shareholder would be entitled to re-invest the cash distribution in return for shares in the Company, failing which they will receive the cash distribution in respect of all or part of their shareholding.

A further announcement will be made in this regard on/before Tuesday, 28 November 2017.

5. Share capital

Authorised

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

Issued

Ordinary shares	469 662 237	469 662 237
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The unissued shares are under the control of the directors until the next annual general meeting.

Reconciliation of shares in issue:

Opening balance		
Movement		
Closing balance	469 662 237	469 662 237

NOTES TO THE CONDENSED CONSOLIDATED STATEMENTS CONTINUED

FOR THE SIX MONTHS ENDED 31 AUGUST 2017

	Unaudited Six months ended 31 August 2017 R'000	Unaudited Six months ended 31 August 2016 R'000	Audited 12 months ended 28 February 2017 R'000
6. Related party disclosure			
Related party balances			
Related party transactions			
Sale of units to related parties			
SV Brookes	23 769	–	182 330
RN Gray	9 122	–	43 955
U Gschnaidtner	–	10 932	10 932
ML Brookes	–	–	2 149
S Brookes	–	–	710
Rent paid to related parties			
SV Brookes	187	303	934
ML Brookes	154	–	–
Management fee from related parties			
SV Brookes	176	178	359
RN Gray	46	43	87
U Gschnaidtner	9	9	20
J Weltman	2	3	6
Compensation to directors and other key management			
Directors emoluments	28 224	8 120	29 302

7. Fair value information

Fair value hierarchy

The different levels are defined as follows:

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

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

Level 3: Unobservable inputs for the asset or liability.

No changes have been made to the valuation technique.

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

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

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

	Unaudited Six months ended 31 August 2017 R'000	Restated unaudited Six months ended 31 August 2016 R'000	Audited 12 months ended 28 February 2017 R'000
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8. Financial instruments

Loans and receivables

Other receivables

307 829 280 099 633 852

Cash and cash equivalents

266 671 164 241 546 969

Other financial assets

8 601 3 220 30 129

Financial liabilities at amortised cost

Other financial liabilities

973 520 1 012 643 1 100 881

Trade and other payables

71 296 70 373 48 833

NOTES TO THE CONDENSED CONSOLIDATED STATEMENTS CONTINUED

FOR THE SIX MONTHS ENDED 31 AUGUST 2017

9. Board of directors

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

- Mr Tomi Amosun was appointed as an independent non-executive director on 16 May 2017
- Ms Thoko Mokgosi-Mwantembe was appointed as an independent non-executive director on 16 May 2017

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 for the six month period ended 31 August 2016. 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 (Chief Financial Officer)
R Gray (Managing Director)
A Shapiro*#
O Amosun*#
KW Mzondeki*#
T Mokgosi-Mwantembe*#
R Zekry#

* *Independent*

Non-executive

Company secretary

JUBA Statutory Services

Registered office

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

Sponsor

Investec Bank Limited

Transfer secretary

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

www.balwin.co.za

20 November 2017

