heartwood®
PROPERTIES

Heartwood Properties Limited and its subsidiaries
(Registration number 2017/654253/06)
Unaudited consolidated Interim Financial Statements
for the period ended 31 August 2018

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Unaudited Consolidated Interim Financial Statements for the period ended 31 August 2018

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Property Investment
Directors	LJ Whall J Dumas JH Scher MR Evans AG Utterson B Seeff
Registered office	Unit 8 Tonquani House 6 Gardner Williams Avenue Paardevlei Somerset West 7130
Business address	Unit 8 Tonquani House 6 Gardner Williams Avenue Paardevlei Somerset West 7130
Bankers	Standard Bank of South Africa Limited
Secretary	ER Goodman Secretarial Services Proprietary Limited
Company registration number	2017/654253/06
Tax reference number	9627959175
Level of assurance	These unaudited consolidated interim financial statements have not been audited or independently reviewed.
Preparer	The unaudited consolidated interim financial statements were internally compiled by: Finleys Outsourced Business Services Proprietary Limited - N Nortje CA(SA), under the supervision of J Dumas CA(SA), financial manager.
External issuer agent	Pallidus Capital Proprietary Limited
Published	12 November 2018

Contents

Directors' Responsibilities and Approval

The directors are required in terms of the Companies Act 71 of 2008 to maintain adequate accounting records and are responsible for the content and integrity of the unaudited consolidated interim financial statements and related financial information included in this report. It is their responsibility to ensure that the unaudited consolidated interim financial statements fairly present the state of affairs of the group as at the end of the financial period and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards.

The unaudited consolidated interim financial statements are prepared in accordance with International Financial Reporting Standards 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 place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors 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 unaudited consolidated interim 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's cash flow forecast for the period to 31 August 2019 and, in light of this review and the current financial position, they are satisfied that the group has or had access to adequate resources to continue in operational existence for the foreseeable future.

The unaudited consolidated interim financial statements set out on pages 7 to 38, which have been prepared on the going concern basis, were approved by the board of directors on 12 November 2018 and were signed on their behalf by:

Approval of financial statements

Director	**Director**

Directors' Report

The directors have pleasure in submitting their report on the unaudited consolidated interim financial statements of Heartwood Properties Limited and its subsidiaries and the group for the period ended 31 August 2018.

1. Nature of business

Heartwood Properties Limited and its subsidiaries is an investment entity incorporated in South Africa with interests in the Property holding industry. The company does not trade, and all of its activities are undertaken through its principal subsidiaries, associates and joint arrangements. The group operates in South Africa.

There have been no material changes to the nature of the group's business from the prior period.

2. Review of financial results and activities

The consolidated unaudited consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act 71 of 2008. The accounting policies have been applied consistently compared to the prior period, except for the adoption of new or revised accounting standards as set out in note 1.

Full details of the financial position, results of operations and cash flows of the group are set out in these consolidated unaudited consolidated interim financial statements.

3. Share capital

			2018	2018
Authorised			Number of shares	
400 000 000 Ordinary no par value shares			400,000,000	400,000,000

	2018	2018	2018	2018
Issued	R	R	Number of shares	
104 744 460 Ordinary no par value shares	61,967,185	59,000,003	104,744,460	100,000,005

Refer to note 14 of the consolidated unaudited consolidated interim financial statements for detail of the movement in authorised and issued share capital.

4. Control over unissued shares

The unissued ordinary shares are the subject of a general authority granted to the directors in terms of section 38 of the Companies Act 71 of 2008. As this general authority remains valid only until the next AGM, the shareholders will be asked at that meeting to consider an ordinary resolution placing the said unissued ordinary shares, up to a maximum of -% of the company's issued share capital, under the control of the directors until the next AGM.

5. Dividends

The company's dividend policy is to consider an interim and a final dividend in respect of each financial period. At its discretion, the board of directors may consider a special dividend, where appropriate. Depending on the perceived need to retain funds for expansion or operating purposes, the board of directors may pass on the payment of dividends.

Given the current state of the global economic environment, the board of directors believes that it would be more appropriate for the group to conserve cash and maintain adequate debt headroom to ensure that the group is best placed to withstand any prolonged adverse economic conditions. Therefore the board of directors has resolved not to declare a dividend for the financial period ended 31 August 2018.

The board of directors do not recommend the declaration of a dividend for the period.

Directors' Report

6. Directorate

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

Directors	Office	Designation	Nationality	Changes
LJ Whall	Chief Executive Officer	Executive		
J Dumas	Financial Director	Executive		
JH Scher	Chairperson	Non-executive		
MR Evans	Director	Non-executive		
AG Utterson	Director	Non-executive		
B Seeff	Director	Non-executive		Appointed 28 August 2018

7. Directors' interests in shares

As at 31 August 2018, the directors of the company held direct and indirect beneficial interests in 86% (2018: 72%) of its issued ordinary shares, as set out below.

Interests in shares

Directors	August 2018 Indirect	February 2018 Indirect
LJ Whall	40,230,329	40,230,329
MR Evans	5,987,015	5,987,015
AG Utterson	25,649,769	25,649,769
B Seeff	18,624,669	-
	90,491,782	**71,867,113**

The register of interests of directors and others in shares of the company is available to the shareholders on request.

8. Directors' interests in contracts

The head office of the company is being leased from the Whall Property Group Proprietary Limited of which LJ Whall is a shareholder and director.

9. 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.

10. Going concern

The directors believe that the group has adequate financial resources to continue in operation for the foreseeable future and accordingly the consolidated unaudited consolidated interim financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the group is in a sound financial position and that it has 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.

11. Auditors

PKF Octagon continued in office as auditors for the company and its subsidiaries for 2018.

Directors' Report

12. Secretary

The company secretary is ER Goodman Secretarial Services Proprietary Limited.

13. Date of authorisation for issue of financial statements

The consolidated unaudited consolidated interim financial statements have been authorised for issue by the directors on 12 November 2018. No authority was given to anyone to amend the unaudited consolidated interim financial statements after the date of issue.

