CONTENTS

MISSION

Calgro will be the housing developer of choice in select markets for all South Africans, by consistently delivering homes of the highest quality.

VISION

Calgro is committed to:

- Superior building quality and higher service standards
- Exceptional, sustainable returns to our shareholders
- Broad Based Black Economic Empowerment
- Creating employment opportunities and rewarding personnel
- Developing mutually beneficial relationships with government, financial institutions and suppliers

CHAIRPERSON'S REPORT

It is once again my privilege, on behalf of the board of directors and myself, to take this opportunity to thank our staff, who continuously play a significant role in contributing to the success of the company, for their commitment, hard work and loyalty to the company.

It gives me great pleasure to present to you this annual report on behalf of the board of Calgro M3 Holdings. This year has flown past and it has certainly been met with challenges and I would like to take this opportunity to thank our staff, business partners, advisors', suppliers, clients and shareholders for their ongoing support.

The challenges that faced the residential construction industry were severe and the economic crisis that gripped the economy almost crippled the industry, but I am pleased to announce that because of the caliber of the management team, staff and shareholders we were able sustain the company on a steady course.

Our Fleurhof and Jabulani projects which are going to provide low cost housing of approximately 12 000 homes have broken ground in the new financial year and the projects will be in full swing, this pits Calgro in line with government's objectives of providing homes for all.

We eagerly anticipate the future as Calgro M3 Holdings has proved it's resilience in what was very tough business environment.

Pumla Fadiswa Radebe(Mrs)
Chairperson
11 May 2009

CHIEF EXECUTIVE'S REPORT

After a tough year for the company, prospects for Calgro M3 look promising

Introduction

After a tough year economically and for the housing industry in particular, which adversely affected the company, I am pleased to report that Calgro M3 has secured a pipeline of feasible projects going forward which bodes well for the company's growth. These should be supported by the positive recovery in bank finance provision with end-user finance again becoming more readily available to prospective homeowners.

During the year Calgro M3 continued to prove its resilience by countering challenging trading conditions and further establishing the group as a prominent player in the integrated housing market. Focus on 'back to basics' saw full development including all construction being concluded in-house and the scaling down of the use of sub-contractors and other third parties.

The group's most significant achievements during the year included:

- nearing completion on the successful Pennyville project while setting new standards in entry level affordable rental housing delivery;
- receiving Township approval for the Fleurhof project and progressing well on civil infrastructure installation for Phase I (approximately 1 800 units);
- successfully launching the Fleurhof and Jabulani projects in the entry level segment of the affordable housing market and converting sales into bonds;
- re-focusing on private sector projects leveraging end-user finance rather than remaining dependent on government funding for public sector housing projects in light of cash flow and funding constraints at local and provincial government levels; and

- adding value to land acquired for the mid-to-high income housing segment of the market by concentrating on the township establishment process. This will enable the group to compete effectively once this market segment recovers with projects ready for implementation.

Financial results

As anticipated group revenue for the year decreased by 18.88% from R233 million to R189 million in light of the macro-economic environment which caused delays in the launch of the Fleurhof and Jabulani projects. These have since been successfully launched to market to eager response and take-up. Headline earnings per share decreased by 146.8%.

Margins were pressured when the construction sub-contractor agreement for the Pennyville project was terminated as a result of underperformance, forcing Calgro M3 to complete the project in-house at rates set in 2007 at the peak of the housing and construction cycle.

Operational review

Integrated housing projects were unavoidably delayed when government experienced cash flow and funding constraints during the economic recession. The delay of the Fleurhof project necessitated a restructuring to accelerate the private sector, full-title end-user finance component of the development ahead of the government-subsidised housing portion. The group was able to successfully launch the Jabulani sectional title project towards the end of February 2010 just before year-end after resolving delays, which has successfully contributed to improved risk mitigation by exposing the group to a wide cross-spectrum of the market.

Sales in the affordable housing market recovered significantly towards the end of the year. Calgro M3 has entered into sales agreements i.r.o. 400 full-title units in the Fleurhof project during the first two months of 2010, and 80 sectional title units during the launch weekend of the Jabulani project in February 2010. Subsequent to year-end, bond approval has been obtained for the majority of these units and the sales value will reflect in the year 2011. The impact of the South African National Credit Act on the market is decreasing in intensity compared to the first two years of implementation, and the ability to secure end-user finance on behalf of prospective home-owners has improved dramatically. All indications are that the calculated risk taken in commencing with the installation of services on the Fleurhof project during 2009 will realise benefits for the group in the next financial year.

The group's mid-to-high income housing operations contributed positively towards group revenue, taking into account the balance sheet write-down of R13.06 million together with the added pressure of generating sales in a depressed market, and helped to retain valuable skills accumulated by Calgro M3 over the years.

During the year Calgro M3 continued to prove its resilience by countering challenging trading conditions and further establishing the group as a prominent player in the integrated housing market.

I am pleased to report from a OHS perspective that during the year the group was again not only fatality free, but also free of any serious injuries in the work place. This reflects our ongoing and absolute commitment to ensuring the group sustains its target of zero harm.

Overheads

The company was faced with the need to contain overhead costs while still retaining skilled project managers and construction-related staff to gear up for future integrated housing projects. We were successful in this endeavour with respect to key senior staff but regrettably the group was not immune to the economic downturn and some retrenchments were necessary.

The expertise of our retained staff will be highly sought-after when in market conditions improve. The group retains ownership of various parcels of land currently being "land banked" in anticipation of this.

Board of directors

Deon Steyn, a founder member of the company, was appointed to the board effective 11 December 2009 as chief operating officer. I remained as an executive director but was formally appointed to the role of chief executive officer in which I had been acting since the exit of Peter Waweru in January 2009.

Calgro M3 is a growing organisation where processes of shedding, renewal, development and change all ensure value for shareholders over the medium to long-term.

Prospects

The non-delivery of housing during the year served to further increase the already-existing backlog in the country. With current research indicating a deficit of 2.1 million homes in South Africa (Tokyo Sexwale Minister of Human Settlements April 2010), escalating annually, pressure is mounting on government and private sector alike to help eradicate the housing shortage.

Primarily targeting the Gauteng province. Calgro M3 sees immense opportunity. However, expansion into other regions in South Africa will be a future consideration once Gauteng operations become settled in servicing the recovering market.

With new commitments by the Minister of Housing of R16.2 billion and R17.9 billion for the next two financial years respectively, and an additional commitment of R1 billion by the President aimed specifically at the GAP Housing market, prospects for integrated housing remain buoyant.

Our Pennyville development has set new industry standards in this regard and taught the group valuable lessons through which the implementation of the Fleurhof and Jabulani projects has been substantially improved. The initial success of the Fleurhof and Jabulani projects (as above) bodes well for future growth in the affordable housing segment of the market.

As per President Zuma's State of the Nation address in 2009: "As part of social infrastructure development we will provide suitably located affordable housing and decent human settlements. We will proceed from the understanding that human settlements are not just about building houses. They are about transforming our cities and towns and building cohesive, sustainable and caring communities with closer access to work and social amenities, including sports and recreational facilities." Calgro M3 remains committed to contributing towards these goals while adhering to principles set out in the Freedom Charter.

In conclusion, I express my deep appreciation to my fellow directors, staff and stakeholders for their continued support during this difficult trading period. We have weathered the worst of the storm, and while the seas are not yet calm, the group is nonetheless poised to grow in tandem with the exciting integrated housing market going forward.

BP Malherbe

CEO

13 May 2010

FINANCIAL DIRECTOR'S REPORT

The group has had to weather one of the toughest economic storms in its history. The group's operating performance and ability have been tested, particularly in the second half of the year under review.

The group had to deal with much longer processes to secure finance on long-term projects. This delayed the start of construction on the new Fleurhof, Jabulani and Jukskei View projects; hence the 19% decline in revenue .

Finance for the Fleurhof and Jukskei View projects was secured after year-end. These projects are going ahead as planned. There will however, still be pressure during the next six months because of the lead time to complete infrastructure before construction on top structures can begin (towards July this year).

Total revenue on Fleurhof, Jabulani and Jukskei View over the next five years is estimated to be R2 billion.

Income statement

Group revenue for the year ended 28 February 2010 decreased by 18.88%, from R233 million to R189 million. The gross profit margin decreased by 7% compared to the previous year. The decrease in gross profit margin is due to the group taking over construction on the Pennyville project after the contractor failed to meet deadlines and obligations. Unfortunately, this was a face-saving exercise for the group as the quality of work from the contractor was unacceptable and it became necessary for Calgro to intervene to rectify the situation in order to meet delivery deadlines, resulting in a material loss on the project in the current year. As a further consequence of the economic climate the company has surplus land in the mid to high segment of the market, some of the land has been earmarked for sale to improve liquidity and has accordingly, been impaired to current net realisable value.

Operating loss excluding fair value adjustments, impairments and non-operational gains for the year under review amounted to R3.35 million compared to a profit of R3.3 million for the comparable reporting period. This reflects an effective break-even position by the group from operations, and is regarded as an achievement, taking into account the current economic climate.

Profit on the sale of investment relates to the SENS announcement released on 13 March 2010, where shareholders were advised that Calgro M3 Land had entered into a Sale of Shares Agreement, in which Calgro M3 Land disposed of 30% of its interest in Fleurhof, to South African Housing Fund for a total cash consideration of R30 million. A further amount of R50 million was advanced in the form of a shareholders' loan.

The scale and duration of major projects secured by the group over the past few years has presented a number of challenges, not least of which is revenue recognition.

The tax expense on the income statement is skewed due to a 28% tax rate on the operating activities, and 14% (28% with a 50% inclusion rate) on the profit on sale of investment.

Balance sheet

No major capital expenditure has occurred during the year, as the group was faced with working capital constraints due to the losses incurred during the face-saving exercise on the Pennyville project when the contractor abandoned the site. There were also delays in new projects. The loan to associates occurred when the Fleurhof project became an associate owing to the sale of a stake in the project to International Housing Solutions.

The additions to inventory were due to costs incurred to get development rights in place on 90% of all land in the mid to high income segment. This exercise effectively increased the market value by at least 30%.

Cash generated by operations was R2.5 million compared to R68.5 million in 2009, due to the revenue decrease, but also the material decrease, the group managed to achieve on trade and other payables.

Construction contracts recorded a decrease of R32.2 million, due to the previously mentioned delay in the three new projects (Fleurhof, Jabulani, and Jukskei View).

Cash on hand at 28 February 2010 decreased by R26.0 million to R11.2 negative from R14.8 million positive in 2009. This was due mainly to the decrease in short and long-term liabilities as the group strived to strengthen its balance sheet.

Interest-bearing liabilities decreased to R163.8 million from R217.3 million in 2009.

Total goodwill in the group's balance sheet at 28 February 2010 was R32.7 million with the development's segment contributing 88%.

Major projects

The scale and duration of major projects secured by the group over the past few years has presented a number of challenges, the least of which is revenue recognition.

It has been determined that the level of revenue recognition on the Pennyville project is appropriately conservative and justifiable in terms of the contract, given the complexity and magnitude of claims and variation orders still to be resolved.

Earnings

The group reported a profit in earnings per share of 12.19 cents compared to 4.74 cents in the prior year, and headline loss per share of 7.64 cents, compared to a profit of 16.32 cents in the prior year.

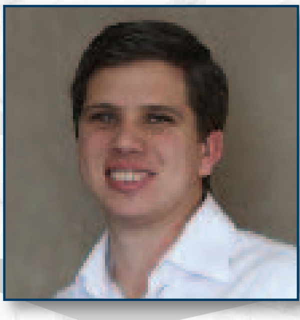
Willem (Wikus) Lategan
Financial director
13 May 2010

DIRECTORATE

Executive directors

Ben Pierre Malherbe
MBA BSc (QS) (44)
Chief executive officer
Appointed:
11 December 2009

Deon Steyn
BSc (QS) (43)
Chief operating officer
Appointed:
11 December 2009

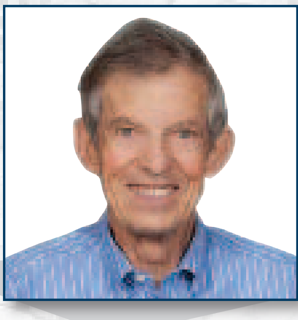


Willem (Wikus) Lategan
BComm (Hons),
CA(SA) (29)
Financial director
Appointed:
01 August 2008

Derek Steyn
BSc (QS) (47)
Business development
director
Appointed:
05 August 2005

Non-executive directors

Pumla Radebe
BA (54) **
Non-executive
chairperson
Appointed:
29 June 2007



John Gibbon
CA (SA) (69) ^ **
Independent
non-executive
Appointed:
06 November 2008

Elizabeth Mmakgoshi
Phetla-Letkhethe (38)
Independent
non-executive
Appointed:
06 November 2008

Noxolo Maninjwa
BComm (Hons)
Economics (38) ^
Independent
non-executive
Appointed:
18 November 2008

Hatla Ntene
BSc (Surv), Dip. Con.
Econ, Dip. Civ.Eng,
PRQS, PMAQS (55) **
Non-executive
Appointed:
12 October 2007

^ Audit committee
** Remuneration committee

CURRICULUM VITAE OF DIRECTORS

Executive directors

Ben Pierre Malherbe BSc QS, MBA - (44)

Chief executive officer

Acting CEO of Calgro M3 since February 2009, Ben Pierre was appointed chief executive officer with effect from 11 December 2009.

Ben Pierre obtained a BSc (Quantity Surveying) from the University of the Orange Free State. He went on to obtain a masters degree in Business Administration and an MBA from the Stellenbosch School of Business. Ben Pierre began his career as a quantity surveyor for Con Roux Construction and later joined Stocks and Stocks Roads & Civils. After spending seven years as project manager in the affordable market segment, in 2001 he and his brother joined forces with the Steyn brothers to form Calgro M3, specialising in residential development.

Ben Pierre is responsible for the group's highly acclaimed Pennyville project, an integrated housing development. Ben Pierre was appointed Calgro's COO when the group was listed in 2007 and took over the function of CEO during January 2009.

Frederik ("Derek") Johannes Steyn

BSc. QS - (47)

Business development director

Derek obtained a BSc (Quantity Surveying) from the University of the Orange Free State. He worked as a quantity surveyor for five years at Eskom, after which he became a project manager at Safrich, an established property development company specialising in the affordable housing market sector. Calgro was started in 1995 by Derek and his brothers, Deon and Douw. Derek is a specialist in cluster developments, land acquisitions and affordable housing.

Deon Steyn BSc (QS) - (43)

Deon obtained his BSc (QS) from the University of the Orange Free State. He is a registered quantity surveyor, (RQS), a member of the Association of South African Quantity Surveyors, as well as a member of the Council of South African Quantity Surveyors.

Deon spent four years with Farrow Laing & Partners, after which he started CALC Quantity Surveyors, specialising in the development of medical centres and project management in the affordable housing market sector. Deon, together with his brothers Derek and Douw, founded Calgro in 1995. He fulfilled the function of COO during 2009.

Willem Jacobus (Wikus) Lategan

BComm (Hons), CA(SA) - (29)

Financial director

Wikus Lategan served articles at Mazars, formerly known as Moores Rowland.

Until his departure to join Calgro M3 as financial director, he was employed as audit manager at ARC Inc. Auditors, where his portfolio comprised medium and large public companies. He gained considerable experience in advising on group structures to ensure operational, tax and compliance optimisation, control, review and implementation thereof, internal management reviews and reports, VAT and PAYE audits. He was also involved in the technical treatment of public companies' financial statements and setting up of corporate governance and SENS reports.

Non-executive directors

Pumla Fundiswa Radebe BA - (54)

Non-executive chairperson

Pumla specialises in social analysis, project planning and management, and has more than 20 years' experience at local and regional government level. She holds, in addition to her Bachelor of Arts in Social Sciences, a Certificate in Municipal Management from the University of Johannesburg and a Certificate in Project Management from Pretoria Technikon. Pumla is currently managing partner for Bungane Development Consultants, a former chairperson of Johannesburg City Parks, president of the International Federation for Parks and Recreation Administration, chairperson of PikiTup Johannesburg, a chief examiner and board member on the Films and Publications Board and chairperson of the Independent Development Trust. She also sits on the boards of Khuselo Investments, Khuselo Telecoms and Impi-Linux.

Hatla Ntene BSc QS - (55)

Non-executive director

Hatla obtained his Bachelor of Science (Quantity Surveying) from the University of Dublin and is currently executive chairman of Mvua Property Partners. He became the black employment partner for Farrow Laing Ntene in 1996 where he served for five years. He was also the property executive manager of Propnet (Property Division of Transnet) for three years and brings a wealth of experience dating back to 1977, to Calgro.

Independent non-executive directors

Elizabeth Mmakgoshi Phetla-Lekhethe - (38)

Mmakgoshi, until recently, served as senior advisor to the executive director for Africa Group 1, at the World Bank Group Board. She has over 12 years experience in debt capital markets globally and possesses a deep understanding and knowledge of the South African and international financial market operations. She has recently been appointed as deputy chairperson of the Financial Services Board (FSB) and is the chief executive officer of the South African Savings Institute (SASI).

John Braidwood Gibbon CA (SA) - (69)

John is a Chartered Accountant by profession and a retired partner at PricewaterhouseCoopers. He has held non-executive directorships for several companies, some of which were JSE listed, and he chaired several of their audit committees.

Noxolo Joyce Maninjwa BComm (Hons) - (38)

Noxolo is a Fort Hare Alumnus where she obtained a BComm (Hons) in Economics. She possesses several other qualifications including accounting from Unisa and business management from the Milpark Business School. Noxolo has extensive work experience in the public sector where she has held senior positions, rising to her current position of Deputy Director General, Gauteng Department of Transport, Works & Roads. She was chief financial officer for Gauteng Department of Education, responsible for compliance to the Public Finance Management Act (PFMA) as well as for strategic financing, leadership and implementing internal controls.

CORPORATE GOVERNANCE

Calgro M3's board is satisfied that the company complies with the King II Report and is further committed to applying the principles of the King III Report introduced in September 2009. The board appreciates the inextricable integration of the group's strategy, risk and sustainability of its daily operations and tries to ensure that all three components form part of all strategic decisions, audits and assessments.

In accordance with the King III Report's 'comply or explain' approach, the directors will continue stating the extent to which good governance principles have been applied and explaining any instances of non-compliance. The directors appreciate the need for accountability, honesty and transparency in fulfilling their fiduciary duties towards stakeholders and the company.

At year-end the board comprised nine directors, four executive and five non-executive, of which three are deemed to be independent. The board is cognisant of the need to appoint further independent non-executive directors and will consider this criterion in future appointments at the appropriate time in the group's growth cycle.

During the year BP Malherbe, previously acting CEO, and DN Steyn were appointed as CEO and COO respectively, with effect from 11 December 2009.

The roles of chairperson and CEO have been split, with separate roles and responsibilities as defined in the Board Charter. This is echoed across the board with regard to executive and non-executive directors so that no single director can exercise unfettered decision-making powers. The chairperson provides leadership to the board in all deliberations and oversees its efficient operation while the CEO is responsible for the strategic direction of the company and day-to-day affairs. The CEO is assisted in these responsibilities by the COO and Executive Committee ("EXCO"). All non-executive directors are high merit individuals who objectively contribute a wide range of industry skills, knowledge and experience to the board's decision-making process and are not involved in the daily operations of the company.

The board reviews its composition on an annual basis to determine the optimal balance of independent, non-executive and executive directors for the efficient discharge of its functions and responsibilities and seeks to address shortfalls, if any, where viable.

The board is responsible to stakeholders for the performance of the group. Its role, as codified in the Board Charter, includes the establishment, review and monitoring of strategic objectives, the approval of acquisitions and disposals, capital expenditure, and overseeing the group's systems of internal control, governance and risk management. The board takes final responsibility for the group's overall strategy and business plan.

The board meets at least four times per annum and more often if the need arises, convening special ad hoc meetings. (See attendance table overleaf.)

The board has established a remuneration and nominations committee and an audit committee, both with formal terms of reference incorporated into Charters updated annually, and further with determined reporting processes and procedures. An EXCO is also in place. The board and its properly constituted sub-committees are supplied with full and timely information which enables them to effectively discharge their responsibilities. This includes unrestricted access to all company information, records, documents and property. Non-executive directors further have access to management and the external auditors at all times, and may even meet separately with management without the attendance of executive directors.

All directors, in accordance with the Company's Articles of Association, are subject, to retirement by rotation and being eligible, to stand for re-election by shareholders at the AGM. In addition all new directors are subject to confirmation of election by shareholders at the first AGM after their initial appointment.

Induction of new directors

As board members are the decision-makers of the company, their individual competence is essential for effectiveness in this regard. Directors must exercise due care and skill in their fiduciary duties and are required to have a sound understanding of the business and knowledge of the markets within which the group operates. Directors are selected for their business skills and diversity of business and academic qualifications. Gender and race are also considered in order to accurately reflect the demographics of the country.

In order to ensure the requisite level of competence, a formal orientation programme for new directors is in place to give them the required knowledge of the group's structure, operations and policies to enable them to fulfil their fiduciary duties and responsibilities.

Access to company information and confidentiality

Through the chair and company secretary, procedures are in place enabling the directors to have access at reasonable times to relevant company information and to senior management. Directors are expected to strictly observe the provisions of the statutes applicable to the use and confidentiality of information.

Appointment and re-election of directors and succession planning

The board as a whole is responsible for approval of directors for appointment, on the recommendation of the remuneration and nominations committee. The appointment of new directors is in terms of a formal and transparent procedure: prospective appointees are nominated by the remuneration and nominations committee and approved directly by the board, subject to shareholder confirmation at the following AGM.

Conflicts of Interest

Directors are required to inform the chair of the board of any conflicts of interest or potential conflicts of interest and are then required to recuse themselves from discussions or decisions on those affected matters. The board may, if it deems appropriate, further request a director to recuse him/herself from the meeting for the duration of the matter under discussion.

Dealings in Securities

Directors of Calgro M3 as well as directors of the major subsidiaries may only deal in securities of the company where pre-approval has been granted from the chair of the board, and furthermore where and the company is not in a "closed period" or "prohibited period" as defined by the JSE Rules & Regulations. In addition group directors have certain JSE-regulated restrictions in terms of the volume of securities traded. Non-executive directors are required to authorise the chairperson's share dealings prior to implementation. All approved share dealings are submitted to the designated advisor who together with the company secretary ensures that such dealings are published on SENS.

All share trading is governed by a formal policy adopted in the Board Charter.

Board meeting attendance

Six board meetings were held during the year. Details of the attendance by each director are as follows:

	30 Mar 2009	11 May 2009	23 Jun 2009	16 Oct 2009	19 Nov 2009	16 Feb 2010
P F Radebe (Chair)	*	*	*	*	*	*
B P Malherbe (CEO)	*	*	*	*	*	*
D N Steyn (COO)	N/A	N/A	N/A	N/A	N/A	*
F J Steyn	*	*	*	*	*	*
H Ntene	*	*	*	*	*	*
W J Lategan	*	*	*	*	*	*
J B Gibbon	*	*	*	*	*	*
M Phetla-Lekhethe	*	*	*	#	*	#
N Manjiwa	*	*	#	*	*	*

* Attendance

\# Absent with apologies

N/A Appointed with effect from 11 December 2009

EXCO

EXCO is responsible for the day-to-day running of Calgro M3 and comprises all executive directors on the board as well as subsidiary executives. The CEO heads EXCO and is accountable to the board for the efficacy of the committee.

EXCO's initiatives and progress are formally reported to the board in board packs circulated in advance of board meetings or whenever deemed necessary on an ad hoc basis by EXCO.

Remuneration and nominations committee

This committee is chaired by non-executive group chair Puma Radebe and further comprises Hatla Ntene and JB Gibbon, both non-executive directors. The CEO attends meetings by invitation but is excluded from deliberations in respect of his own remuneration and nominations.

It is the function of this committee to make recommendations to the board on participation of the executive directors and other key staff members in the group share appreciation rights scheme, amongst other recommendations relating to the overall remuneration and nominations strategy for the group. The committee also makes recommendations on the structure and development of policy on executive and senior management remuneration and nominations, performance bonuses and service contracts.

The committee's remuneration and nominations philosophy is guided by the need to ensure that employees are rewarded for their contribution to the group's operating and financial performance at levels which take account of market and industry benchmarks.

The committee is mandated by the board to identify suitable candidates for directorship and to make recommendations to the board in this regard. It will also advise on the composition of the board and the balance between categories of directors.

	18 Mar 2009	12 May 2009	22 May 2009	25 Jun 2009	19 Sep 2009
P F Radebe (Chair)	*	*	#	*	*
H Ntene	*	*	*	*	*
J B Gibbon	*	*	*	*	*
B P Malherbe (CEO)	>	>	>	>	>

* Attendance

\# Absent with apologies

> Attended by invitation

Audit committee

The group complies with the requirements of the Corporate Laws Amendment Act as it applies to audit committees.

The board has approved the recommendation that the audit committee of the holding company act also as the audit committee of each of the group's subsidiaries. The subsidiaries have passed the necessary resolutions to confirm this arrangement.

The board determines that the committee members have the appropriate and adequate skills and experience to contribute meaningfully to deliberations and to fulfil their responsibilities. In addition, the committee chairman has requisite experience in accounting and financial management (a chartered accountant).

The committee presently comprises JB Gibbon (chairman), NJ Maninjwa and MP Lekhethe, all of whom are independent .

The principal matters on agenda at meetings include a review of the external audit, the annual results and the annual financial statements; the interim audit and review of the interim results and SENS announcement, the external audit plan and the independence of the external auditors. The committee chairman reports directly to the board.

The audit committee operates under approved terms of reference, which are encapsulated in a formal charter and annually updated.

The committee is satisfied that the external auditors were and remain independent. As such it has confirmed the nomination of the external auditors for the 2011 financial year ahead and determined their fees.

The audit committee has further established a procedure for the approval of any non-audit services and the pre-approval of any proposed contract with the auditors in this regard.

The committee has resolved to undertake a self-assessment every year.

The audit committee has considered and is satisfied with the appropriateness and experience of the group financial director.

Currently the committee is assisting with the revision of a comprehensive group risk matrix and register that going forward will be tabled at each meeting of the audit committee and the board (and disclosed in subsequent annual reports).

The committee met four times during the year in accordance with corporate governance best practice recommendations, and all members attended all meetings.

The board is responsible to stakeholders for the performance of the group. The board takes final responsibility for the group's overall strategy and business plan.

Risk management

The group does not have a formal internal audit function in light of its size. A formal function of this nature would be considered at an appropriate time in the growth cycle of the group. Currently the directors are satisfied that the scope and nature of operations are such that the risk management function may be adequately performed by the audit committee and EXCO (the group financial director attends audit committee meetings by invitation and is a member of EXCO), reporting to the board.

The board defines acceptable risk tolerance levels and is responsible (assisted by the audit committee and EXCO) for continually identifying key risks and mitigation as well as for risk control processes across business-specific risk areas. This sets the matrix for regular and exceptional reporting by management to the audit committee and EXCO, and the subsequent reporting of these committees to the board.

Effectiveness of internal controls and risk management

The board receives inputs on the effectiveness of internal control mechanisms as follows:

- regular management reporting;
- regular reporting by the audit committee and EXCO;

- certain board committees focus on specific risks and provide assurance to the board on those matters; and
- the executive finance director provides quarterly confirmation that financial and accounting control frameworks have operated satisfactorily.

Where required, the external auditors may be asked to review certain procedures or areas that may be of concern.

The board defines acceptable risk tolerance levels and is responsible (assisted by the audit committee and EXCO) for continually identifying key risks and mitigation as well as for risk control processes across business-specific risk areas.

The systems of internal control are designed to provide reasonable but not absolute assurance as to the integrity and reliability of the annual financial statements, to safeguard and maintain accountability of the group's assets and to identify and minimise significant fraud, potential liability, loss and material misstatement while complying with applicable statutory laws and regulations. There are inherent limitations to the effectiveness of any system of internal control, including the possibility of human error and the circumvention or overriding of controls. The system is therefore designed to manage rather than eliminate risk.

The board is of the opinion that the systems of internal control are adequate to minimise the risk of material loss and to provide accurate and reliable monthly reporting. The directors are satisfied that nothing has come to their attention during the year to indicate a material breakdown in the systems of internal control.

Further details on financial risk management, including the group's exposure to interest rate risk, credit risk and liquidity risk, are set out in note 3 to the annual financial statements.

Social responsibility and sustainablility

The board is committed to sustainable development as an integral component of day-to-day operations. Sustainable development is a concept that Calgro M3 applies to the company itself and to all those with whom it deals and to whom it is responsible and accountable including external and internal stakeholders.

Skills development and training

The group is committed to the ongoing training and development of employees in order to ensure deepening its skills base.

Employment equity

Appropriate structures are in place to ensure good employer-employee relationships through effective resolution of conflict. The group also complies with legislative and regulatory requirements to favour previously disadvantaged individuals and updates these strategies in accordance with legislation. The group rewards merit while at the same time prioritising the advancement of staff from the historically disadvantaged groups, and is committed to equal employment, training and reimbursement opportunities for all.

Corporate social investment

The board approves an annual budget for support and upliftment of charitable institutions aimed at improving the lives and opportunities of historically disadvantaged communities.

Code of Conduct & Ethics ("Code")

It is the policy of the group, formalised in the Code, to conduct its business with integrity and in accordance with the highest legal and ethical standards. The company's formal Code:

- distinguishes between acceptable and unacceptable practices;
- provides a comprehensive set of ethical corporate standards for adherence by all employees;
- encourages ethical behaviour by the board, management and the employees of the group;
- guides ethical decision-making; and
- assists in resolution of conflicts.

Safety, health and environment

The group is committed to a safe and healthy working environment and ensures compliance with the South African Occupational Health and Safety Act throughout its operations.

HIV/AIDS

Calgro M3's HIV/AIDS policy includes a confidentiality requirement regarding an employee's status. Employees are encouraged to seek medical treatment, counselling, ongoing testing and assistance from support groups.

The group also has in place a comprehensive programme aimed at educating staff on the risks to HIV/AIDS and assisting in reducing the incidence.

Communication with shareholders

The board is committed to transparency of disclosure in all relations with its stakeholders. In practice, this means making material, accurate and meaningful information available to its stakeholders in a timely manner.

It is the policy of the group to pursue dialogue with institutional investors based on constructive engagement having regards to the statutory and regulatory environment of disseminating information.

The CEO acts as chief spokesperson for the company.

Post year-end with effect from 1 March 2010, Grindrod Bank Limited has been appointed as Calgro M3's Designated Advisor in compliance with the JSE Listings Requirements.

DIRECTORS' RESPONSIBILITIES AND APPROVAL

The directors are required by the Companies Act of South Africa, to maintain adequate accounting records and are responsible for the content and integrity of the consolidated financial statements and related information included in this report.

It is their responsibility to ensure that the consolidated financial statements fairly present the state of affairs of the group as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the consolidated financial statements.

The consolidated 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 reports may be relied on for the preparation of the consolidated financial statements. However, any system of internal controls 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 year to 28 February 2011 and, in the light of this review and the current financial position, they are satisfied that the group has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the group's consolidated financial statements. The consolidated financial statements have been examined by the group's external auditors and their report is presented on pages 24 - 79.

The consolidated financial statements set out on pages 24 - 79, which have been prepared on the going concern basis, were approved by the board of directors on 13 May 2010 and were signed on its behalf by:

BP Malherbe
Director
13 May 2010

WJ Lategan
Director

CERTIFICATE OF THE COMPANY SECRETARY

We, Barnards Attorneys Inc, being the company secretary of Calgro M3 Holdings Limited and its subsidiaries, certify that the company has, for the year under review, lodged all returns required of the public company with the Registrar of Companies, and that all such returns are, to the best of our knowledge and belief, true, correct and up-to-date.

Barnards Attorneys Inc
Company secretary
13 May 2010

REPORT OF THE INDEPENDENT AUDITORS

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CALGRO M3 HOLDINGS LIMITED

We have audited the group annual financial statements and annual financial statements of Calgro M3 Holdings Limited, which comprise the consolidated and separate statements of financial position as at 28 February 2010, and the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, and the directors' report, as set out on pages 24 to 79.

Directors' responsibility for the financial statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the consolidated and separate financial position of Calgro M3 Holdings Limited as at 28 February 2010, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa.

PricewaterhouseCoopers Inc
Director: M Horsfield
Registered Auditor
Johannesburg
13 May 2010

DIRECTORS' REPORT

The directors submit their report for the year ended 28 February 2010.

1. **Nature of business**

   Calgro M3 is a mixed-use housing development company, established in 1995. Our business model focuses on the acquisition of land, town planning, project management of civil infrastructure, services installation, marketing and construction of homes.