Heartwood Properties Limited and its subsidiaries

(Registration number 2017/654253/06)
Unaudited Consolidated Interim Financial Statements for the period ended 31 August 2018

Statement of Financial Position as at 31 August 2018

		Group		Company	
Figures in Rand	Notes	31 August 2018 Unaudited	28 February 2018 Restated *	31 August 2018 Unaudited	28 February 2018 Restated *
Assets					
Non-Current Assets					
Property, plant and equipment	4	2,345,817	2,635,916	-	-
Investment property	5	127,156,314	121,252,817	-	-
Investments in subsidiaries	7	-	-	59,000,003	59,000,003
Loans to group companies	8	-	-	2,967,182	-
		129,502,131	**123,888,733**	**61,967,185**	**59,000,003**
Current Assets					
Trade and other receivables	12	2,021,679	1,139,946	-	-
Other financial assets	9	105,174	105,174	-	-
Operating lease asset	10	4,737,169	3,557,802	-	-
Current tax receivable		123,535	607,715	-	-
Cash and cash equivalents	13	5,166,740	5,519,048	1,023	-
		12,154,297	**10,929,685**	**1,023**	**-**
Total Assets		**141,656,428**	**134,818,418**	**61,968,208**	**59,000,003**
Equity and Liabilities					
Equity					
Equity Attributable to Equity Holders of Parent					
Share capital	14	61,967,185	59,000,003	61,967,185	59,000,003
Retained income		6,955,029	6,354,595	23	-
		68,922,214	65,354,598	61,967,208	59,000,003
Non-controlling interest		797,135	737,708	-	-
		69,719,349	**66,092,306**	**61,967,208**	**59,000,003**
Liabilities					
Non-Current Liabilities					
Other financial liabilities	15	55,738,371	52,068,205	-	-
Deferred tax	11	10,088,629	9,691,583	-	-
		65,827,000	**61,759,788**	**-**	**-**
Current Liabilities					
Trade and other payables	16	3,186,274	1,459,978	1,000	-
Other financial liabilities	15	2,914,238	5,506,346	-	-
Bank overdraft	13	9,567	-	-	-
		6,110,079	**6,966,324**	**1,000**	**-**
Total Liabilities		**71,937,079**	**68,726,112**	**1,000**	**-**
Total Equity and Liabilities		**141,656,428**	**134,818,418**	**61,968,208**	**59,000,003**

* See Note

Heartwood Properties Limited and its subsidiaries

(Registration number 2017/654253/06)
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Statement of Profit or Loss and Other Comprehensive Income

		Group		Company	
Figures in Rand	Note(s)	6 months ended 31 August 2018 Unaudited	1 month ended 28 February 2018 Restated *	6 months ended 31 August 2018 Unaudited	1 month ended 28 February 2018 Restated *
Revenue	17	6,749,008	3,696,630	-	-
Net property operating expenses	18	(783,826)	(97,353)	-	-
Other operating gains (losses)	19	-	2,526,991	-	-
Other operating expenses		(2,490,479)	(454,846)	-	-
Gain on bargain purchase		-	2,064,348	-	-
Operating profit	20	**3,474,703**	**7,735,770**	**-**	**-**
Investment income	22	151,461	27,360	23	-
Finance costs	23	(2,569,257)	(333,403)	-	-
Profit before taxation		**1,056,907**	**7,429,727**	**23**	**-**
Taxation	24	(397,046)	(783,585)	-	-
Profit for the period		**659,861**	**6,646,142**	**23**	**-**
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		**659,861**	**6,646,142**	**23**	**-**
Profit attributable to:					
Owners of the parent		600,434	6,354,595	23	-
Non-controlling interest		59,427	291,547	-	-
		659,861	**6,646,142**	**23**	**-**
Total comprehensive income attributable to:					
Owners of the parent		600,434	6,354,595	23	-
Non-controlling interest		59,427	291,547	-	-
		659,861	**6,646,142**	**23**	**-**

* See Note

Heartwood Properties Limited and its subsidiaries

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Statement of Changes in Equity

Figures in Rand	Share capital	Retained income	Total attributable to equity holders of the group / company	Non-controlling interest	Total equity
Group					
Profit for the period	-	6,354,595	6,354,595	291,547	6,646,142
Other comprehensive income	-	-	-	-	-
Issue of shares	59,000,003	-	59,000,003	446,161	59,446,164
Unaudited Balance at 01 March 2018	**59,000,003**	**6,354,595**	**65,354,598**	**737,708**	**66,092,306**
Profit for the period	-	600,434	600,434	59,427	659,861
Other comprehensive income	-	-	-	-	-
Issue of shares	2,967,182	-	-	-	-
Unaudited Balance at 31 August 2018	**61,967,185**	**6,955,029**	**68,922,214**	**797,135**	**69,719,349**
Note	14				
Company					
Issue of shares	59,000,003	-	59,000,003	-	59,000,003
Unaudited Balance at 01 March 2018	**59,000,003**	**-**	**59,000,003**	**-**	**59,000,003**
Profit for the period	-	23	23	-	23
Other comprehensive income	-	-	-	-	-
Issue of shares	2,967,182	-	2,967,182	-	2,967,182
Unaudited Balance at 31 August 2018	**61,967,185**	**23**	**61,967,208**	**-**	**61,967,208**
Note	14				

* See Note

Heartwood Properties Limited and its subsidiaries

(Registration number 2017/654253/06)
Unaudited Consolidated Interim Financial Statements for the period ended 31 August 2018