   The niche market for the group's housing products comprises of three segments, viz.: construction of residential housing with a wide variety, land development of a wide range of economic sectors and professional services of a wide range .

   Our business strategy supports government's proactive drive, which is expressed in the 'Breaking New Ground' initiative aimed at ensuring the creation of sustainable settlements. This is achieved through the integration of various income groups, as well as the provision of socio-amenities such as schools and hospitals, within a fully integrated community.

2. **Financial position**

   The financial statements on pages 24 to 79 set out fully the financial position, results of operations and cash flows of the group for the financial year ended 28 February 2010.

   The group results split by segments, are presented in note 5 to the financial statements. The different segments are split in line with the business sectors, which are construction and land development.

3. **State of affairs**

   Calgro M3 faced one of the most difficult economic times in its history with financial institutions opting to be risk-averse, a result of which almost crippled the property development industry. The board however, remains optimistic that opportunities exist to grow the company further, create sustainable jobs and secure Calgro M3's position as a leader in all spheres of residential developments. The group has managed to contain its costs through the restructuring of management structures and a reduction of overheads in accordance with the company's business model and current strategy.

   There was a further decrease in current liabilities (refer note 22), partly as a result of repayment out of operating cash flows and also converting current liabilities to long-term liabilities. Cash generated from operations was also positive, amounting to R2.5 million. This is consistent with year-end but a great improvement on the comparable reporting period.

4. **Post balance sheet events**

   Subsequent to the year-end the matter referred to in note 39 has been resolved with the South African Revenue Services (SARS) and the amount of R25.8 million will be treated as income in 2011 year as a non-adjusting post balance sheet event as the uncertainty was only resolved in 2011 with the decision by SARS.

5. **Subsidiary companies**

   All subsidiaries direct and indirect are South African based and are engaged in land development.

Name of company	2010 issued share capital (Rand)	2009 issued share capital (Rand)	% holding 2010	% holding 2009	Carrying amount 2010	Carrying amount 2009	Loans (from) group companies 2010	Loans to group companies 2009
DIRECT								
Calgro M3 Land (Pty) Ltd	100	100	100	100	2 998 350	2 998 350	162 239 591	8 474 499
Calgro M3 Developments (Pty) Ltd	100	100	100	100	89 233 766	89 233 766	(142 282 911)	5 663 254
Calgro M3 Project Management (Pty) Ltd	100	100	100	100	4 500 100	4 500 100	-	-
IN-DIRECT								
MS5 Projects (Pty) Ltd	100	100	100	100	-	-	-	-
MS5 Pennyville (Pty) Ltd	100	100	100	100	-	-	-	-
CM3 Northriding Ext 86 – Mio Bella (Pty) Ltd	100	100	100	100	-	-	-	-
CM3 Randpark Ridge Ext 120 (Pty) Ltd	100	100	100	100	-	-	-	-
CM3 Witkoppen Ext 131 (Pty) Ltd	100	100	100	100	-	-	-	-
Hightrade-Invest 60 (Pty) Ltd	100	100	100	100				
Calgro M3 Land 102 (Pty) Ltd	100	100	100	100	-	-	-	-
PZR Pennyville Zamimphilo Relocations (Pty) Ltd	100	100	100	100	-	-		
Aquarella Investments 265 (Pty) Ltd	-	100	-	100	-	-	-	-
CTE Consulting (Pty) Ltd	100	100	100	100	-	-	1 993 207	514 925
Midfield Estate (Pty) Ltd	100	100	100	100	-	-	-	-
Baybridge Canal Development Company (Pty) Ltd	-	100	-	100	-	-	-	-
Tres Jolie Ext 24 (Pty) Ltd	100	100	-	100	-	-	-	-
Fluerhof Ext 2 (Pty) Ltd	-	100	-	100	-	-	-	-
Business Venture Investments No 1243 (Pty) Ltd	-	100	-	100	-	-	-	-
Business Venture Investments No 1244 (Pty) Ltd	100	100	100	100	-	-	-	-
Ridgewood Estate (Pty) Ltd	100	100	100	100	-	-	-	-

Name of company	2010 issued share capital (Rand)	2009 issued share capital (Rand)	% holding 2010	% holding 2009	Carrying amount 2010	Carrying amount 2009	Loans (from)/to group companies 2010	Loans to group companies 2009
Business Venture Investments No 1221 (Pty) Ltd	100	100	100	100	-	-	-	-
CM3 Witkoppen Ext 87 (Pty) Ltd	-	100	-	100	-	-	-	-
29 of 459 Baybridge Canal (Pty) Ltd	100	100	100	100	-	-	-	-
Business Venture Investments No 1326 (Pty) Ltd	-	100	-	100	-	-	-	-
CM3 Northriding Ext 94 – Cherrywood Estate (Pty) Ltd	100	100	100	100	-	-	-	-
PZR Fleurhof (Pty) Ltd	100	100	100	100	-	-	-	-
Neoprop (Pty) Ltd	-	100	-	100	-	-	-	-
					96 732 216	**96 732 216**	**17 963 473**	**14 652 678**

The carrying amounts of subsidiaries are shown net of impairment losses.

The attributable interest of the holding company in the aggregate income earned and losses incurred after taxation by its subsidiaries, is as follows:

R'000	**February 2010**	February 2009
Profit	24 358	28 686
Losses	(8 518)	(13 305)

6. Directors' interest in shares and remuneration

At the financial year end the directors held the following direct and indirect interest in the company's shares:

	Direct 2010	Direct 2009	Indirect 2010	Indirect 2009
Ordinary shares				
PF Radebe	-	-	1 787 400	1 787 400
H Ntene	63 500	58 500	1 500 000	1 500 000
WJ Lategan	1 353 000	1 353 000	-	-
BP Malherbe	-	-	13 348 000	13 340 000
FJ Steyn	-	-	12 333 225	12 333 225
DN Steyn	-	-	12 792 228	-
	1 416 500	**1 411 500**	**55 260 853**	**42 468 625**

There has been no change in the directors' interest since 28 February 2010.

Directors' remuneration was as follows:-

	Salary as a director	Expense allowances	Fringe benefits	Total
2010				
PF Radebe	300 000	-	-	300 000
H Ntene	-	-	-	-
Noxolo Manjiwa	30 000	-	-	30 000
Elizabeth Mmkgoshi Phelta-Lukhethe	30 000	-	-	30 000
John Gibbon	180 000	-	-	180 000
B P Malherbe	1 356 000	144 000	-	1 500 000
F J Steyn	1 356 000	144 000	-	1 500 000
D N Steyn	451 999	48 000	-	499 999
W J Lategan	1 136 000	144 000	-	1 280 000
Total				**5 319 999**
2009				
PF Radebe	225 000	-	-	225 000
PM Waweru	1 520 246	168 000	53 810	1 742 056
SE Funde	90 000	-	-	90 000
QE Woods	540 000	-	-	540 000
H Ntene	-	-	-	-
WJ Lategan	620 000	84 000	31 000	735 000
CT Daly	618 852	60 000	26 905	705 757
J Gibbon	60 000	-	-	60 000
BP Malherbe	1 291 429	144 000	439 571	1 875 000
FJ Steyn	1 291 429	144 000	439 571	1 875 000
Total				7 847 813

Share appreciation rights

The following people identified have been awarded share appreciation rights (SAR) in the prior year in accordance with the provisions of the SAR and upon the terms specified in this letter and the rules of the SAR.

Name of employee	Number of SARs awarded
BP Malherbe – Chief executive officer	1 400 000
FJ Steyn – Business development director	1 400 000
Divisional directors – 4	2 808 000
Key employees – 5	500 000

The grant price of all the above SARs is R3.75 each, a 25% premium to the listing price of R3.00.

One third of the SARs vest in three years, another third in four years and the final third in five years.

There are HEPS and CPIX performance conditions for the SARs to become excercisable.

7. **Accounting policies**

The annual financial statements have been prepared based on International Financial Reporting Standards.

8. **Authorised and issued share capital**

Total number of ordinary shares in issue at 28 February 2010	127 100 000

9. **Property, plant and equipment**

There were additions to property, plant and equipment of R1.5 million during the period under review and no changes in the policy relating to their use.

10. **Dividends**

No dividends were declared or paid to shareholders during the 12 months.

11. **Directors**

The directors of the company during the 12 months and to the date of the report are as follows:

Name	Position	Date appointed	Date resigned
Pumla Fundiswa Radebe	Independent chairperson	29.06.2007	
Hatla Ntene	Independent non-executive	12.10.2007	
Noxolo Joyce Manijwa	Independent non-executive	18.11.2008	
Elizabeth Mmkgoshi Phetla-Lukhethe	Independent non-executive	06.11.2008	
John Braidwood Gibbon	Independent non-executive	06.11.2008	
Ben Pierre Malherbe	Chief executive officer	08.08.2005	
Frederik Johannes Steyn	Strategic planning director	05.08.2005	
Willem Jacobus Lategan	Financial director	01.08.2008	
Deon Noel Steyn	Chief operating officer	11.12.2009	

12. **Secretary**

The secretary of the company is Barnards Attorney's Inc:

Business address 33 Ballyclaire Drive
Ballywood Office Park
Cedar Wood House
Bryanston
2196

Postal address Private Bag X33
Craighall
2024

13. **Auditors**

PricewaterhouseCoopers Incorporated will continue in office in accordance with section 270(2) of the Companies Act.

14. Analysis of shareholders

Shareholder spread analysis as at 28 February 2010:

Shareholder spread	No. of shareholders	%	No. of shares	%
1 – 1 000 shares	20	9.26	6 593	0.01
1 001 – 10 000 shares	70	32.41	286 702	0.23
10 001 – 100 000 shares	77	35.65	1 937 845	1.52
100 001 – 1 000 000 shares	28	12.96	8 242 887	6.49
1 000 001 shares and over	21	9.72	116 625 973	91.76
	216	**100.00**	**127 100 000**	**100.00**

Distribution of shareholders	No. of shares	%
Banks	-	-
Empowerment	27 044 400	21.28
Individuals	12 990 810	10.22
Nominee and trusts	72 411 760	56.97
Other corporations	2 137 373	1.68
Private and public companies	12 515 657	9.85
	127 100 000	100
Public/non-public shareholders		
Non-public shareholders		
Directors and associate of the holding company	56 265 853	44.27
Public shareholders	70 834 147	55.73
	127 100 000	100
Shareholders with an interest of 5% or more in shares		
Day Break Properties 42 (Pty) Ltd	6 600 000	5.193
BPM Familie Trust	13 000 000	10.228
DGS Trust	11 984 000	9.429
DNS Trust	12 792 228	10.065
FJS Trust	12 333 225	9.704
Hendrik Brand Trust	11 984 000	9.429
Planet Waves 266 (Pty) Ltd	15 000 000	11.802
Vencor Capital (Pty) Ltd	7 541 453	5.933

Consolidated statements of FINANCIAL POSITION

FOR THE YEAR ENDED 28 FEBRUARY 2010

		Group		Company	
Figures in Rand	Notes	**2010**	2009	**2010**	2009
Assets					
Non-current assets					
Investment property	6	**5 492 558**	7 492 601	**-**	-
Property plant and equipment	7	**7 150 375**	8 100 077	**-**	-
Intangible assets	8	**32 745 939**	33 073 543	**-**	-
Investment in subsidiaries	9	**-**	-	**96 732 216**	96 732 216
Investment in associates	10	**84**	-	**-**	-
Loans to group companies	11	**-**	-	**162 239 591**	14 652 778
Loans to associates	12	**15 424 445**	-	**-**	-
Deferred income tax asset	13	**2 135 187**	8 866 542	**-**	-
		62 948 588	57 532 763	**258 971 807**	111 384 994
Current assets					
Inventories	14	**266 392 715**	260 115 196	**-**	-
Loans and receivables	15	**7 895 007**	7 749 659	**-**	-
Current tax receivable		**184 777**	6 856	**-**	-
Construction contracts	16	**32 217 439**	64 389 035	**-**	-
Trade and other receivables	17	**14 428 267**	18 367 944	**40 174**	-
Prepayments	18	**7 421 748**	6 079 978	**-**	-
Cash and cash equivalents	19	**6 059 304**	30 593 690	**330**	330
		334 599 257	387 302 358	**40 504**	330
Assets of disposal group classified as held for sale	20	**-**	126 300 999	**-**	-
		334 599 257	513 603 357	**40 504**	330
Total assets		**397 547 845**	571 136 120	**259 012 311**	111 385 324
Equity and liabilities					
Equity					
Equity attributable to owners of the parent					
Ordinary shares	21	**96 021 721**	96 021 721	**96 021 721**	96 021 721
Reserves		**-**	-	**672 200**	672 200
Retained income		**57 696 796**	42 208 687	**1 166 218**	775 616
		153 718 517	138 230 408	**97 860 139**	97 469 537
Liabilities					
Non-current liabilities					
Borrowings	22	**154 379 189**	117 956 681	**-**	-
Finance lease obligations	23	**1 998 804**	1 842 872	**-**	-
Loans from group companies	11	**-**	-	**144 276 118**	-
Deferred income tax liability	13	**4 705 354**	17 423 647	**-**	-
		161 083 347	137 223 200	**144 276 118**	-
Current liabilities					
Borrowings	22	**9 650 379**	69 350 369	**-**	-
Short-term advance		**-**	30 000 000	**-**	-
Current income tax liabilities		**14 429 716**	8 110 499	**84 360**	315 511
Finance lease obligations	23	**1 541 148**	1 204 642	**-**	-
Trade and other payables	24	**39 862 596**	64 779 323	**258 252**	121 869
Bank overdraft	19	**17 262 142**	15 842 326	**16 533 442**	13 478 407
		82 745 981	189 287 159	**16 876 054**	13 915 787
Liabilities of disposal group classified as held for sale	20	**-**	106 395 353	**-**	-
		82 745 981	295 682 512	**16 876 054**	13 915 787
Total liabilities		**243 829 328**	432 905 712	**161 152 172**	13 915 787
Total equity and liabilities		**397 547 845**	571 136 120	**259 012 311**	111 385 324

Consolidated statements of

COMPREHENSIVE INCOME

FOR THE YEAR ENDED 28 FEBRUARY 2010

		Group		Company	
Figures in Rand	Notes	**2010**	2009	**2010**	2009
Revenue	25	**188 725 584**	233 054 190	**-**	-
Cost of sales	26/28	**(161 058 308)**	(182 204 989)	**-**	-
Gross profit		**27 667 276**	50 849 201	**-**	-
Other income	27	**1 783 674**	17 508 301	**1 632 652**	2 238 027
Administrative expenses	28	**(28 487 520)**	(36 260 736)	**(1 366 674)**	(1 425 865)
Other expenses	28	**(13 064 993)**	(23 704 665)	**-**	-
Profit on sale of investment	29	**29 304 800**	-	**-**	-
Operating profit		**17 203 237**	8 392 101	**265 978**	812 162
Finance income	30	**4 546 207**	962 188	**14 292 442**	1 053 602
Finance costs	31	**(5 549 661)**	(1 467 892)	**(14 011 429)**	(813 463)
Profit before tax		**16 199 783**	7 886 397	**546 991**	1 052 301
Taxation	32	**(711 674)**	(1 863 945)	**(156 389)**	(304 251)
Profit after taxation		**15 488 109**	6 022 452	**390 602**	748 050
Other comprehensive income		**-**	-	**-**	-
Total comprehensive income		**15 488 109**	6 022 452	**390 602**	748 050
Attributable to:					
Owners of the parent		15 488 109	6 022 452		
Earnings per share for profit attributable to the equity holders of the company during the year (expressed in cents per share)					
- basic	42	12.19	4.74		
- diluted	42	12.19	3.80		

Consolidated statements of CHANGES IN EQUITY

FOR THE YEAR ENDED 28 FEBRUARY 2010

Figures in Rand	Share capital	Share premium	Reserves for own shares/ Share repurchase reserve	Retained income acquired through reverse acquisition	Retained income	Total equity
Group						
Balance at 01 March 2008	1 271	96 020 450	963 141	-	36 186 235	133 171 097
Comprehensive income						
Profit for the year	-	-	-	-	6 022 452	6 022 452
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	6 022 452	6 022 452
Transactions with owners						
Share appreciation scheme	-	-	(963 141)	-	-	(963 141)
Total transactions with owners	-	-	(963 141)	-	-	(963 141)
Balance at 01 March 2009	1 271	96 020 450	-	-	42 208 687	138 230 408
Comprehensive income						
Profit for the year	-	-	-	-	15 488 109	15 488 109
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	15 488 109	15 488 109
Balance at 28 February 2010	**1 271**	**96 020 450**	**-**	**-**	**57 696 796**	**153 718 517**
Notes	21	21				

Figures in Rand	Share capital	Share premium	Reserves for own shares/ Share repurchase reserve	Retained income acquired through reverse acquisition	Retained income	Total equity
Company						
Balance at 01 March 2008	1 271	96 020 450	963 141	672 200	27 566	97 684 628
Comprehensive income						
Profit for the year	-	-	-	-	748 050	748 050
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	748 050	748 050
Transactions with owners						
Share appreciation scheme	-	-	(963 141)	-	-	(963 141)
Total transactions with owners	-	-	(963 141)	-	-	(963 141)
Balance at 01 March 2009	1 271	96 020 450	-	672 200	775 616	97 469 537
Comprehensive income						
Profit for the year	-	-	-	-	390 602	390 602
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	390 602	390 602
Balance at 28 February 2010	**1 271**	**96 020 450**	**-**	**672 200**	**1 166 218**	**97 860 139**
Notes	21	21				

Consolidated statements of CASH FLOWS

FOR THE YEAR ENDED 28 FEBRUARY 2010

		Group		Company	
Figures in Rand	Notes	2010	2009	2010	2009
Cash generated from operations					
Cash generated from operations	35	**2 519 750**	68 474 479	**362 187**	934 032
Interest received		**4 546 207**	962 188	**14 292 442**	1 053 602
Interest paid		**(5 549 661)**	(979 211)	**(14 011 429)**	(813 463)
Tax paid	36	**(557 317)**	(217 696)	**(387 540)**	-
Net cash from operating activities		**958 979**	68 239 760	**255 660**	1 174 171
Cash flows from investing activities					
Purchase of property plant and equipment		**(1 508 442)**	(2 389 483)	**-**	-
Proceeds from the sale of property plant and equipment		**157 288**	11 904	**-**	-
Purchase of investment property		**(616 535)**	(6 099 430)	**-**	-
Purchase of intangible assets		**(75 236)**	(205 201)	**-**	-
Proceeds from the sale of intangible assets		**-**	1 014	**-**	-
Purchase of goodwill on acquisition of subsidiary shares	8		(21 364 946)	**-**	-
Increase in investment in subsidiaries		**-**	-	**-**	(96 059 417)
Expenses relating to the sale of investments	29	**(695 100)**	-	**-**	-
Increase in loans to associates		**(1 244 765)**	-	**-**	-
(Increase)/decrease in loans and receivables		**(145 348)**	(620 072)	**-**	-
Net cash from investing activities		**(4 128 136)**	(30 666 214)	**-**	(96 059 417)
Cash flows from financing activities					
Increase in borrowings		**13 450 756**	192 485 435	**-**	-
Repayment of borrowings		**(36 235 800)**	(213 110 995)	**-**	-
Loans advanced to group companies		**-**	-	**(3 310 695)**	81 406 839
Net cash from financing activities		**(22 785 044)**	(20 625 560)	**(3 310 695)**	81 406 839
Net (decrease)/increase in cash and cash equivalents and bank overdraft		**(25 954 202)**	16 947 986	**(3 055 035)**	(13 478 407)
Cash and cash equivalents and bank overdraft at the beginning of the year		**14 751 364**	(2 196 622)	**(13 478 077)**	330
Cash and cash equivalents and bank overdraft at end of the year	19	**(11 202 838)**	14 751 364	**(16 533 112)**	(13 478 077)

Notes to the CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 28 FEBRUARY 2010

1. General Information

Calgro M3 Holdings Limited (the "company") and its subsidiaries (together "the group") is an investment and management company with trading subsidiaries engaged in investment holding, residential land development and construction.

The company is a widely held company incorporated and domiciled in South Africa. The address of its registered office is Cedarwood House, Ballyclare Office Park, 33 Ballyclare Drive, Bryanston 2024.

The company has its primary listing on the Johannesburg Stock Exchange.

The group's presentation currency is the South African Rand, while the company's functional and presentation currency is the South African Rand.

These group and company's annual financial statements were authorised for issue by the board of directors on 13 May 2010.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these annual financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of Calgro M3 Holdings Limited and its subsidiaries have been prepared in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act of South Africa. The consolidated financial statements have been prepared under the historical cost convention, unless specifically stated otherwise.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the annual financial statements, are disclosed in Note 4.

(a) New standards and interpretations

(i) Standards and interpretations effective and adopted:

- **IAS 1 (revised), 'Presentation of financial statements' – effective 1 January 2009.**

  The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity in a statement of comprehensive income. As a result the group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income. Comparative information has been re-presented so that it also is in conformity with the revised standard. As the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

- **IFRS 2 (amendment), 'Share-based payment' (effective 1 January 2009)**

  This deals with vesting conditions and cancellations. It clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. These features would need to be included in the grant date fair value for transactions with employees and others providing similar services; they would not impact the number of awards expected to vest or valuation there of subsequent to grant date. All cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The group and company has adopted IFRS 2 (amendment) from 1 January 2009. The amendment does not have a material impact on the group or company's financial statements.

- **IAS 23 (Revised), 'Borrowing costs'**
  In respect of borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after 1 January 2009, the group capitalises borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The amendment will not result in a material impact on the group or company's financial statements, but resulted in additional disclosure.

- **IFRS 8 (AC 145), 'Operating segments'**
  IFRS 8 (AC 145) replaces IAS 14 (AC 115) Segment Reporting. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes.The amendment will not result in a material impact on the group or company's financial statements.

- **IFRIC 15 (AC 448), 'Agreements for the Construction of Real Estates'**
  IFRIC 15 (AC 448) specifies whether an agreement for the construction of real estate is within the scope of IAS 11 (AC 109) Construction Contracts or IAS 18 (AC 111) Revenue, and thus impacts the related recognition of revenue. An agreement for the construction of real estate is a construction contract within the scope of IAS 11 (AC 109) only when the buyer is able to specify the major structural elements of the design of the real estate before construction begins and/or specify major structural changes once construction is in progress. Revenue in such cases should be determined in accordance with the percentage of completion of the contract. In all other cases, IAS 18 (AC 111) applies. If IAS 18 (AC 111) applies and the entity is required to provide the materials for the construction as well as carry out the construction activity, the supply represents the sale of goods. In such cases, revenue is recognised on delivery of the constructed asset. If the entity is not required to provide materials, but only to construct the real estate, the supply is the rendering of services, and revenue should be recognised on the percentage of completion basis. It is not expected to have a material impact on the group or company's financial statements.

(ii) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the group

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 March 2010 or later periods:

- **IFRIC 17, 'Distribution of non-cash assets to owners' (effective on or after 1 July 2009)**
  The interpretation is part of the IASB's annual improvements project published in April 2009. This interpretation

provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. IFRS 5 has also been amended to require that assets are classified as held for distribution only when they are available for distribution in their present condition and the distribution is highly probable. The group and company will apply IFRIC 17 from 1 March 2010. It is not expected to have a material impact on the group or company's financial statements.

- **IAS 27 (revised), 'Consolidated and separate financial statements', (effective from 1 July 2009)**
  The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. The group will apply IAS 27 (revised) prospectively to transactions with non-controlling interests from 1 March 2010.

- **IFRS 3 (revised), 'Business combinations' (effective from 1 July 2009)**
  The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the statement of comprehensive income. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree at fair vale or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The group will apply IFRS 3 (revised) prospectively to all business combinations from 1 March 2010.

- **IAS 38 (amendment), 'Intangible assets'**
  The amendment is part of the IASB's annual improvements project published in April 2009 and the group and company will apply IAS 38 (amendment) from the date IFRS 3 (revised) is adopted. The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and it permits the grouping of intangible assets as a single asset if each asset has similar useful economic lives.

  The amendment will not result in a material impact on the group or company's financial statements.

- **IFRS 5 (amendment), 'Measurement of non-current assets (or disposal groups) classified as held-for-sale'**
  The amendment is part of the IASB's annual improvements project published in April 2009. The amendment provides clarification that IFRS 5 specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. It also clarifies that the general requirement of IAS 1 still apply, particularly paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of IAS 1. The group and company will apply IFRS 5 (amendment)

from 1 March 2010. It is not expected to have a material impact on the group or company's financial statements.

- **IAS 1 (amendment), 'Presentation of financial statements'**
  The amendment is part of the IASB's annual improvements project published in April 2009. The amendment provides clarification that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counter party to settle in shares at any time. The group and company will apply IAS 1 (amendment) from 1 March 2010. It is not expected to have a material impact on the group or company's financial statements.

- **IFRS 2 (amendments), 'Group cash-settled and share-based payment transactions'**
  In addition to incorporating IFRIC 8, 'Scope of IFRS 2', and IFRIC 11, 'IFRS 2 – Group and treasury share transactions', the amendments expand on the guidance in IFRIC 11 to address the classification of group arrangements that were not covered by that interpretation. The new guidance is not expected to have a material impact on the group's financial statements.

- **2009 Annual Improvements Project: Amendments to IFRS 8, 'Operating segments'**
  Entities are only required to report segment assets if they are regularly reported to the chief operating decision maker. The group will apply amendments to IFRS 8 Operating Segments from 1 March 2010. It is not expected to have a material impact on the group or company's financial statements.

- **2009 Annual Improvements Project: Amendments to IAS 7, 'Statement of cash flows'**
  The amendment provides that expenditure may only be classified as 'cash flows from investing activities' if it resulted in the recognition of an asset on the statement of financial position. The effective date of the interpretation is for years beginning on or after 01 July 2009. The group and company will apply IAS 7 Statement of cash flows from 1 March 2010. It is not expected to have a material impact on the group or company's financial statements.

- **2009 Annual Improvements Project: Amendments to IAS 18, 'Revenue'**
  The amendment provides additional guidance in the determination of whether an entity is acting as an agent or principal in a revenue transaction. The effective date of the interpretation is for years beginning on or after 01 July 2009. The group and company will apply IAS 18 Revenue from 1 March 2010. It is not expected to have a material impact on the group or company's financial statements.

- **2009 Annual Improvements Project: Amendments to IAS 36, 'Impairment of assets'**
  The amendment now requires that, for the purpose of goodwill testing, each group of units to which goodwill is allocated shall not be larger than an operating segment as defined in paragraph 5 of IFRS 8 (AC 145) Operating segments. Thus the determination is now required to be made before

operating segments are aggregated. The effective date of the interpretation is for years beginning on or after 01 July 2009. The group and company will apply IAS 36 Impairment of assets from 1 March 2010. It is not expected to have a material impact on the group or company's financial statements. It is not expected to have a material impact on the group of company's financial statements.

- **2009 Annual Improvements Project: Amendments to IFRS 8, 'Operating segments'**
  Entities are only required to report segment assets if they are regularly reported to the chief operating decision maker. The effective date of the interpretation is for years beginning on or after 01 July 2009. The group and company will apply IAS 1 (amendment) from 1 March 2010. It is not expected to have a material impact on the group or company's financial statements.

2.2 Consolidation

(a) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are no longer consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the statement of comprehensive income.

Intra-group balances and transactions and any unrealised gains arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates and joint ventures are eliminated to the extent of the group's interest in the undertaking. Unrealised gains resulting from transactions with associates are eliminated against the investment in the associates. Unrealised losses are eliminated in the same way as unrealised gains except that they are only eliminated to the extent that there is no evidence of impairment.

(b) Transactions and minority interests

The group applies a policy of treating transactions with minority interests as transactions with parties external to the group. Disposals to minority interests result in gains and losses for the group and are recorded in the statement of comprehensive income. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

(c) Associates

Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

The group's share of its associates' post-acquisition profits or losses is recognised in the statement of comprehensive income, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the group. Dilution gains and losses arising in investments in associates are recognised in the statement of comprehensive income.

Unrealised gains on transactions between the group and its associates are eliminated to the extent of the group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the group. Dilution gains and losses arising in investments in associates are recognised in the statement of comprehensive income.

Profits realised in connection with the sale of fixed assets between the group and associated companies are eliminated in proportion to share ownership. Such profits are deducted from the group's equity and fixed assets and released in the group accounts over the same period as depreciation is charged.

(d) Company financial statements

In the company's separate financial statements, investments in subsidiaries are carried at cost less any accumulated impairment.

The cost of an investment in a subsidiary is the aggregate of:

- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the company; plus
- any costs directly attributable to the purchase of the subsidiary.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive committee that makes strategic decisions.

2.4 Property, plant and equipment

All property, plant and equipment is stated at historical cost less accumulated depreciation and impairments. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only 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. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives,as follows:

Item	Average useful life
- Machinery	5 years
- Furniture, fittings and equipment	3 years
- Vehicles	5 years
- Office equipment	6 years
- IT equipment	3 years
- Leasehold improvements	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within administrative expenses in the statement of comprehensive income.

2.5 Investment property

Investment property, which is disclosed separately and is property held to generate independent cash flows through rental or capital appreciation, is carried at cost less accumulated depreciation and impairments.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives,as follows:

Item	Average useful life
- Land	Indefinite
- Buildings	20 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within administrative expenses in the statement of comprehensive income.

Transfers to investment property from inventory and construction contracts are based on management's decision to change the intended use of the property.

2.6 Intangible assets

(a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition.

Goodwill on acquisitions of subsidiaries is included in 'intangible assets'. Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

(b) Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Amortisation on computer software is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives,as follows:

Item	Average useful life
- Computer software	3 years

2.7 Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.8 Impairment of assets

The group assesses at each statement of financial position date whether there is any indication that an asset may be impaired. If any such indication exists, the group estimates the recoverable amount of the asset.

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

If 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.

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the units. The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order:

- first, to reduce the carrying amount of any goodwill allocated to the cash-generating unit; and
- then, to the other assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

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.

2.9 Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use.

2.10 Financial assets

2.10.1 Classification

The group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the statement of financial position date. These are classified as non-current assets. The group's loans and receivables comprise trade and other receivables and cash and cash equivalents in the statement of financial position (notes 17 and 19).

2.10.2 Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and the income transaction costs are expensed in statement. 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. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

2.10.3 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

2.10.4 Impairment of financial assets

(a) Assets carried at amortised cost

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the group uses to determine that there is objective evidence of an impairment loss include:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- the group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- it becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

  (i) adverse changes in the payment status of borrowers in the portfolio; and

(ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

(b) Assets classified as available for sale

The group does not currently have any available for sale financial assets.

2.11 Derivative financial instruments and hedging activities

(a) Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The group designates certain derivatives as:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge).

(i) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The group only applies fair value hedge accounting for hedging fixed interest risk on borrowings. The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings is recognised in the income statement within 'finance costs'. The gain or loss relating to the ineffective portion is recognised in the income statement within 'other gains/(losses) – net'. Changes in the fair value of the hedge fixed rate borrowings attributable to interest rate risk are recognised in the income statement within 'finance costs'.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit or loss over the period to maturity.

2.12 Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of land under development held for sale comprises design costs, building materials, direct labour and other direct costs . Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. The land under development held for sale, is expected to be realised in the normal operating cycle which is longer than 12 months, due to external factors, for example delay of title deed transfers.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

2.13 Construction contracts

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the statement of financial position date, as measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs.

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer, and are capable of being reliably measured. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as an expense in the period in which they are incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract costs comprise:

- costs that relate directly to the specific contract;
- costs that are attributable to contract activity in general and can be allocated to the contract; and
- such other costs as are specifically chargeable to the customer under the terms of the contract.

2.14 Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income within 'selling and marketing costs'. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against administrative expenses in the statement of comprehensive income.

2.15 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown separately under current liabilities on the statement of financial position.

2.16 Share capital and equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases the company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the company's equity holders.

2.17 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.18 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost, unless otherwise specifically stated as fair value; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

Facilitation fees are incurred for new borrowings raised. These fees are capitalised accordingly.

2.19 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.

Qualifying assets consist of work-in-progress assets acquired for development related purposes.

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.

2.20 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the temporary timing of the reversal of the difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Secondary tax on companies (STC)

Dividends declared are subject to STC, but the STC liability is reduced by the dividends received during the dividend cycle. Where the dividends received exceeds dividends declared within a cycle, there is no liability to pay STC. The potential tax benefit related to the excess dividends received is carried forward to the next dividend cycle. Where dividends declared exceeds the dividends received during a cycle, STC is payable at the current STC rate. The STC expense is included in the taxation charge in the statement of comprehensive income in the period that the dividend is paid.