Statement of Cash Flows

		Group		Company	
Figures in Rand	Notes	6 months ended 31 August 2018 Unaudited	1 month ended 28 February 2018 Restated *	6 months ended 31 August 2018 Unaudited	1 month ended 28 February 2018 Restated *
Cash flows from operating activities					
Profit before taxation		1,056,907	7,429,727	23	-
Adjustments for:					
Depreciation and amortisation		430,094	68,079	-	-
Interest received		(151,461)	(27,360)	(23)	-
Finance costs		2,569,257	333,403	-	-
Fair value gains		-	(2,526,991)	-	-
Gain on bargain purchase		-	(2,064,348)	-	-
Movements in operating lease assets and accruals		(1,179,367)	(2,782,181)	-	-
Minority interest		-	(123,829)	-	-
Changes in working capital:					
Trade and other receivables		(881,733)	(988,650)	-	-
Trade and other payables		1,726,296	1,308,682	1,000	-
Cash generated from operations		**3,569,993**	**626,532**	**1,000**	**-**
Interest income		151,461	27,360	23	-
Finance costs		(2,569,257)	(333,403)	-	-
Tax received (paid)	25	484,180	(128,981)	-	-
Net cash from operating activities		**1,636,377**	**191,508**	**1,023**	**-**
Cash flows from investing activities					
Purchase of property, plant and equipment	4	(139,995)	-	-	-
Cost capitalised to investment property	5	(5,903,497)	(175,219)	-	-
Loans advanced		-	(2,512)	-	-
Loans advanced to group companies		-	-	(2,967,182)	-
Net cash from investing activities		**(6,043,492)**	**(177,731)**	**(2,967,182)**	**-**
Cash flows from financing activities					
Proceeds on share issue	14	2,967,182	-	2,967,182	-
Proceeds from other financial liabilities		1,078,058	1,374,022	-	-
Net cash from financing activities		**4,045,240**	**1,374,022**	**2,967,182**	**-**

* See Note

Statement of Cash Flows

		Group		Company	
Figures in Rand	Note(s)	6 months ended 31 August 2018 Unaudited	1 month ended 28 February 2018 Restated *	6 months ended 31 August 2018 Unaudited	1 month ended 28 February 2018 Restated *
Total cash movement for the period		**(361,875)**	**1,387,799**	**1,023**	**-**
Cash at the beginning of the period		5,519,048	4,131,249	-	-
Total cash at end of the period	13	**5,157,173**	**5,519,048**	**1,023**	**-**

* See Note

Accounting Policies

Corporate information

Heartwood Properties Limited and its subsidiaries is a public company incorporated and domiciled in South Africa.

The consolidated and separate unaudited consolidated interim financial statements for the period ended 31 August 2018 were authorised for issue in accordance with a resolution of the directors on 12 November 2018.

1. Significant accounting policies

The principal accounting policies applied in the preparation of these consolidated and separate unaudited consolidated interim financial statements are set out below.

1.1 Basis of preparation

The consolidated and separate unaudited consolidated interim financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these unaudited consolidated interim financial statements and the Companies Act 71 of 2008 of South Africa, as amended.

The unaudited consolidated interim financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Rands, which is the group and company's functional currency.

These accounting policies are consistent with the previous period, except for the changes set out in note 2 International Financial Reporting Standards.

1.2 Consolidation

Basis of consolidation

The consolidated unaudited consolidated interim financial statements incorporate the unaudited consolidated interim financial statements of the company and all subsidiaries. Subsidiaries are entities (including structured entities) which are 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 subsidiaries are included in the consolidated unaudited consolidated interim financial statements from the effective date of acquisition to the effective date of disposal.

Adjustments are made when necessary to the unaudited consolidated interim financial statements of subsidiaries to bring their accounting policies in line with those of the group.

All inter-company transactions, balances, and unrealised gains on transactions between group companies are eliminated in full on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Non-controlling interests in the net assets of consolidated subsidiaries are identified and recognised separately from the group's interest therein, and are recognised within equity. Losses of subsidiaries attributable to non-controlling interests are allocated to the non-controlling interest even if this results in a debit balance being recognised for non-controlling interest.

Accounting Policies

1.2 Consolidation (continued)

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions and are recognised directly in the Statement of Changes in Equity.

The difference between the fair value of consideration paid or received and the movement in non-controlling interest for such transactions is recognised in equity attributable to the owners of the company.

Where a subsidiary is disposed of and a non-controlling shareholding is retained, the remaining investment is measured to fair value with the adjustment to fair value recognised in profit or loss as part of the gain or loss on disposal of the controlling interest. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

1.3 Significant judgements and sources of estimation uncertainty

The preparation of unaudited consolidated interim financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Key sources of estimation uncertainty

The unaudited consolidated interim financial statements do not include assets or liabilities whose carrying amounts were determined based on estimations for which there is a significant risk of material adjustments in the following financial year as a result of the key estimation assumptions.

1.4 Investment property

Investment property is recognised as an asset when, and only when, it is probable that the future economic benefits that are associated with the investment property will flow to the enterprise, and the cost of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Fair value

Subsequent to initial measurement investment property is measured at fair value.

A gain or loss arising from a change in fair value is included in net profit or loss for the period in which it arises.

If the fair value of investment property under construction is not determinable, it is measured at cost until the earlier of the date it becomes determinable or construction is complete.

Accounting Policies

1.5 Property, plant and equipment

Property, plant and equipment are tangible assets which the group holds for its own use or for rental to others and which are expected to be used for more than one period.

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 or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the group and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the period in which they are incurred.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the group. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

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

Item	Depreciation method	Average useful life
Office equipment	Straight line	6 years
Computer equipment	Straight line	3 years
Tenant installations	Straight line	Lease term

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

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

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, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

Accounting Policies

1.6 Financial instruments

Classification

The group classifies financial assets and financial liabilities into the following categories:
- Loans and receivables
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through profit or loss, which shall not be classified out of the fair value through profit or loss category.

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, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

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

Transaction costs on financial instruments at fair value through profit or loss are recognised in profit or loss.

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 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.

Accounting Policies

1.6 Financial instruments (continued)

Impairment of financial assets

At each reporting date the group assesses all financial assets, other than those at fair value through profit or loss, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the group, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator of impairment. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity as a reclassification adjustment to other comprehensive income and recognised in profit or loss.

Impairment losses are recognised in profit or loss.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in profit or loss except for equity investments classified as available-for-sale.

Impairment losses are also not subsequently reversed for available-for-sale equity investments which are held at cost because fair value was not determinable.

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

Loans to (from) group companies

These include loans to and from holding companies, fellow subsidiaries, subsidiaries, joint ventures and associates and are recognised initially at fair value plus direct transaction costs.

Loans to group companies are classified as loans and receivables.

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

Accounting Policies

1.6 Financial instruments (continued)

Trade and other receivables

Trade 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. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

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 a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. 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.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

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

Bank overdraft and borrowings

Bank overdrafts and borrowings 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 borrowings is recognised over the term of the borrowings in accordance with the group's accounting policy for borrowing costs.

1.7 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.

Accounting Policies

1.7 Tax (continued)

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses and unused STC credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused STC credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, 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
- a business combination.

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.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

1.8 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases - lessor

Operating lease income is recognised as an income on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

Income for leases is disclosed under revenue in profit or loss.

Accounting Policies

1.8 Leases (continued)

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.

1.9 Impairment of assets

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

Irrespective of whether there is any indication of impairment, the group also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

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.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

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.

Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received from the issue of shares in excess of par value is classified as 'share premium' in equity. Dividends are recognised as a liability in the period in which they are declared.

Accounting Policies

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 profit sharing and 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.

1.12 Revenue

Contractual rental income comprises gross rental income and fixed operating cost recoveries from the letting of investment properties. Rental income is recognised in profit or loss on a straight-line basis over the term of the lease.

Recoveries of costs from lessees, where the entity merely acts as an agent and makes payment of these costs on behalf of lessees, are offset against the relevant costs.

Interest is recognised, in profit or loss, using the effective interest rate method.

1.13 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 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.
- 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 asset have occurred;
- borrowing costs have been incurred, and
- activities that are necessary to prepare the asset 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.

Notes to the Unaudited Consolidated Interim Financial Statements

2. First-time adoption of International Financial Reporting Standards

The group has applied IFRS 1, First-time adoption of International Financial Reporting Standards, to provide a starting point for the reporting under International Reporting and Accounting Standards. On principle these standards have been applied retrospectively and the 2018 comparatives contained in these unaudited consolidated interim financial statements differ from those published in the audited consolidated financial statements published for the period ended 28 February 2018.

The date of transition was 1 March 2017 and the effect of the transition was as follows.

Group

Reconciliation of equity at 28 February 2018

	Note	As reported under IFRS for SME	Effects of transition to IFRS	IFRS
Operating lease asset		-	3,557,802	3,557,802
Total assets less total liabilities		**-**	**3,557,802**	**3,557,802**
Retained earnings		3,042,564	3,312,031	6,354,595
Minority interest		491,937	245,771	737,708
Total equity		**3,534,501**	**3,557,802**	**7,092,303**

Reconciliation of profit (loss) for 2018

	Note	As reported under IFRS for SME	Effects of transition to IFRS	IFRS
Revenue	17	914,449	2,782,181	3,696,630
Gross profit		914,449	2,782,181	3,696,630
Bargain purchase gain on acquisition of subsidiaries	6	1,352,900	711,448	2,064,348
Net profit		**2,267,349**	**3,493,629**	**5,760,978**

Notes

In terms of International Reporting and Accounting Standards (IFRS) income received from operating lease agreements are recognised on a straight-line basis or, if more representative of the pattern in which benefit from use of the underlying asset is diminished, another systematic basis.

International Reporting and Accounting Standards for Small and Medium-sized Entities (IFRS for SME's) allows exemption of the straight-lining principle if annual escalations are reflective of expected general inflation. No other restatements have been made as the accounting policies previously applied are in alignment with IFRS.

Notes to the Unaudited Consolidated Interim Financial Statements

3. New Standards and Interpretations

3.1 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 01 September 2018 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Insurance Contracts	01 January 2021	Unlikely there will be a material impact
• Uncertainty over Income Tax Treatments	01 January 2019	Unlikely there will be a material impact
• IFRS 16 Leases	01 January 2019	Unlikely there will be a material impact

4. Property, plant and equipment

Group	2018			2018		
	Cost or revaluation	**Accumulated depreciation**	**Carrying value**	**Cost or revaluation**	**Accumulated depreciation**	**Carrying value**
Furniture and fixtures	58,042	(1,679)	56,363	-	-	-
Office equipment	43,254	(1,084)	42,170	-	-	-
Computer equipment	38,699	(3,655)	35,044	-	-	-
Tenant Installations	5,988,418	(3,776,178)	2,212,240	5,988,418	(3,352,502)	2,635,916
Total	**6,128,413**	**(3,782,596)**	**2,345,817**	**5,988,418**	**(3,352,502)**	**2,635,916**

Reconciliation of property, plant and equipment - Group - August 2018

	Opening balance	**Additions**	**Depreciation**	**Total**
Furniture and fixtures	-	58,042	(1,679)	56,363
Office equipment	-	43,254	(1,084)	42,170
Computer equipment	-	38,699	(3,655)	35,044
Tenant Installations	2,635,916	-	(423,676)	2,212,240
	2,635,916	**139,995**	**(430,094)**	**2,345,817**

Reconciliation of property, plant and equipment - Group - February 2018

	Opening balance	**Depreciation**	**Total**
Tenant Installations	2,703,995	(68,079)	2,635,916

Notes to the Unaudited Consolidated Interim Financial Statements

	Group		Company	
Figures in Rand	6 months ended 31 August 2018	1 month ended 28 February 2018	6 months ended 31 August 2018	1 month ended 28 February 2018

5. Investment property

Group	2018			2018		
	Cost / Valuation	**Accumulated depreciation**	**Carrying value**	**Cost / Valuation**	**Accumulated depreciation**	**Carrying value**
Investment property	127,156,314	-	127,156,314	121,252,817	-	121,252,817

Reconciliation of investment property - Group - 2018

	Opening balance	**Additions resulting from capitalised subsequent expenditure**	**Total**
Investment property	121,252,817	5,903,497	127,156,314