2.21 Employee benefits

(a) Pension obligations

The group operates a defined contribution plan, the group pays contributions to a privately administered pension insurance plan on a mandatory basis. The group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(b) Short-term benefits

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

(c) Other post-employment obligations

The group has no post-employment obligations.

(d) Bonus plans

The group recognises a liability and an expense for bonuses, based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments. The group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.22 Share-based payments

Goods or services received or acquired in a share-based payment transaction are recognised when the goods or as the services are received. A corresponding increase in equity is recognised if the goods or services were received in an equity-settled share-based payment transaction or a liability if the goods or services were acquired in a cash-settled share-based payment transaction.

When the goods or services received or acquired in a share-based payment transaction do not qualify for recognition as assets, they are recognised as expenses.

For equity-settled share-based payment transactions, the goods or services received are measured, and the corresponding increase in equity, directly, at the fair value of the goods or services received, unless that fair value cannot be estimated reliably.

If the share-based payments granted do not vest until the counterparty completes a specified period of service, group accounts for those services as they are rendered by the counterparty during the vesting period, (or on a straight-line basis over the vesting period).

2.23 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the group.

The group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Sale of developed land

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the group retains neither continuing managerial involvement to the degree usually associated with ownership or effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

(b) Rendering of services

Consists of professional property development services rendered to parties external to the group and are recognised on performance of the service.

(c) Construction contracts

Contract revenue comprises:

- the amount of revenue agreed in the contract; and
- variations in contract work, claims and incentive payments:
  - to the extent that it is probable that they will result in revenue; and
  - they are capable of being reliably measured.

(d) Finance income

Finance income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as finance income. Finance income on impaired loans is recognised using the original effective interest rate.

(e) Dividend income

Dividend income is recognised when the right to receive payment is established.

(f) Rental income

Rental income from operating leases is recognised on a straight-line basis over the lease term.

2.24 Leased assets

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease liability.

The lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

2.25 Dividend distribution

Dividend distribution to the company's shareholders is recognised as a liability in the group's financial statements in the period in which the dividends are declared.

3 Financial risk management

3.1 Financial risk factors

The group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance. Risk management is carried out by the group's management committee and identifies and evaluates financial risks in close co-operation with the group's operating units. The board is responsible for overall risk management, as well as guidance covering specific areas, such as interest rate risk, credit risk and non-derivative financial instruments, and investment of excess liquidity.

(a) Market risk

(i) Foreign currency and commodity price risks

The group is not exposed to foreign currency, equity and commodity price risks.

(ii) Cash flow and fair value interest rate risk

As the group has no significant interest-bearing assets, the group's income is substantially independent of changes in market interest rates. The group's interest rate risk arises from non-current borrowings. Borrowings issued at variable rates expose the group to cash flow interest rate risk. The group maintains its borrowings at variable interest rates.

The group's policy is to borrow mostly from long-term debt borrowing facilities, to meet anticipated funding requirements.

These borrowings, together with cash generated from operations, are loaned internally or contributed as equity to certain subsidiaries.

In light of the current financial constraints within the banking sector, the group has reviewed the types of financial risk it faces and continues to monitor these on an ongoing basis.

The group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the group calculates the impact on profit and loss of a defined interest rate shift. The scenarios are run only for liabilities that represent the major interest-bearing positions.

Based on the simulations performed, the impact on post-tax profit of a 2% shift would be a maximum increase/decrease of R3.22 million.

(b) Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The group only deposits cash with major banks with high quality credit standing and limits exposure to any one counter party. Trade receivables comprise a widespread customer base. Management evaluates credit risk relating to customers on an ongoing basis but credit risk is limited due to the nature of trade debtors which consist of outstanding draw downs from banks, government and municipal institutions. In cases where management however deems the risk level to be unacceptable, payment guarantees are insisted upon.

No credit limits were exceeded during the reporting period and management does not expect any losses from non-performance by these counter parties.

Details of financial assets are set out in note 43.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the group management committee maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the group's liquidity reserve and cash and cash equivalents on the basis of expected cash flow.

During the year, R45 million of the committed Yield X facility was extended from a three-monthly maturity to 23 July 2011. The purpose for the extension was to convert short-term debt into long-term debt to strengthen the group's financial position.

The group manages liquidity risk on long-term borrowings by striving to maintain a varied maturity profile.

A specific liquidity risk associated to the group is the raising of loans at specified dates of repayment, against construction projects. The related cash inflows from these construction projects are however uncertain and dependant on factors not under the control of the group

The group and company's risk in respect of liquidity results from the funds available to cover future commitments.

FOR THE YEAR ENDED 28 FEBRUARY 2010

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Group				
at 28 February 2010				
Borrowings *	**9 650 379**	**159 171 032**	**6 836 475**	**4 150 000**
Bank overdraft	**17 262 142**	**-**	**-**	**-**
Finance lease obligations	**1 541 148**	**1 129 164**	**869 640**	
Trade and other payables	**33 049 225**	**-**	**-**	**-**
	61 502 894	**160 300 196**	**7 706 115**	**4 150 000**
at 28 February 2009				
Borrowings	70 555 011	119 799 552	-	-
Bank overdraft	15 842 326	-	-	-
Finance lease obligations	1 204 642	665 860	1 177 012	-
Trade and other payables	61 746 914	-	-	-
	149 348 893	120 465 412	1 177 012	-
The group has facilities with major banks to the value of R20 000 000.				
Company				
at 28 February 2010				
Loans from group companies	**-**	**-**	**-**	**144 276 118**
Bank overdraft	**16 533 442**	**-**	**-**	**-**
Trade and other payables	**258 252**	**-**	**-**	**-**
at 28 February 2009				
Loans from group companies	-	-	-	-
Bank overdraft	13 478 407	-	-	-
Trade and other payables	84 369	-	-	-

3.2 Capital risk management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The group considers total equity and interest-bearing borrowings to comprise capital.

Consistent with others in the industry, the group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated statement of financial position plus net debt.

3.3 Fair value estimation

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values.

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the group for similar financial instruments.

4 Critical accounting estimates and judgements

4.1 Critical accounting estimates and assumptions

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Estimated impairment of goodwill

The group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2.7 (a). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (note 8).

(b) Share-based payments

These calculations require the use of estimates (note 34).

(c) Construction contracts revenue recognition and profit taking

The group uses the percentage-of-completion method in accounting for its construction contracts. Use of the percentage-of-completion method requires the group to estimate the construction services and activities performed to date as a proportion of the total services and activities to be performed. In addition, judgements are required when recognising and measuring any variations or claims on each contract.

(d) Impairment of debtors

The group continually assesses the recoverability of any debtor carried on the statement of financial position. This requires an estimate of the future recoverable value of the debtor balance and whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

5 Segment information

Management has determined the operating segments based on the reports reviewed by the executive committee that are used to make strategic decisions.

The executive committee assesses the performance of the operating segments based on a measure of adjusted operating (loss)/profit. This measurement basis excludes the effects of non-recurring expenditure from the operating segments such as restructuring costs, legal expenses and goodwill impairments when the impairment is the result of an isolated, non-recurring event.

At 28 February 2010, the group is organised on a national basis into three main operating segments:

- construction of residential housing with a wide range of variety;
- land development for a wide range of economic sectors; and
- professional services of a wide range.

Within the three main operating segments three products are supplied, integrated residential housing, affordable residential housing and mid to high residential housing. The customer base includes the government, financial institutions and the general public.

The segment information provided to the executive committee for the operating segments for the year ended 28 February 2010 is as follows:

Figures in Rand	Construction	Land development	Professional services	Total
Segment revenue	173 080 383	13 763 837	3 984 189	**190 828 409**
Inter-segment revenue	-	-	(2 102 825)	**(2 102 825)**
Revenue from external customers	**173 080 383**	**13 763 837**	**1 881 364**	**188 725 584**
Profit on sale of investment	-	29 304 800	-	**29 304 800**
Operating (loss)/profit	(345 183)	(12 146 422)	1 324 054	**(11 167 551)**
Finance costs	(4 052 248)	(25 953)	(10)	**(4 078 211)**
Assets				
Inventories	18 490 384	247 902 331	-	**266 392 715**
Prepayments	245 645	7 176 103	-	**7 421 748**
Construction contracts	32 217 439	-	-	**32 217 439**
Liabilities				
Borrowings	(53 637 925)	(110 391 643)	-	**(164 029 568)**
The segment information provided to the executive committee for the reportable segments for the year ended 28 February 2009 is as follows:				
Segment revenue	223 963 293	8 809 649	4 824 247	**237 597 189**
Inter-segment revenue	-	-	(4 542 999)	**(4 542 999)**
Revenue from external customers	**223 963 293**	**8 809 649**	**281 248**	**233 054 190**
Profit on sale of investment	-	-	-	**-**
Operating (loss)/profit	12 852 107	(3 401 531)	(136 198)	**9 314 379**
Finance costs	(1 151 910)	497 534	-	**(654 376)**
Assets				
Inventories	22 870 577	237 244 619	-	**260 115 196**
Prepayments	1 053 709	5 026 269	-	**6 079 978**
Construction contracts	64 389 035	-	-	**64 389 035**
Liabilities				
Borrowings	(66 351 026)	(150 956 024)	-	**(217 307 050)**

The executive committee has changed the basis on which the operating segments are managed from the prior year.

IFRS 8 has been amended so that a measure of segment assets is only required to be disclosed if the measure is regularly provided to the chief operating decision maker. The amendment is effective for periods beginning on or after 1 January 2010.

Sales between segments are carried out at arm's length. The revenue from external parties reported to the executive is measured in a manner consistent with that in the income statement.

Note 5 continued

A reconciliation of adjusted operating (loss)/profit to profit before tax and discontinued operations is provided as follows:

Figures in Rand	2010	2009
Adjusted operating (loss)/profit for reportable segments	14 059 038	8 660 002
Group overhead costs	(934 011)	(920 852)
Total segments	13 125 027	7 739 150
Finance income - net	3 074 757	147 247
Profit before tax	16 199 783	7 886 397

The amounts provided to the executive committee with respect to total assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset.

Reportable segments' assets are reconciled to total assets as follows:

Figures in Rand	2010	2009
Segment assets for reportable segments	306 031 902	330 584 209
Unallocated:		
Deferred tax	2 135 187	8 866 542
Investment property	5 492 558	7 492 601
Property plant and equipment	7 150 375	8 100 077
Intangible assets	32 745 939	33 073 543
Investment in associates	84	-
Loans to associates	15 424 445	-
Loans and receivables	7 895 007	7 749 659
Current tax receivable	184 777	6 856
Trade and other receivables	14 428 267	18 367 944
Cash and cash equivalents	6 059 304	30 593 690
Assets of disposal group classified as held for sale	-	126 300 999
Total asset per the consolidated statement of financial position	397 547 845	571 136 120

The amounts provided to the executive committee with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment.

Reportable segments' liabilities are reconciled to total liabilities as follows:

Segment liabilities for reportable segments	164 029 568	217 307 050
Unallocated:		
Deferred tax	4 705 354	17 423 647
Current tax	14 429 716	8 110 499
Finance lease obligations	3 539 952	3 047 514
Trade and other payables	39 862 596	64 779 323
Bank overdraft	17 262 142	15 842 326
Liabilities of disposal group classified as held for sale	-	106 395 353
Total liabilities per the consolidated statement of financial position	243 829 328	432 905 712

6 Investment property

Figures in Rand	2010			2009		
	Cost	Accumulated depreciation	Carrying amount	Cost	Accumulated depreciation	Carrying amount
Investment property	**5 692 603**	**(200 045)**	**5 492 558**	7 492 601	-	7 492 601

Reconciliation of investment property - Group - 2010

	Opening balance	Transfer from inventory/ construction contracts	Additions	Disposal	Depreciation	Total
Investment property	**7 492 601**	**2 237 250**	**616 535**	**(4 653 783)**	**(200 045)**	**5 492 558**

Reconciliation of investment property - Group - 2009

	Opening balance	Transfer from inventory/ construction contracts	Total
Investment property	1 393 171	6 099 430	7 492 601

	Group		Company	
Figures in Rand	**2010**	2009	**2010**	2009
Details of properties				
Land and building situated on stand 2334 Northriding Ext 82				
Land - at cost	**307 018**	-	**-**	-
Building	**1 769 869**	684 177	**-**	-
	2 076 887	684 177	**-**	-
Land and building situated on stand 2336 Northriding Ext 82				
Land - at cost	**307 017**	-	**-**	-
Building	**1 855 400**	708 995	**-**	-
	2 162 417	708 995	**-**	-
Land situated on stand 1849 Witkoppen Ext 87				
Land - at cost	**-**	582 794	**-**	-
Building	**-**	169 067	**-**	-
	-	751 861	**-**	-
Land situated on stand 1858 Witkoppen Ext 87				
Land - at cost	**-**	582 794	**-**	-
Building	**-**	170 171	**-**	-
	-	752 965	**-**	-
Land situated on stand 2032 Witkoppen Ext 136				
Land - at cost	**-**	517 043	**-**	-
Land situated on stand 2033 Witkoppen Ext 136				
Land - at cost	**-**	517 043	**-**	-
Building	**-**	562 748	**-**	-
	-	1 079 791	**-**	-

Note 6 continued

	Group		Company	
Figures in Rand	**2010**	2009	**2010**	2009
Land situated on stand 2034 Witkoppen Ext 136				
Land - at cost	**-**	517 043	**-**	-
Building	**-**	406 402	**-**	-
	-	923 445	**-**	-
Building situated on stand 2020 Witkoppen Ext 136				
Building	**-**	36 671	**-**	-
Land and building situated on stand 1810 Witkoppen Ext 131				
Land - at cost	**713 952**	711 452	**-**	-
Building	**739 347**	734 194	**-**	-
	1 453 299	1 445 646	**-**	-
Building situated on stand 1999 Witkoppen Ext 136				
Building	**-**	592 007	**-**	-
Total	**5 692 603**	7 492 601	**-**	-

Land and building under investment property has a fair value of R6 000 000 (2009: R7 500 000). The fair value is based on a valuation by an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued.

Refer to note 22 for the details of RMB mortgage facility as all the investment properties listed are mortgaged.

Levies paid to the amount of R21 092 relating to investment properties are included in sundry expenses in note 28.

7 Property, plant and equipment

Group	2010			2009		
Figures in Rand	Cost	Accumulated depreciation	Net book amount	Cost	Accumulated depreciation	Net book amount
Plant and machinery	3 785 425	(1 658 214)	2 127 211	2 640 629	(923 169)	1 717 460
Furniture and fixtures	3 664 845	(1 434 129)	2 230 716	3 669 288	(846 302)	2 822 986
Motor vehicles	1 932 096	(565 545)	1 366 551	1 910 261	(351 753)	1 558 508
Office equipment	60 425	(25 587)	34 838	60 425	(15 575)	44 850
IT equipment	1 447 309	(971 806)	475 503	1 220 498	(506 369)	714 129
Leasehold improvements	1 632 941	(717 385)	915 556	1 632 941	(390 797)	1 242 144
Total	12 523 041	(5 372 666)	7 150 375	11 134 042	(3 033 965)	8 100 077

Reconciliation of property, plant and equipment - Group - 2010

Figures in Rand	Opening balance	Additions	Disposals	Depreciation	Closing net book amount
Plant and machinery	1 717 460	1 144 796	-	(735 045)	2 127 211
Furniture and fixtures	2 822 986	-	(4 443)	(587 827)	2 230 716
Motor vehicles	1 558 509	136 835	(88 390)	(240 403)	1 366 551
Office equipment	44 850	-	-	(10 012)	34 838
IT equipment	714 129	226 811	(34 998)	(430 439)	475 503
Leasehold Improvements	1 242 144	-	-	(326 588)	915 556
	8 100 078	1 508 442	(127 831)	(2 330 314)	7 150 375

Reconciliation of property, plant and equipment - Group - 2009

Figures in Rand	Opening balance	Additions	Disposals	Depreciation	Closing net book amount
Plant and machinery	948 508	1 327 620	-	(558 668)	1 717 460
Furniture and fixtures	3 363 948	75 000	-	(615 962)	2 822 986
Motor vehicles	1 086 223	676 166	-	(203 881)	1 558 508
Office equipment	27 113	26 152	-	(8 415)	44 850
IT equipment	977 836	110 438	(11 904)	(362 241)	714 129
Leasehold Improvements	1 378 572	174 107	-	(310 535)	1 242 144
	7 782 200	2 389 483	(11 904)	(2 059 702)	8 100 077

	Group		Company		
Figures in Rand	2010	2009	2010	2009	
Pledged as security					
Carrying value of assets pledged as security under finance lease obligations					
Plant and machinery	1 842 019	1 377 316	-	-	-
IT equipment	176 808	-	-	-	-
Motor vehicles	866 793	943 786	-	-	-
	2 885 620	2 320 102	-	-	-

8 Intangible assets

Group	2010			2009		
Figures in Rand	Cost	Accumulated amortisation/ impairment	Carrying amount	Cost	Accumulated amortisation/ impairment	Carrying amount
Goodwill	**47 383 530**	**(14 713 978)**	**32 669 552**	47 383 530	(14 713 978)	32 669 552
Computer software	**275 348**	**(198 961)**	**76 387**	1 060 920	(656 929)	403 991
	47 658 878	**(14 912 939)**	**32 745 939**	48 444 450	(15 370 907)	33 073 543

Reconciliation of intangible assets - 2010

	Opening balance	Additions	Amortisation	Impairment	Disposals	Total
Goodwill	**32 669 552**	**-**	**-**	**-**	**-**	**32 669 552**
Computer software	**403 991**	**75 236**	**(369 911)**	**-**	**(32 929)**	**76 387**
	33 073 543	**75 236**	**(369 911)**	**-**	**(32 929)**	**32 745 939**

Reconciliation of intangible assets - 2009

Figures in Rand	Opening balance	Additions	Amortisation	Impairment	Disposals	Total
Goodwill	26 018 584	21 364 946	-	(14 713 978)	-	32 669 552
Computer software	719 118	205 201	(519 314)	-	(1 014)	403 991
	26 737 702	21 570 147	(519 314)	(14 713 978)	(1 014)	33 073 543

Impairment of goodwill

For land development, the recoverable amount of a cash generated unit is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a three-year period discounted using the discount rate (15%) applicable. The growth rate does not exceed the short-term high risk rate for the property market.

For professional services, the recoverable amount of a cash generated unit is determined based on the future saving on project, and ability to fast track these projects. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a three-year period discounted using the discount rate (15%) applicable. The growth rate does not exceed the short-term high risk rate for the property market.

The key assumptions used for land development and professional services value-in-use calculations were a discount rate of 10.5% and a growth rate of 10.5%.

Management determined budgeted profit margin based on past performance and its expectations of market development and availability of cash for the end user.

Goodwill is allocated to the group's cash-generated units identified according to the operating segment.

Note 8 continued

	Group	
Figures in Rand	**2010**	2009
Professional services	**4 155 000**	4 155 000
Construction	**28 514 552**	28 514 552
	32 669 552	32 669 552

9 Investment in subsidiaries

Figures in Rand	**% Holding 2010**	% Holding 2009	**Carrying amount 2010**	Carrying amount 2009
Name of company				
Direct				
Calgro M3 Developments (Pty) Ltd	**100**	100	**89 233 766**	89 233 766
Calgro M3 Land (Pty) Ltd	**100**	100	**2 998 350**	2 998 350
Calgro M3 Project Management (Pty) Ltd	**100**	100	**4 500 100**	4 500 100
			96 732 216	96 732 216
In-direct				
MS5 Pennyville (Pty) Ltd	**100**	100	**100**	100
MS5 Projects (Pty) Ltd	**100**	100	**100**	100
PZR Pennyville Zamamphilo Relocation (Pty) Ltd	**100**	100	**100**	100
CTE Consulting (Pty) Ltd	**100**	100	**100**	100
High-Trade Invest 60 (Pty) Ltd	**100**	100	**100**	100
Calgro M3 Land 102 (Pty) Ltd	**100**	100	**100**	100
CM3 Witkoppen Ext 131 (Pty) Ltd	**100**	100	**100**	100
Midfield Estate (Pty) Ltd	**100**	100	**100**	100
Baybridge Canal Development Company (Pty) Ltd	**-**	100	**-**	100
Tres Jolie 24 Pty) Ltd	**100**	100	**100**	100
Ridgewood Estate (Pty) Ltd	**100**	100	**100**	100
Fleurhof Ext 2 (Pty) Ltd	**-**	100	**-**	100
CM3 Northriding Ext 94 - Cherrywood Estate (Pty) Ltd	**100**	100	**100**	100
CM3 Northriding Ext 86 - Mio Bella (Pty) Ltd	**100**	100	**100**	100
CM3 Randpark Ridge Ext 120 (Pty) Ltd	**100**	100	**100**	100
Neoprop (Pty) Ltd	**-**	100	**-**	100
Business Venture Investment No 1244 (Pty) Ltd	**100**	100	**100**	100
Business Venture Investment No 1243 (Pty) Ltd	**-**	100	**-**	100
Business Venture Investment No 1221 (Pty) Ltd	**100**	100	**100**	100

Note 9 continued

Figures in Rand	% Holding 2010	% Holding 2009	Carrying amount 2010	Carrying amount 2009
Name of company				
In-direct				
CM3 Witkoppen Ext 87 (Pty) Ltd	-	100	-	100
Aquarella Investments 265 (Pty) Ltd	-	100	-	100
29 of 459 Baybridge Canal (Pty) Ltd	100	100	100	100
Business Venture Investment No 1326 (Pty) Ltd	-	100	-	100
PZR Fleurhof (Pty) Ltd	100	100	100	100
			1 700	2 400

The carrying amounts of subsidiaries are shown net of impairment losses. Refer to note 20 for shares ceded as security for borrowings

Refer to note 20 for the disposal of the 30% share in Fleurhof (Pty) Ltd.

A 86% share of Aquarella Investments 269 (Pty) Ltd was sold for R86 to South African Workforce Housing Fund (SA GP) (Pty) Ltd.

The group voluntarily decided to deregister the following companies due to the fact that they were dormant entities and no longer required:

- Baybridge Canal Development Company (Pty) Ltd
- Neoprop (Pty) Ltd
- CM3 Witkoppen Ext 87 (Pty) Ltd
- Business Venture Investment No 1243 (Pty) Ltd
- Business Venture Investment No 1326 (Pty) Ltd

10 Investment in associates

Figures in Rand	% Holding 2010	% Holding 2009	Carrying amount 2010	Carrying amount 2009
Name of company				
Fleurhof Ext 2 (Pty) Ltd	70.00	-	70	-
Aquarella Investments 265 (Pty) Ltd	14.00	-	14	-
			84	-

With reference to note 20, although the Calgro M3 group has a majority shareholding in Fleurhof Ext 2, it does not control it as the main board comprises of equal representatives from both shareholders with equal voting rights.

The investment is therefore accounted for as an investment in an associate.

86% of Aquarella Investments 265 (Pty) Ltd was sold to South African Workforce Housing Fund (SA GP) (Pty) Ltd. The main board comprises of equal representatives from both parties with equal voting rights, so therefore control has not been lost.

	Group		Company	
Figures in Rand	**2010**	2009	**2010**	2009
Reconciliation of investment in associates is as follows:				
Fleurhof Ext 2 (Pty) Ltd				
At 1 March	**-**	-		
Transfer from investment in subsidiaries (note 9)	**70**	-		
Share of (loss)/profit	**-**	-		
At 28 February	**70**	-		
Aquarella Investments 269 (Pty) Ltd				
At 1 March	**-**	-		
Transfer from investment in subsidiaries (note 9)	**14**	-		
Share of (loss)/profit	**-**	-		
At 28 February	**14**	-		
Total	**84**	-	**-**	-
The summarised financial information of its associates, all of which are unlisted, is as follows:				
Fleurhof Ext 2 (Pty) Ltd				
Assets	**187 983 909**	-		
Liabilities	**(187 984 877)**	-		
Revenues	**-**	-		
Profit/(loss)	**-**	-		
Aquarella Investments 269 (Pty) Ltd				
Assets	**30 080 774**	-		
Liabilities	**(30 080 674)**	-		
Revenues	**-**	-		
Profit/(loss)	**-**	-		
Assets	**218 064 683**	-		
Liabilities	**(218 065 551)**	-		
Revenues	**-**	-		
Profit/(loss)	**-**	-		

	Group		Company	
Figures in Rand	**2010**	2009	**2010**	2009
11 Loans to/(from) group companies				
Subsidiaries				
Calgro M3 Developments (Pty) Ltd			**(142 282 911)**	5 663 354
The loan is unsecured, bears interest at a rate linked to prime and is repayable on the completion of all group projects considered not to occur in the following 12 months.				
CTE Consulting (Pty) Ltd			**(1 993 207)**	514 925
The loan is unsecured, bears interest at a rate linked to prime and is repayable on the completion of all group projects considered not to occur in the following 12 months.				
Calgro M3 Land (Pty) Ltd			**162 239 591**	8 474 499
The loan is unsecured, bears interest at a rate linked to prime and is not repayable in the following 12 months.				
Loans to group companies			**162 239 591**	14 652 778
Loans from group companies			**(144 276 118)**	-
			17 963 473	14 652 778
12 Loans to associates				
Fleurhof Ext 2 (Pty) Ltd	**15 424 445**	-	**-**	-
The loan is unsecured, bears interest at a rate linked to prime and is not repayable in the following 12 months.				
	15 424 445	-	**-**	-
Reconciliation of loans to associates				
Principle loan amount	**21 150 307**	-	**-**	-
Unrealised profits eliminated - from prior periods	**(5 725 862)**	-	**-**	-
	15 424 445	-	**-**	-

		Group		Company	
	Figures in Rand	**2010**	2009	**2010**	2009
13	**Deferred income tax assets/(liabilities)**				
	Deferred tax (liability)/asset				
	Opening balance	**(8 557 105)**	(12 610 363)	**-**	-
	Accelerated capital allowances for tax purposes	**(30 937)**	(248 063)	**-**	-
	Construction contracts	**12 749 230**	(4 029 489)	**-**	-
	Tax losses available for set off against future taxable income	**(6 731 355)**	8 330 810	**-**	-
		(2 570 167)	(8 557 105)	**-**	-
	Reconciliation of deferred tax (liability)/asset				
	Construction contracts	**(4 426 354)**	(17 175 584)	**-**	-
	Capital allowances	**(279 000)**	(248 063)	**-**	-
	Deferred tax liabilities	**(4 705 354)**	(17 423 647)	**-**	-
	Tax losses available for set off against future taxable income	**2 135 187**	8 866 542	**-**	-
	Deferred tax assets	**2 135 187**	8 866 542	**-**	-
	Recognition of deferred tax asset				
	A deferred tax asset has been raised as management expects future taxable profits in the subsidiaries concerned will be in excess of the losses incurred to date, based on future developments planned and the profit forecasts thereon.				
14	**Inventories**				
	Land under development held for sale	**266 392 715**	260 115 196	**-**	-
		266 392 715	260 115 196	**-**	-
	Borrowing costs to the value of R9 484 583 have been capitalised in terms of IAS23. (Note 2.2)				
	Please refer to note 28 for inventories written down in terms of IAS 2.				
	Inventory pledged as security				
	Land under development is secured by mortgage bonds over the properties as set out in note 22.				
	Inventories to the value of R40 926 588 (R6 799 253 - 2009) are stated at net realisable value.				

	Group		Company	
Figures in Rand	**2010**	2009	**2010**	2009
15 Loans and receivables				
Autumn Star Trading 910 (Pty) Ltd	**5 756 677**	5 756 677	**-**	-
The loan is unsecured, interest free and is payable on demand.				
Other loans and receivables	**2 138 330**	1 992 982	**-**	-
The loan is unsecured, interest free and is payable on demand.				
Sub-total	**7 895 007**	7 749 659	**-**	-
Current assets	**7 895 007**	7 749 659	**-**	-
Other loans and receivables are fully performing				
Autumn Star Trading loan of R5 756 677 is past due but not impaired. Management expects settlement within 12 months.				
16 Construction contracts				
Contracts in progress at statement of financial position date				
The aggregate costs incurred and recognised profits to date	**271 578 294**	302 888 901	**-**	-
Less: Progress billings	**(239 360 855)**	(238 499 866)	**-**	-
Construction contracts	**32 217 439**	64 389 035	**-**	-
17 Trade and other receivables				
Trade receivables	**7 388 983**	13 059 888	**-**	-
Securing deposits	**1 011 651**	884 505	**-**	-
Value added tax	**6 027 633**	4 423 551	**40 174**	-
	14 428 267	18 367 944	**40 174**	-
Financial instruments	**7 388 983**	13 059 888	**-**	-
Non-financial instruments	**7 039 284**	5 308 056	**40 174**	-
	14 428 267	18 367 944	**40 174**	-
All trade receivables are fully performing				
18 Prepayments				
Prepayments listed on the face of the statement of financial position, are expenses incurred on land under development that have not yet transferred into the group's name.	**7 421 748**	6 079 978	**-**	-

	Group		Company	
Figures in Rand	**2010**	2009	**2010**	2009
19 Cash and cash equivalents				
Cash and cash equivalents consist of:				
Cash on hand	**4 760**	1 165	**330**	330
Bank balances	**6 054 544**	30 592 525	**-**	-
Bank overdraft	**(17 262 142)**	(15 842 326)	**(16 533 442)**	(13 478 407)
	(11 202 838)	14 751 364	**(16 533 112)**	(13 478 077)
Current assets	**6 059 304**	30 593 690	**330**	330
Current liabilities	**(17 262 142)**	(15 842 326)	**(16 533 442)**	(13 478 407)
	(11 202 838)	14 751 364	**(16 533 112)**	(13 478 077)
20 Assets/(liabilities) of disposal group classified as held-for-sale				
Assets and liabilities described as "Assets/liabilities of disposal group classified as held for sale" in the statement of financial position, with the difference being "Borrowings", represent 100% of the assets and liabilities of Fleurhof Ext 2 (Pty) Limited. 30% of the shares of Fleurhof Ext 2 (Pty) Ltd has been sold to South African Workforce Housing Fund (SA GP) (Pty) Ltd shortly after 28 February 2009, as described in Note 5 of the directors report. In compliance with IFRS 5 the remaining 70% group interest in Fleurhof Ext 2 (Pty) Ltd will in future be reclassified as a net investment in an associate company, and will be equity accounted.				
(a) Assets of disposal group classified as held for sale				
Inventory	**-**	126 300 999	**-**	-
Total	**-**	126 300 999	**-**	-
(b) Liabilities of disposal group classified as held for sale				
Borrowings	**-**	106 395 353	**-**	-
Total	**-**	106 395 353	**-**	-

The borrowings are payable to First National Bank Limited, the loan is secured over the inventory classified as held for sale, and there is a pledge and cession of shares in Calgro M3 Land (Pty) Ltd. The loan bears interest at prime less 1.5% and is repayable on 18 June 2010.

For further details of assets/(liabilities) of disposal group classified as held-for-sale, refer to note 5 of the directors' report.

	Group		Company	
Figures in Rand	**2010**	2009	**2010**	2009
21 Ordinary shares				
Authorised				
500 000 000 ordinary shares of R0.00001 each	**5 000**	5 000	**5 000**	5 000
Issued				
127 100 000 ordinary shares of R0.00001 each	**1 271**	1 271	**1 271**	1 271
Share premium	**100 049 659**	100 049 659	**100 049 659**	100 049 659
Share issue costs written off against share premium	**(4 029 209)**	(4 029 209)	**(4 029 209)**	(4 029 209)
	96 021 721	96 021 721	**96 021 721**	96 021 721
All issued shares are fully paid.				
Share-based payments (Note 34)				
Unissued ordinary shares are under the control of the directors in terms of a resolution of members passed at the last annual general meeting. This authority remains in force until the next annual general meeting.				
22 Borrowings				
Non-current				
Rand Merchant Bank Limited	**95 034 921**	94 648 843	**-**	-
The loan is secured over land under development included in inventory and investment properties, bears interest at prime less 1% and is repayable by 30 May 2011.				
Russell Lund	**4 150 000**	4 000 000	**-**	-
The loan is unsecured, bears interest at 20% and is repayable on registration of the property to homeowners.				
Nedbank Corporate	**45 000 000**	-	**-**	-
This is an 18 month listed note and bears interest at a jibar related rate determined every 18 months.				
ABSA	**3 357 793**	-	**-**	-
The loan is secured over land under development included in inventory, bears interest at prime less 1% and is repayable on registration of the property to homeowners.				
National Housing Finance Corporation	**6 836 475**	-	**-**	-
The loan is secured over land under development included in inventory, bears interest at prime less 1% and is repayable on registration of the property to homeowners.				