Reconciliation of investment property - Group - 2018

	Opening balance	**Fair value adjustments**	**Total**
Investment property	118,725,826	2,526,991	121,252,817

Pledged as security

Carrying value of assets pledged as security:

Unit 1 & 2 - Block A, Willow Wood	58,300,000	58,300,000	-	-
Block B, Willow Wood	18,590,000	18,600,000	-	-
Block C, Willow Wood	18,621,630	18,600,000	-	-
Block D, Willow Wood	4,441,968	4,231,968	-	-
Erf 643, Lanseria	9,302,716	3,620,849	-	-
Erf 661, Lanseria	17,900,000	17,900,000	-	-

Notes to the Unaudited Consolidated Interim Financial Statements

	Group		Company	
Figures in Rand	6 months ended 31 August 2018	1 month ended 28 February 2018	6 months ended 31 August 2018	1 month ended 28 February 2018
5. Investment property (continued)				
Details of property				
Unit 1 & 2, also known as Block A, in the sectional title scheme known as Willow Wood, situated at Erf 84, Chartwell, Extension 10, Registration Division J.Q., Gauteng.				
- Purchase price: February 2014	36,176,022	36,176,022	-	-
- Fair value adjustment - Feb 2017	20,723,978	20,723,978	-	-
- Fair value adjustment - Feb 2018	1,400,000	1,400,000	-	-
	58,300,000	**58,300,000**	**-**	**-**
Block B in the development known as Willow Wood Office Park, situated at Erf 84, Chartwell, Extension 10, Registration Division J.Q., Gauteng				
- Purchase price: February 2014	2,464,145	2,464,145	-	-
- Capitalised expenditure - 2016	10,531	10,531	-	-
- Capitalised expenditure - 2017	251,295	251,295	-	-
- Capitalised expenditure - 2018	12,923,728	12,933,728	-	-
- Fair value adjustment - Feb 2018	2,940,301	2,940,301	-	-
	18,590,000	**18,600,000**	**-**	**-**
Units 1,2,3 and 4 in Block C, in the sectional title scheme known as Willow Wood, situated at Erf 84, Chartwell, Extension 10, Registration Division J.Q., Gauteng.				
- Purchase price: February 2014	10,537,278	10,537,278	-	-
- Fair value adjustment - Feb 2017	7,762,722	7,762,722	-	-
- Fair value adjustment - Feb 2018	300,000	300,000	-	-
- Additions since purchase - Aug 2018	21,630	-	-	-
	18,621,630	**18,600,000**	**-**	**-**
Property under development - Block D in the development known as Willow Wood Office Park, situated at Erf 84, Chartwell, Extension 10, Registration Division J.Q., Gauteng.				
- Purchase price: February 2014	3,473,310	3,473,310	-	-
- Capitalised expenditure - 2016	6,480	6,480	-	-

Notes to the Unaudited Consolidated Interim Financial Statements

	Group		Company	
Figures in Rand	6 months ended 31 August 2018	1 month ended 28 February 2018	6 months ended 31 August 2018	1 month ended 28 February 2018
5. Investment property (continued)				
- Capitalised expenditure - Feb 2018	265,488	265,488	-	-
- Fair value adjustment - Feb 2018	486,690	486,690	-	-
- Capitalised expenditure - Aug 2018	210,000	-	-	-
	4,441,968	**4,231,968**	**-**	**-**
Erf 643, Lanseria Ext 46, Johannesburg, Gauteng				
- Purchase price: February 2014	3,201,160	3,201,160	-	-
- Additions since purchase - Feb 2018	419,689	419,689	-	-
- Additions since purchase - Aug 2018	5,681,867	-	-	-
	9,302,716	**3,620,849**	**-**	**-**
Erf 661, Lanseria Ext 46, Johannesburg, Gauteng				
- Purchase price: February 2014	3,036,000	3,036,000	-	-
- Additions since purchase or valuation	11,647,001	11,647,001	-	-
- Fair value adjustment - Feb 2017	2,016,999	2,016,999	-	-
- Fair value adjustment - Feb 2018	1,200,000	1,200,000	-	-
	17,900,000	**17,900,000**	**-**	**-**

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.

Details of valuation

The effective date of the revaluations was 28 February 2018. Revaluations were performed by an independent valuer, of Mills Fitchet Magnus Penny Proprietary Limited, who is registered with the South African Institute of Valuers. The valuers are not connected to the company and have recent experience in location and category of the investment property being valued.

The valuation process makes use of the Discounted Cash Flow (DCF) method. Properties are valued by discounting the expected future net income for a specific period at an appropriate discount rate (or total rate of return) to give the present value (PV) of the expected net income cash flow. To this figure, an applicable final discounted residual or reversionary value is added. The net income is determined taking into account the gross income, vacancies and lease obligations from which all normalised operating expenses are deducted.

Amounts recognised in profit and loss for the period

Rental income from investment property	6,749,008	3,696,630	-	-

Notes to the Unaudited Consolidated Interim Financial Statements

6. Movement in investments (incl subs, JVs & Assoc)

Fair value of assets acquired	Velvet Moon Properties 93 Proprietary Limited and its subsidiaries	Fargofor Proprietary Limited	Total
Investment property	60,172,205	61,082,396	121,254,601
Other financial assets	13,723	88,943	102,666
Tax receivable	478,734	-	478,734
Operating lease asset	214,526	561,095	775,621
Trade and other receivables	53,498	282,618	336,116
Cash	3,439,378	691,871	4,131,249
Trade and other payables	(284,818)	(175,129)	(459,947)
Other financial liabilities	(31,190,460)	(25,010,070)	(56,200,530)
Deferred tax	(1,854,966)	(7,053,033)	(8,907,999)
Non controlling interest	(446,161)	-	(446,161)
Total net assets acquired	30,595,659	30,468,691	61,064,350
	30,595,659	**30,468,691**	**61,064,350**

Consideration paid	
Equity - 100 000 005 ordinary shares in Heartwood Properties Limited at R0.59 per share	59,000,003
Bargain purchase gain - recognised under Profit or loss	2,064,347

7. Interests in subsidiaries including consolidated structured entities

The following table lists the entities which are controlled directly by the company.