	Group		Company	
Figures in Rand	**2010**	2009	**2010**	2009
Refihlile Consulting Services (Pty) Ltd	**-**	15 057 958	**-**	-
The loan is unsecured, bears interest at prime less 5% and is repayable in three instalments of R7 500 000 (30 June 2010), R2 500 000 (31 December 2010) and R7 500 000 (28 February 2011)				
BOE Bank Limited	**-**	4 249 880	**-**	-
The loan is secured over land under development included in inventory, bears interest at prime less 1% and is repayable on registration of the property to homeowners.				
Total non-current borrowings	**154 379 189**	117 956 681	**-**	-
Current borrowings				
Mettle Development Finance One (Pty) Ltd	**1 012 454**	5 756 677	**-**	-
The loan is secured over land under development included in inventory with a surety provided by Calgro M3 Holdings Ltd, bears interest at prime compounded monthly and is repayable on demand.				
Refihlile Consulting Services (Pty) Ltd	**5 185 277**	-	**-**	-
The loan is unsecured, bears interest at prime less 5% and is repayable by 28 February 2011. The loan is stated at fair value.				
Capricorn Finance (Pty) Ltd	**3 410 244**	1 224 677	**-**	-
The loan is unsecured, interest-free and is repayable in the following 12 months.				
Salamax 1583 (Pty) Ltd	**-**	6 539 279	**-**	-
The loan is secured over land under development included in inventory and with a pledge and cession of shares in Hightrade Invest 60 (Pty) Ltd, bears interest at 30% compounded annually and is repayable by 1 March 2009.				

Note 22 continued

	Group		Company	
Figures in Rand	**2010**	2009	**2010**	2009
Thomas Henry Walter Priday	**-**	5 000 000	**-**	-
The loan is secured over land under development included in inventory and bears interest at 20% and is repayable within 12 months.				
Nedbank Corporate	**-**	45 000 000	**-**	-
This is a three month listed note and bears interest at a jabar related rate determined every three months.				
Holdgro Projects (Pty) Ltd	**-**	68 390	**-**	-
The loan is unsecured, interest-free and is repayable in the following 12 months.				
TUM Investments (Pty) Ltd	**-**	5 761 346	**-**	-
The loan is unsecured, bears interest at 30% compounded annually and repayable by 19 June 2009.				
Barnards - 22-on-Campbell	**42 404**	-	**-**	-
The loan is unsecured, interest-free and is payable on demand.				
Total current borrowings	**9 650 379**	69 350 369	**-**	-
Total borrowings	**164 029 568**	187 307 050	**-**	-
Non-current liabilities				
At amortised cost	**154 379 189**	117 956 681	**-**	-
Current liabilities				
At amortised cost	**9 650 379**	69 350 369	**-**	-
	164 029 568	187 307 050	**-**	-

The directors have not breached the requirements of the Company's Memorandum and Articles of Association in terms of their borrowing powers.

The fair value of the borrowings with the exception of the Refihile Consulting Services loan approximates the carrying value.

	Group		Company	
Figures in Rand	**2010**	2009	**2010**	2009
23 Finance lease obligations				
Minimum lease payments due				
- within one year	**1 849 193**	1 546 020	**-**	-
- in second to fifth year inclusive	**2 077 387**	2 191 644	**-**	-
	3 926 580	3 737 664	**-**	-
Less: future finance charges	**(386 628)**	(690 150)	**-**	-
Present value of minimum lease payments	**3 539 952**	3 047 514	**-**	-
Present value of minimum lease payments due				
- within one year	**1 541 148**	1 204 642	**-**	-
- in second to fifth year inclusive	**1 998 804**	1 842 872	**-**	-
	3 539 952	3 047 514	**-**	-
Non-current liabilities	**1 998 804**	1 842 872	**-**	-
Current liabilities	**1 541 148**	1 204 642	**-**	-
	3 539 952	3 047 514	**-**	-

It is group policy to lease certain equipment under finance leases.

The average lease term is three to five years and the average effective borrowing rate is prime.

The group's obligations under finance leases are secured by the lessor's charge over the leased assets.

	Group		Company	
Figures in Rand	**2010**	2009	**2010**	2009
24 Trade and other payables				
Trade payables	**33 049 225**	61 746 914	**258 252**	84 369
Value added tax	**6 342 643**	2 398 501	**-**	37 500
Accrual for leave pay	**460 728**	623 908	**-**	-
Deposits received	**10 000**	10 000	**-**	-
	39 862 596	64 779 323	**258 252**	121 869
Financial instruments	**33 049 225**	61 746 914	**258 252**	84 369
Non-financial instruments	**6 813 371**	3 032 409	**-**	37 500
	39 862 596	64 779 323	**258 252**	121 869

Trade and other payables are unsecured, and are repayable within a period of 12 months. The carrying amounts of trade and other payables approximate their fair value.

FOR THE YEAR ENDED 28 FEBRUARY 2010

	Group		Company	
Figures in Rand	**2010**	2009	**2010**	2009
25 Revenue				
Sale of developed land	**15 682 278**	9 263 404	**-**	-
Rendering of services	**1 881 364**	17 141 163	**-**	-
Construction contracts	**171 161 942**	206 649 623	**-**	-
	188 725 584	233 054 190	**-**	-
26 Cost of sales				
Sale of developed land				
Development of land	**21 641 721**	11 122 167	**-**	-
Rendering of services				
Professional fees	**166 951**	12 785 592	**-**	-
Construction contracts				
Construction costs	**139 249 636**	158 297 230	**-**	-
	161 058 308	182 204 989	**-**	-
27 Other income				
Bond commissions	**439 794**	326 175	**-**	-
Gain on cancellation of put option	**-**	17 034 936	**-**	-
Insurance refunds	**-**	38 541	**-**	-
Management fees	**1 109 612**	-	**1 632 652**	2 238 027
Rental income	**83 352**	108 649	**-**	-
Other income	**150 916**	-	**-**	-
	1 783 674	17 508 301	**1 632 652**	2 238 027
Rental income received relates to investment properties as stated in note 6.				

	Group		Company	
Figures in Rand	**2010**	2009	**2010**	2009
28 Expense by nature				
Administrative expenses				
Advertising	**623 217**	2 287 635	**-**	5 200
Auditors' remuneration	**2 092 145**	2 881 849	**-**	-
Computer expenses	**692 807**	597 670	**-**	-
Deficit on disposal of property, plant and equipment	**3 388**	-	**-**	-
Depreciation on property, plant and equipment and amortisation on computer software	**2 900 270**	2 579 016	**-**	-
Donations	**26 275**	507 121	**(250)**	34 311
Employee benefit expenses				
Salaries and wages	**9 998 360**	11 930 610	**-**	-
Post retirement benefits	**1 358 510**	1 721 398	**-**	-
Fines, penalties and interest	**1 344 218**	604 280	**1 239**	-
Insurance	**508 868**	971 088	**-**	-
Lease rentals on operating leases	**3 069 067**	3 527 531	**-**	-
Legal fees	**885 125**	449 536	**10 302**	36 260
Profit on share appreciation scheme revalued	**-**	(963 141)	**-**	-
Motor vehicle expenses	**469 314**	384 898	**-**	-
Printing and stationery	**468 633**	661 790	**25 120**	-
Professional fees	**314 410**	2 222 878	**(40 000)**	94 333
Project management fees	**-**	920 673	**-**	-
Telephone and fax	**852 372**	1 204 549	**-**	-
Sundry expenses	**2 880 541**	3 771 355	**1 370 263**	1 255 761
Other expenses				
Impairment of goodwill	**-**	14 713 978	**-**	-
Write-down of inventory	**13 064 993**	6 503 247	**-**	-
Impairment of loans	**-**	2 487 440	**-**	-
Cost of construction and land sales	**161 058 308**	182 204 989	**-**	-
Total cost of sales, administration expenses and other expenses	**202 610 821**	242 170 390	**1 366 674**	1 425 865

	Group		Company	
Figures in Rand	**2010**	2009	**2010**	2009
29 Profit on sale of investment				
Refer to note 20 for details of the sale of investments in Fleurhof Ext 2 (Pty) Ltd.				
Net carrying amount of investment in Fleurhof Ext 2 (Pty) Ltd	**100**	-	**-**	-
Proceeds on sale of investment	**(30 000 000)**	-	**-**	-
Expenses relating to sale of investments	**695 100**	-	**-**	-
Profit on sale of investment	**(29 304 800)**	-	**-**	-
Cash flow affect on the profit on sale of investment				
Profit on sale of investment	**29 304 800**	-	**-**	-
Less: Cash received in the prior year	**(30 000 000)**	-	**-**	-
Carrying amount of investment	**100**	-	**-**	-
Expenses relating to the sale of investments	**(695 100)**	-	**-**	-
30 Finance income				
Interest revenue				
Bank	**4 539 780**	962 188	**21 279**	21 790
Interest-bearing borrowings	**6 427**	-	**14 271 163**	1 031 812
	4 546 207	962 188	**14 292 442**	1 053 602
31 Finance cost				
Bank	**5 499 371**	979 211	**1 471 451**	813 463
Discounting adjustment	**-**	488 681	**-**	-
Trade payables	**50 290**	-	**-**	-
Interest-bearing borrowings	**-**	-	**12 539 978**	-
	5 549 661	1 467 892	**14 011 429**	813 463
32 Taxation				
Major components of the tax expense				
Current				
Local income tax - current period	**6 698 613**	5 917 203	**156 389**	304 251
Deferred				
Current year	**(5 986 939)**	(4 053 258)	**-**	-
	(5 986 939)	(4 053 258)	**-**	-
	711 674	1 863 945	**156 389**	304 251
Reconciliation of tax expense	**%**	%	**%**	%
Applicable tax rate	**28.00**	28.00	**28.00**	28.00
Non-deductable expenses	**3.84**	56.19	**0.59**	0.91
Non-taxable income	**-**	(60.56)	**-**	-
Capital gains tax	**(25.33)**	-	**-**	-
Tax losses for which no deferred income tax asset was recognised	**(2.12)**	-	**-**	-
Effective tax rate	**(4.40)**	23.63	**28.59**	28.91

	Group		Company	
Figures in Rand	**2010**	2009	**2010**	2009
33 Auditors' remuneration				
Fees	**2 092 145**	2 603 308	**-**	-
Prior year under provision	**-**	278 541	**-**	-
	2 092 145	2 881 849	**-**	-

	Exercise date within one year	Exercise date from two to five years	**Exercise date after five years**	Total
34 Share-based payments				
Outstanding rights				
Number of rights with an exercise price of R3.75	**-**	10 736 000	**-**	10 736 000

Information on options granted during the year

Share rights are granted to directors and to selected employees. The exercise price of the granted options is equal to the market price of the shares plus 25% on the date of the grant. Options are conditional on the employee completing three years of service (the vesting period). The following assumptions were used in determining the expense for the year:

- Exercise price - R3.75,
- Expected volatility - 40%,
- Option life - 5 years,
- Expected dividend yield - 0%,
- The risk-free interest rate - 9.03%,
- Method of valuation - Black Scholes.

No expense was incurred in the 2010 or 2009 financial year. Because of non-market vesting conditions in that the group did not achieve a group profit increase of Cpix plus 8%, the rights issue is not expected to be fulfilled so therefore the expenses of R963 141 previously expensed were reversed in 2009.

The share scheme is equity-settled. See directors' report for details of options granted to directors and key management.

	Group		Company	
Figures in Rand	**2010**	2009	**2010**	2009
35 Cash (used in)/generated from operations				
Profit before taxation	**16 199 783**	7 886 397	**546 991**	1 052 301
Adjustments for:				
Depreciation	**2 530 359**	2 059 702	**-**	-
Loss on sale of assets	**3 388**	-	**-**	-
Finance income	**(4 546 207)**	(962 188)	**(14 292 442)**	(1 053 602)
Finance cost	**5 549 661**	1 467 892	**14 011 429**	813 463
Amortisation of intangible assets	**369 911**	519 314	**-**	-
Impairments	**-**	14 713 978	**-**	-
Gain on put & call cancellation	**-**	(17 034 936)	**-**	-
Share-based payments	**-**	(963 141)	**-**	-
Profit on sale of subsidiary	**(29 304 800)**	-	**-**	-
Unrealised profit on associate loan	**5 725 864**	-	**-**	-
Changes in working capital:				
Inventories	**(3 860 986)**	(8 698 663)	**-**	-
Assets of disposal group classified as held for sale	**-**	(126 300 999)	**-**	-
Liabilities of disposal group classified as held for sale	**-**	106 395 353	**-**	-
Trade and other receivables	**3 939 677**	36 315 938	**(40 173)**	-
Prepayments	**(1 341 770)**	29 592 612	**-**	-
Construction contracts	**32 171 596**	26 610 775	**-**	-
Trade and other payables	**(24 916 726)**	(3 127 555)	**136 382**	121 870
	2 519 750	68 474 479	**362 187**	934 032
36 Taxation paid				
Balance at beginning of the year	**(8 103 644)**	(2 404 137)	**(315 511)**	(11 260)
Current tax for the year	**6 698 613**	(5 917 203)	**(156 389)**	(304 251)
Balance at end of the year	**14 244 940**	8 103 643	**84 360**	315 511
	(557 317)	(217 697)	**(387 540)**	-
37 Commitments				
Operating leases – as lessee (expense)				
Minimum lease payments due				
- within one year	**3 097 697**	2 841 924	**-**	-
- in second to fifth year inclusive	**6 076 030**	9 173 727	**-**	-
	9 173 727	12 015 651	**-**	-

Operating lease payments represent rentals payable by the group for certain of its office properties. Leases are negotiated for an average term of seven years and rentals are fixed for an average of three years. No contingent rent is payable.

38 Related parties

The following entities are related parties of the company:

Direct subsidiaries:

- Calgro M3 Land (Pty) Ltd
- Calgro M3 Developments (Pty) Ltd
- Calgro M3 Project Management (Pty) Ltd

Indirect subsidiaries:

- MS5 Projects (Pty) Ltd
- MS5 Pennyville (Pty) Ltd
- CM3 Witkoppen Ext 131 (Pty) Ltd
- CM3 Northriding Ext 86 - Mio Bella (Pty) Ltd
- CM3 Northriding Ext 94 - Cherrywood Estate (Pty) Ltd
- CM3 Randpark Ridge Ext 120 (Pty) Ltd
- CM3 Hightrade-Invest 60 (Pty) Ltd
- Business Venture Investments No 1244 (Pty) Ltd
- Calgro M3 Land 102 (Pty) Ltd
- CTE Consulting (Pty) Ltd
- Midfield Estate (Pty) Ltd
- PZR Pennyville Zamimphilo Relocations (Pty) Ltd
- Ridgewood Estate (Pty) Ltd
- Tres Jolie Ext 24 (Pty) Ltd
- Business Venture Investments No 1221 (Pty) Ltd
- 29 of 459 Baybridge Canal (Pty) Ltd
- PZR Fleurhof (Pty) Ltd

Directors of holding company:

- BP Malherbe - Executive
- DN Steyn - Executive
- FJ Steyn - Executive
- WJ Lategan - Executive
- PF Radebe - Non-executive
- H Ntene - Non-executive
- J Gibbon - Independent non-executive
- M Phetla-Lekhethe - Independent non-executive
- N Maninjwa - Independent non-executive

Directors and senior management of subsidiaries:

- HB Malherbe
- J Roode
- A de Waal

The directors as stated above exercise control over all of the subsidiaries of the group.

Associates:

- Fleurhof Ext 2 (Pty) Ltd
- Aquarella Investments 265 (Pty) Ltd

For intercompany balances with group companies refer to note 11.

Note 38 continued

	Group		Company	
Figures in Rand	**2010**	2009	**2010**	2009
Related party transactions				
Administration fees paid to Calgro M3 Holdings Limited by related parties				
Calgro M3 Developments (Pty) Ltd			**1 247 020**	587 405
Calgro M3 Land (Pty) Ltd			**385 632**	25 000
MS5 Projects (Pty) Ltd			**-**	578 106
PZR Pennyville (Pty) Ltd			**-**	1 047 516
			1 632 652	2 238 027
Finance income paid to Calgro M3 Holdings Limited by related parties				
Calgro M3 Developments (Pty) Ltd			**-**	404 643
Calgro M3 Land (Pty) Ltd			**14 271 163**	591 244
CTE Consulting (Pty) Ltd			**-**	35 925
			14 271 163	1 031 812
Finance costs paid by Calgro M3 Holdings Limited to related parties				
Calgro M3 Developments (Pty) Ltd			**12 428 384**	-
CTE Consulting (Pty) Ltd			**111 594**	-
			12 539 978	-
Receivables from related parties				
BPM Family Trust	**-**	140 502		
Hendrik Brand Trust	**-**	118 000		
FJS Trust	**-**	128 563		
DNS Trust	**-**	83 343		
	-	470 408		
Loans to associates				
Fleurhof Ext 2 (Pty) Ltd	**15 424 445**	-		
	15 424 445	-		
Receivables/(payables) to/(from) associates				
Fleurhof Ext 2 (Pty) Ltd	**(235 917)**	-		
Aquarella Investments 265 (Pty) Ltd	**(15 672)**	-		
	(251 589)	-		
Administration fees received from associates				
Fleurhof Ext 2 (Pty) Ltd	**979 612**	-		
	979 612	-		

39 Contingent asset

A subsidiary company has submitted a VAT claim to the South African Revenue Services (SARS) involving an amount of R25.8 million which arose from an alternative interpretation obtained by management concerning the possible zero rating of certain income received.