Company

Name of company	% holding 2018	% holding 2017	Carrying amount 2018	Carrying amount 2017
Fargofor Proprietary Limited	100.00 %	100.00 %	29,237,173	29,237,173
Velvet Moon Properties 93 Proprietary Limited	100.00 %	100.00 %	29,762,830	29,762,830
			59,000,003	59,000,003

Notes to the Unaudited Consolidated Interim Financial Statements

	Group		Company	
Figures in Rand	6 months ended 31 August 2018	1 month ended 28 February 2018	6 months ended 31 August 2018	1 month ended 28 February 2018
8. Loans to (from) group companies				
Subsidiaries				
Velvet Moon Properties 93 Proprietary Limited The loan is unsecured interest free and has no fixed terms of repayment. The loan originated in the current year as the company issued shares to BG Mclintock and GM Baker for the full settlement of the loans owing to them, by Velvet Moon Properties 93 (Pty) Ltd, as at 23 July 2018, refer note 14.	-	-	2,967,182	-
9. Other financial assets				
Loans and receivables				
Champagne One Holdings Proprietary Limited The loan is unsecured, interest free and repayable on demand.	88,943	88,943	-	-
Utter Velvet Proprietary Limited The loan is unsecured, interest free and repayable on demand.	16,231	16,231	-	-
	105,174	**105,174**	**-**	**-**
Current assets				
Loans and receivables	105,174	105,174	-	-
10. Operating lease asset (accrual)				
Current assets	4,737,169	3,557,802	-	-

The leases of the group range between 3 to 10 years, varying in accordance with type, size and profile of the tenant.

Notes to the Unaudited Consolidated Interim Financial Statements

	Group		Company	
Figures in Rand	6 months ended 31 August 2018	1 month ended 28 February 2018	6 months ended 31 August 2018	1 month ended 28 February 2018
11. Deferred tax				
Deferred tax liability				
Deferred tax asset				
Tax losses available for set off against future taxable income	2,388,446	1,897,321	-	-
Valuation allowance of deferred tax assets	(12,477,075)	(11,588,904)	-	-
Total deferred tax asset, net of valuation allowance recognised	**(10,088,629)**	**(9,691,583)**	**-**	**-**

The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:

Deferred tax asset	(10,088,629)	(9,691,583)	-	-

Reconciliation of deferred tax asset / (liability)

At beginning of year	(9,691,583)	(8,907,998)	-	-
Increases/(decrease) in tax loss available for set off against future taxable income - gross of valuation allowance	491,125	(147,105)	-	-
Deductible temporary difference movement investment property at fair value	(888,171)	(636,480)	-	-
	(10,088,629)	**(9,691,583)**	**-**	**-**

12. Trade and other receivables

Trade receivables	407,757	380,121	-	-
Prepayments	193,771	168,525	-	-
Deposits	155,700	72,600	-	-
VAT	1,218,495	488,700	-	-
Other receivables	45,956	30,000	-	-
	2,021,679	**1,139,946**	**-**	**-**

Split between non-current and current portions

Current assets	2,021,679	1,139,946	-	-

Notes to the Unaudited Consolidated Interim Financial Statements

	Group		Company	
Figures in Rand	6 months ended 31 August 2018	1 month ended 28 February 2018	6 months ended 31 August 2018	1 month ended 28 February 2018
13. Cash and cash equivalents				
Cash and cash equivalents consist of:				
Bank balances	5,166,740	5,519,048	1,023	-
Bank overdraft	(9,567)	-	-	-
	5,157,173	**5,519,048**	**1,023**	**-**
Current assets	5,166,740	5,519,048	1,023	-
Current liabilities	(9,567)	-	-	-
	5,157,173	**5,519,048**	**1,023**	**-**
14. Share capital				
Authorised				
400 000 000 Ordinary no par value shares	-	-	400,000,000	400,000,000
Reconciliation of number of shares issued:				
Reported as at 01 March 2018	-	-	100,000,005	100,000,005
Issue of shares – ordinary shares	-	-	4,744,455	-
	-	**-**	**104,744,460**	**100,000,005**
Issued				
104 744 460 Ordinary no par value shares	61,967,185	59,000,003	61,967,185	59,000,003

On 31 August 2018 the company issued shares to BG Mclintock and GM Baker for the full and final settlement of the loan accounts due to them by Velvet Moon Properties 93 Proprietary Limited, refer note 8. The company issued 4 744 455 shares at a price of R0.6254 per share, as consideration.

Notes to the Unaudited Consolidated Interim Financial Statements

	Group		Company	
Figures in Rand	6 months ended 31 August 2018	1 month ended 28 February 2018	6 months ended 31 August 2018	1 month ended 28 February 2018

15. Other financial liabilities

Held at amortised cost				
Nedbank Limited - 30154061 The loan bears interest at prime overdraft rate plus 0.25% and is repayable in monthly installments of R130 060 (interest included). The loan expires November 2025. Erf 661, Lanseria as described in note 4 has been pledged as security. The loan is also secured by a cession of rental income, the lease agreement and limited suretyships from Abundant Media Proprietary Limited, Montagu Commercial Development Proprietary Limited, R Henderson and MR Evans.	8,150,469	8,524,923	-	-
Standard Bank Limited - 000258347 The loan bears interest at prime overdraft rate less 0.75% and is repayable in monthly installments of R108 407. The property described as Block A, Willow Wood, refer to note 4 has been pledged as security.	24,245,052	24,881,825	-	-
Nedbank Limited - 30166370 (VAT Facility) The facility consist of the VAT portion of capital drawdowns submitted for the development of the property described as Erf 643 Lanseria in note 4, which has also been provided as security for the loan. The facility bears interest at prime overdraft rate, is repayable in full on a monthly basis and expires May 2019.	273,313	-	-	-

Notes to the Unaudited Consolidated Interim Financial Statements

	Group		Company	
Figures in Rand	6 months ended 31 August 2018	1 month ended 28 February 2018	6 months ended 31 August 2018	1 month ended 28 February 2018
15. Other financial liabilities (continued)				
Nedbank Limited - 30165626 (Development loan)	4,746,358	-	-	-
During the development of the property the loan bears interest at prime overdraft rate, and upon completion prime overdraft rate less 0.25% per annum.				
The loan is secured over the property/development described as Erf 643, Lanseria in note 4. Limited sureties have been provided by Velvet Moon Properties 93 (Pty) Ltd to the value of R5000 000 and Chirpy Properties (Pty) Ltd to the value of R1000 000.				
For the first 12 months only interest is repayable in monthly installments, the loan terms expires May 2019.				
Standard Bank Limited - 000399617	12,472,972	12,248,135	-	-
The loan bears interest at prime overdraft rate less 0.75% and is secured over the property described as Block B, Willow Wood (refer note 4). The loan is repayable in monthly installments of R31 322 (capital), and expires July 2023.				
Limited guarantees were supplied by Montagu House Development CC, RB Henderson and MR Evans, BR Seeff, GM Baker and BG Mclintock.				
Standard Bank Limited - 000428552	8,764,445	8,952,486	-	-
The loan bears interest at prime overdraft rate less 0.75% and is secured over the property described as Block C, Willow Wood (refer note 4). The loan is repayable in monthly installments of R15 094 (capital), and expires November 2021.				
Limited guarantees were supplied by Montagu House Development CC, RB Henderson and MR Evans, BR Seeff, GM Baker and BG Mclintock.				
BG Mclintock	-	1,445,163	-	-
The loan was unsecured, interest free and on 23 July 2018 the company issued 2 310 782 ordinary shares at R0.6254 each in full settlement of the loan, refer note 5.				

Notes to the Unaudited Consolidated Interim Financial Statements

	Group		Company	
Figures in Rand	6 months ended 31 August 2018	1 month ended 28 February 2018	6 months ended 31 August 2018	1 month ended 28 February 2018
15. Other financial liabilities (continued)				
GM Baker	-	1,522,019	-	-
The loan was unsecured, interest free and on 23 July 2018 the company issued 2 433 673 ordinary shares at R0.6254 each in full settlement of the loan, refer note 5.				
	58,652,609	**57,574,551**	**-**	**-**
Non-current liabilities				
At amortised cost	55,738,371	52,068,205	-	-
Current liabilities				
At amortised cost	2,914,238	5,506,346	-	-
	58,652,609	**57,574,551**	**-**	**-**
16. Trade and other payables				
Trade payables	1,135,784	270,206	-	-
Amounts received in advance	870,287	187,948	-	-
VAT	183,474	151,296	-	-
Sundry payables	1,572	64,622	-	-
Accrued expense : PAYE	30,891	-	-	-
Deposits received	964,266	785,906	-	-
Other payables	-	-	1,000	-
	3,186,274	**1,459,978**	**1,000**	**-**
17. Revenue				
Rental income on investment property	5,086,938	838,048	-	-
Levies and other income on investment property	482,702	76,401	-	-
Straight-lining accounting adjustment	1,179,368	2,782,181	-	-
	6,749,008	**3,696,630**	**-**	**-**

Notes to the Unaudited Consolidated Interim Financial Statements

	Group		Company	
Figures in Rand	6 months ended 31 August 2018	1 month ended 28 February 2018	6 months ended 31 August 2018	1 month ended 28 February 2018
18. Net property operating expenses				
Rates and taxes	(419,749)	(52,932)	-	-
Municipal expenses: Refuse, sewerage, effluent	(335,234)	(38,398)	-	-
Electricity	(551,164)	(79,055)	-	-
Levies	(657,587)	(100,213)	-	-
Cleaning	(1,970)	(406)	-	-
Repairs and maintenance	(5,000)	-	-	-
Other expenses	-	(750)	-	-
Total property expenses	**(1,970,704)**	**(271,754)**	**-**	**-**
Recoveries from tenants	1,186,878	174,401	-	-
Net propery operating expenses	(783,826)	(97,353)	-	-
19. Other operating gains (losses)				
Fair value gains (losses)				
Investment property	-	2,526,991	-	-
20. Operating profit (loss)				
Operating profit for the period is stated after charging (crediting) the following, amongst others:				
Auditor's remuneration - external				
Audit fees	234,600	-	-	-
Remuneration, other than to employees				
Consulting and professional services	169,914	5,270	-	-
Secretarial services	20,200	14,460	-	-
	190,114	**19,730**	**-**	**-**
Leases				
Operating lease charges				
Premises	46,623	9,553	-	-
Depreciation and amortisation				
Depreciation of property, plant and equipment	430,094	68,079	-	-
Other				
Other operating gains (losses) 19	-	2,526,991	-	-

Notes to the Unaudited Consolidated Interim Financial Statements

	Group		Company	
Figures in Rand	6 months ended 31 August 2018	1 month ended 28 February 2018	6 months ended 31 August 2018	1 month ended 28 February 2018
21. Depreciation, amortisation and impairment losses				
Depreciation				
Property, plant and equipment	430,094	68,079	-	-
22. Investment income				
Interest income				
From investments in financial assets:				
Bank and other cash	151,461	37,417	23	-
Other financial assets	-	(10,057)	-	-
Total interest income	**151,461**	**27,360**	**23**	**-**
23. Finance costs				
Non-current borrowings	2,566,553	333,175	-	-
Trade and other payables	349	228	-	-
Tax authorities	2,355	-	-	-
Total finance costs	**2,569,257**	**333,403**	**-**	**-**
24. Taxation				
Major components of the tax expense				
Deferred				
Originating and reversing temporary differences	888,171	636,480	-	-
Benefit of unrecognised tax loss / tax credit / temporary difference used to reduce deferred tax expense	(491,125)	147,104	-	-
	397,046	**783,584**	**-**	**-**
25. Tax refunded (paid)				
Balance at beginning of the period	607,715	478,734	-	-
Balance at end of the period	(123,535)	(607,715)	-	-
	484,180	**(128,981)**	**-**	**-**

Notes to the Unaudited Consolidated Interim Financial Statements

	Group		Company	
Figures in Rand	6 months ended 31 August 2018	1 month ended 28 February 2018	6 months ended 31 August 2018	1 month ended 28 February 2018

26. Related parties

Relationships

Subsidiaries	Velvet Moon Properties 93 Proprietary Limited Fargofor Proprietary Limited
Subsidiaries of Velvet Moon Properties 93 Proprietary Limited	Erf 733 Woodmead Ext. 14 Proprietary Limited Nictokaybee Investments Proprietary Limited
Members of key management	JH Scher MR Evans AG Utterson LJ Whall J Dumas B Seeff

Related party balances - Company				
Loan accounts - Owing (to) by related parties				
Velvet Moon Properties Proprietary Limited	-	-	2,967,182	-
Amounts included in Trade receivable (Trade Payable) regarding related parties				
Velvet Moon Properties 93 Proprietary Limited	-	-	(1,000)	-
Related party transactions				
Director fees paid to key management				
JH Scher	40,002	-	-	-
MR Evans	30,000	-	-	-
AG Utterson	30,000	-	-	-
Compensation to key management				
Short-term employee benefits	476,473	302,375	-	-

27. Comparative figures

The reporting period is shorter than a year, therefore comparative amounts are not comparable to the current balances.

28. Events after the reporting period

There were no events subsequent to the reporting period that has a significant effect on the interim financial statements.

Notes to the Unaudited Consolidated Interim Financial Statements

	Group		Company	
Figures in Rand	6 months ended 31 August 2018	1 month ended 28 February 2018	6 months ended 31 August 2018	1 month ended 28 February 2018

29. Directors' emoluments

Executive

August 2018

	Emoluments	Medical Aid contributions	Retirement annuity contributions	Total
LJ Whall	515,227	25,355	63,750	604,332
J Dumas	299,348	-	-	299,348
	814,575	**25,355**	**63,750**	**903,680**

February 2018

	Emoluments	Total
LJ Whall	170,000	170,000
J Dumas	132,375	132,375
	302,375	**302,375**

The director remuneration and fees were paid by the subsidiary companies.

Non-executive

August 2018

	Directors' fees	Total
JH Scher	40,002	40,002
MR Evans	30,000	30,000
AG Utterson	30,000	30,000
	100,002	**100,002**

Detailed Income Statement

		Group		Company	
Figures in Rand	Note(s)	6 months ended 31 August 2018 Unaudited	1 month ended 28 February 2018 Restated *	6 months ended 31 August 2018 Unaudited	1 month ended 28 February 2018 Restated *
Revenue					
Rental income on investment property		5,086,938	838,048	-	-
Levies and other income on investment property		482,702	76,401	-	-
Straight-lining accounting adjustment		1,179,368	2,782,181	-	-
	17	**6,749,008**	**3,696,630**	**-**	**-**
Other operating income					
Other recoveries		(783,826)	(97,353)	-	-
Gain on bargain purchase in a business combination		-	2,064,348	-	-
	18	**(783,826)**	**1,966,995**	**-**	**-**
Other operating gains (losses)					
Fair value gains		-	2,526,991	-	-
Expenses (Refer to page 38)		**(2,490,479)**	**(454,846)**	**-**	**-**
Operating profit	20	**3,474,703**	**7,735,770**	**-**	**-**
Investment income	22	151,461	27,360	23	-
Finance costs	23	(2,569,257)	(333,403)	-	-
Profit before taxation		**1,056,907**	**7,429,727**	**23**	**-**
Taxation	24	(397,046)	(783,585)	-	-
Profit for the period		**659,861**	**6,646,142**	**23**	**-**

* See Note

Detailed Income Statement

		Group		Company	
Figures in Rand	Note(s)	6 months ended 31 August 2018 Unaudited	1 month ended 28 February 2018 Restated *	6 months ended 31 August 2018 Unaudited	1 month ended 28 February 2018 Restated *
Other operating expenses					
Advertising		(13,724)	-	-	-
Auditors remuneration - external auditors	20	(234,600)	-	-	-
Bank charges		(10,528)	(787)	-	-
Cleaning		-	(295)	-	-
Computer expenses		(1,445)	-	-	-
Consulting and professional fees - accounting		(87,915)	-	-	-
Consulting fees		(73,789)	-	-	-
Consulting and professional fees - legal fees		(8,210)	(5,270)	-	-
Depreciation		(430,094)	(68,079)	-	-
Employee costs		(903,680)	-	-	-
Entertainment		(5,275)	-	-	-
Design fees		(14,554)	-	-	-
Valuation fees		(50,700)	-	-	-
Listing costs		(307,385)	(220,530)	-	-
Small assets		(3,291)	-	-	-
Public relations consulting fees		(20,000)	-	-	-
Plant hire		(9,349)	-	-	-
Office supplies and consumables		(5,721)	-	-	-
Website design fees		(27,670)	-	-	-
Fines and penalties		(12,008)	-	-	-
Lease rentals on operating lease		(46,623)	(9,553)	-	-
Levies		(7,010)	2,024	-	-
Municipal expenses		(4,178)	-	-	-
Directors remuneration		(100,002)	(125,000)	-	-
Postage		(3,794)	-	-	-
Printing and stationery		(5,699)	(337)	-	-
Repairs and maintenance		(7,561)	-	-	-
Secretarial fees		(20,200)	(14,460)	-	-
Staff welfare		(445)	-	-	-
Subscriptions		(6,233)	-	-	-
Telephone and fax		(4,420)	-	-	-
Training		(347)	-	-	-
Travel - local		(64,029)	(12,559)	-	-
		(2,490,479)	**(454,846)**	**-**	**-**

* See Note