No decision on this matter had been received from SARS at year-end and this amount has been accounted for as a contingent asset.

40 Directors' emoluments

Details of the individual directors emoluments are set out in the directors report. Emoluments paid to key management excluding the directors of the holding company as per the directors' report, amounted to R5 289 999 (2008 - R6 720 000).

41 Going concern

The consolidated financial statements have been prepared on the basis of accounting policies applicable to a going concern.

This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

42 Earnings per share

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the group by the weighted average number of ordinary shares in issue during the year.

Figures in Rand	2010	2009
Profit attributable to equity holders of the company	15 488 109	6 022 452
Weighted average number of ordinary shares in issue	127 100 000	127 100 000
Basic earnings per share (cents per share)	12.19	4.74
(b) Diluted		
Profit attributable to equity holders of the company	15 488 109	6 022 452
Share option (income)/expense	-	(963 141)
Profit used to determine diluted earnings per share	15 488 109	5 059 311
Weighted average number of ordinary shares in issue	127 100 000	127 100 000
Adjustments for:		
- Share options	-	6 108 000
Weighted average number of ordinary shares for diluted earnings per share	127 100 000	133 208 000
Diluted earning per share (cents per share)	12.19	3.80
(c) Headline		
Profit attributable to equity holders of the company	15 488 109	6 022 452
Profit on disposal of subsidiary (net of tax)	(25 202 128)	-
Impairment of goodwill	-	14 713 978
(Loss)/profit used to determine headline earnings per share	(9 714 019)	20 736 430
Weighted average number of ordinary shares in issue	127 100 000	127 100 000
Headline (loss)/earnings per share (cents per share)	(7.64)	16.32
(d) Net asset value per share	120.9	108.8

43 Financial assets by category

The accounting policies for financial instruments have been applied to the line items below:

Figures in Rand	Loans and receivables	Fair value through profit or loss - held for trading	Fair value through profit or loss - designated	Available for sale	Total
Group - 2010					
Loans to associates	**15 424 445**	**-**	**-**	**-**	**15 424 445**
Loans and receivables	**7 895 007**	**-**	**-**	**-**	**7 895 007**
Trade receivables	**7 388 983**	**-**	**-**	**-**	**7 388 983**
Cash and cash equivalents	**6 059 304**	**-**	**-**	**-**	**6 059 304**
	36 767 739	**-**	**-**	**-**	**36 767 739**

Figures in Rand	Loans and receivables	Fair value through profit or loss - held for trading	Fair value through profit or loss - designated	Available for sale	Total
Group - 2009					
Loans to associates	-	-	-	-	-
Loans and receivables	7 749 659	-	-	-	7 749 659
Trade receivables	13 059 888	-	-	-	13 059 888
Cash and cash equivalents	30 593 690	-	-	-	30 593 690
	51 403 237	-	-	-	51 403 237

Figures in Rand	Loans and receivables	Fair value through profit or loss - held for trading	Fair value through profit or loss - designated	Available for sale	Total
Company - 2010					
Loans to group companies	**162 239 591**	**-**	**-**	**-**	**162 239 591**
Cash and cash equivalents	**330**	**-**	**-**	**-**	**330**
	162 239 921	**-**	**-**	**-**	**162 239 921**

Figures in Rand	Loans and receivables	Fair value through profit or loss - held for trading	Fair value through profit or loss - designated	Available for sale	Total
Company - 2009					
Loans to group companies	14 652 778	-	-	-	14 652 778
Cash and cash equivalents	330	-	-	-	330
	14 653 108	-	-	-	14 653 108

The credit quality of financial assets can be assessed by reference to historical information. Trade receivables (less than six months) comprise outstanding draw downs from banks, government and municipal institutions with no history of default. Cash and cash equivalents are deposits with major banks. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The group does not hold any collateral as security.

44 Financial liabilities by category

The accounting policies for financial instruments have been applied to the line items below:

Figures in Rand	Financial liabilities at amortised cost	Fair value through profit or loss - held for trading	Fair value through profit or loss - designated	Total
Group - 2010				
Borrowings	**158 844 291**	**-**	**5 185 277**	**164 029 568**
Finance lease obligations	**3 539 952**	**-**	**-**	**3 539 952**
Trade payables	**33 049 225**	**-**	**-**	**33 049 225**
Bank overdraft	**17 262 142**	**-**	**-**	**17 262 142**
	212 695 610	**-**	**5 185 277**	**217 880 887**

Figures in Rand	Financial liabilities at amortised cost	Fair value through profit or loss - held for trading	Fair value through profit or loss - designated	Total
Group - 2009				
Borrowings	170 760 795	-	16 546 255	217 307 050
Finance lease obligations	3 047 514	-	-	3 047 514
Trade payables	61 746 914	-	-	61 746 914
Bank overdraft	15 842 326	-	-	15 842 326
	251 397 549	-	16 546 255	297 943 804

Figures in Rand	Financial liabilities at amortised cost	Fair value through profit or loss - held for trading	Fair value through profit or loss - designated	Total
Company - 2010				
Loans from group companies	**144 276 118**	**-**	**-**	**144 276 118**
Trade payables	**258 252**	**-**	**-**	**258 252**
Bank overdraft	**16 533 442**	**-**	**-**	**16 533 442**
	161 067 812	**-**	**-**	**161 067 812**

Figures in Rand	Financial liabilities at amortised cost	Fair value through profit or loss - held for trading	Fair value through profit or loss - designated	Total
Company - 2009				
Loans from group companies	-	-	-	-
Trade payables	84 369	-	-	84 369
Bank overdraft	13 478 407	-	-	13 478 407
	13 562 776	-	-	13 562 776

NOTICE OF ANNUAL GENERAL MEETING

Calgro M3 Holdings Limited
(formerly: Double Ring Trading 332 (Proprietary) Limited)
(Incorporated in the Republic of South Africa)
(Registration number 2005/027663/06)
("Calgro" or "the company")

Notice is hereby given to all members of Calgro M3 Holdings Limited ("the company") that the third annual general meeting ("AGM") of members will be held at 10:00 on Wednesday, 23 June 2010 at the boardroom, Calgro, Cedarwood House, Ballywoods Office Park. 33 Ballyclare Drive, Bryanston to transact the following business:

1. **Ordinary resolution number one**

   To receive and adopt the annual financial statements for the year ended 28 February 2010, including the directors' report and the report of the auditors thereon.

2. **Ordinary resolution number two**

   To resolve that the appointment of PF Radebe as the chairperson, who retires by rotation, but being eligible, offers herself for re-election in accordance with Article 31 of the Company's Articles of Association for a further term of office, be authorised and confirmed.

   (A brief CV appears on page 15 of the annual report)

3. **Ordinary resolution number three**

   To resolve that the appointment of JB Gibbon as an independent non-executive director of the company, who retires by rotation, but being eligible, offers himself for re-election in accordance with Article 31 of the Company's Articles of Association for a further term of office, be authorised and confirmed.

   (A brief CV appears on page 15 of the annual report)

4. **Ordinary resolution number four**

   To resolve that the appointment of M Phetla-Lekhethe as an independent non-executive director of the company, who retires by rotation, but being eligible, offers herself for re-election in accordance with Article 31 of the Company's Articles of Association for a further term of office, be authorised and confirmed

   (A brief CV appears on page 15 of the annual report)

5. **Ordinary resolution number five**

   To resolve that the appointment N Maninjwa as an independent non-executive director of the company, who retires by rotation, but being eligible, offers herself for re-election in accordance with Article 31 of the Company's Articles of Association for a further term of office, be authorised and confirmed

   (A brief CV appears on page 15 of the annual report)

6. **Ordinary resolution number six**

   To resolve that the re-appointment H Ntene as non-executive director, who retires by rotation, but being eligible, offers himself for re-election in accordance with Article 31 of the Company's Articles of Association for a further term of office, be authorised and confirmed.

   (A brief CV appears on page 15 of the annual report)

7. **Ordinary resolution number seven**

   To resolve that the re-appointment BP Malherbe as an executive director, who retires by rotation, but being eligible, offers himself for re-election in accordance with Article 31 of the Company's Articles of Association for a further term of office, be authorised and confirmed.

[A brief CV appears on page 14 of the annual report]

8. **Ordinary resolution number eight**

To resolve that the appointment of WJ Lategan as an executive director of the company who retires by rotation, but being eligible, offers himself for re-election in accordance with Article 31 of the Company's Articles of Association for a further term of office, be authorised and confirmed

[A brief CV appears on page 14 of the annual report]

9. **Ordinary resolution number nine**

To resolve that the re-appointment FJ Steyn as an executive director, who retires by rotation, but being eligible, offers himself for re-election in accordance with Article 31 of the Company's Articles of Association for a further term of office, be authorised and confirmed.

[A brief CV appears on page 14 of the annual report]

10. **Ordinary resolution number ten**

To resolve that the appointment of DN Steyn as an executive director of the company with effect from 11 December 2009, be and is hereby ratified.

[A brief CV appears on page 14 of the annual report]

11. **Ordinary resolution number eleven**

To resolve that the re-appointment of PricewaterhouseCoopers as auditors, until the conclusion of the next annual general meeting in accordance with S270 (1) of the Companies Act, 1973 (Act 61 of 1973), as amended, be authorised and confirmed.

12. **Ordinary resolution number twelve**

To resolve that the fees paid to the directors of the company in respect of the year ended 28 February 2010, as set out in the annual financial statements on page 27, be approved.

13. **Ordinary resolution number thirteen**

General payments to shareholders

To resolve that , in terms of Article 39 to 44 of the Company's Articles of Association and section 90 of the Companies Act, No. 61 1973 (as amended) and subject to the directors being satisfied that after considering the effect of such maximum payment, the:

a. company and the group will in the ordinary course of business be able to pay their debts for a period of 12 months after the date of the notice of the annual general meeting;

b. assets of the company and the group will be in excess of the liabilities of the company and the group for a period of 12 month after the date of the notice of the annual general meeting. For this purpose, the assets and liabilities will be recognised and measured in accordance with the accounting policies used in the latest audited annual group financial statements;

c. share capital and reserves to the company and the group will be adequate for ordinary business purposes for a period of 12 months after the date of notice of the annual general meeting; and

d. working capital of the company and the group will be adequate for ordinary business purposes for a period of 12 months after the date of the notice of the annual general meeting.

The directors of the company shall be entitled, from time to time, to pay by way of reduction of share premium, capital distributions to shareholders of the company in lieu of a dividend. Such distributions shall be made pro-rata to all shareholders and be amounts equal to the amounts which the directors would have declared and paid out of profits of the company as interim and final dividends in respect of the financial year ending 28 February 2010. This authority shall not extend beyond the date of the annual general meeting following the date of the annual general meeting at which this resolution is being proposed or 15 months from date of the resolution whichever is shorter.

In terms of the Listings Requirements of the JSE Limited ("Listings Requirements"), any general payment(s) may not exceed 20% of the company's issued share capital, including reserves but excluding minority interests, and revaluations of assets and intangible assets that are not supported by a valuation by an independent professional expert acceptable to the JSE Limited ("JSE") prepared within the last six months, in any one financial year, measured as at the beginning of such financial year.

General payments, from time to time, to pay by way of a reduction of share premium, capital distributions to shareholders of the company in lieu of a dividend, shall not be effected before the JSE has received written confirmation from the company's designated advisor to the effect that the directors have considered the solvency and liquidity of the company and the group as required in term of section 90 (2) of the Companies Act, 1973 (Act 61 of 1973), as amended.

The company shall publish an announcement in terms of paragraph 11.31 of the Listings Requirements.

Shareholders are referred to the explanatory notes set out under special resolution number one which apply mutatis mutandis to this resolution.

14. Ordinary resolution number fourteen

Control of authorised but unissued shares

"To resolve that all the unissued shares in the authorised share capital of the company be and are hereby placed under the control of the directors of the company, who are authorised to allot and issue the same to such persons and on such terms and conditions as they may determine in their sole and absolute discretion, until the next annual general meeting of the company, subject to the provisions of Section 221 and 222 of the Companies Act, No. 61 of 1973 (as amended) and the Listings Requirements".

15. Ordinary resolution number fifteen

General authority to issue shares for cash

"Resolved that the directors be given the general authority to issue unissued shares of a class already in issue held under their control, for cash, when the directors consider it appropriate in the circumstances, subject to the provisions of the Companies Act, No. 61 of 1973 (as amended) the Listings Requirements and to the following limitations, that:

- the authority shall be valid until the next annual general meeting of the company (provided it shall not extend beyond 15 months from the date of this resolution);
- an announcement giving full details, including the impact on net asset value, net tangible asset value, earnings and headline earnings per share, will be published at the time of any issue representing, on a cumulative basis within one financial year, 5% or more of the number of shares in issue prior to such issue;
- issues for cash in any one financial year may not exceed 50% of the company's issued share capital;
- the issues must be made to public shareholders and not to related parties as defined by the Listings Requirements; and

- in determining the price at which an issue of shares may be made in terms of this authority, the maximum discount permitted will be 10% of the volume weighted average traded price as determined over the 30 business days prior to the date that the price of the issue is determined or agreed by the directors of the company".

The approval of this resolution is subject to achieving a 75% majority of the votes cast in favour by shareholders present or represented by proxy at this meeting excluding the designated advisor and the controlling shareholders together with their associates.

Shareholders are referred to the explanatory notes set out under special resolution number one which apply mutatis mutandis to this resolution.

16. Special resolution number one

General authority to repurchase shares

Resolved that the board of directors of the company be hereby authorised, by way of a general authority, to approve the purchase of its own ordinary shares or to approve the purchase of ordinary shares in the company by any subsidiary of the company, provided that:

a) any acquisition of shares shall be implemented through the order book operated by the JSE's trading system and done without any prior understanding or arrangement between the company and/or its relevant subsidiaries and the counter party;

b) this authority shall be valid only until the next annual general meeting provided that it shall not extend beyond 15 (fifteen) months from the date of this resolution;

c) the general repurchase(s) shall in any one financial year be limited to a maximum of 20% of the company's issued share capital of that class at the time the authority is granted;

d) the acquisition of shares by a subsidiary of the company may not exceed 10% in aggregate of the number of issued shares of the company;

e) repurchases must not be made at a price more than 10% above the weighted average of the market value for the securities for the five business days immediately preceding the date of repurchase;

f) a paid press announcement (complying with paragraph 11.27 of the Listings Requirements) will be published as soon as the company and/or its subsidiaries have acquired shares constituting, on a cumulative basis, 3% of the initial number of ordinary shares in issue at the time of the granting of this authority, giving full details of such acquisitions and for each 3% in aggregate of the initial number of ordinary shares acquired thereafter by the company and/or its subsidiaries;

g) the company will, at any point in time, appoint only one agent to effect any repurchase(s) on the company's behalf;

h) the company will only undertake a general repurchase of securities if, after such repurchase, at least 100 public shareholders, as defined in the Listings Requirements, continue to hold at least 10% of the company's issued ordinary shares;

i) the company will not repurchase its shares during any prohibited period as defined in paragraph 3.67 of the Listings Requirements; and

j) such repurchase shall be subject to the Act, the Company's Articles of Association and the Listings Requirements.

Reason and effect of special resolution number 1

The reason for special resolution number 1 is to grant the company a general authority in terms of the Act for the acquisition by the company or any of its subsidiaries of shares issued by the company or its holding company, which authority shall be valid until the earlier of the next annual general meeting of the company or the variation or revocation of such general authority by special resolution by any subsequent general meeting of the company, provided that the general authority shall not extend beyond 15 (fifteen) months from the date of this annual general meeting. The passing and registration of this special resolution will have the effect of authorising the company or any of its subsidiaries to acquire shares issued by the company or its holding company.

A repurchase of shares is not contemplated at the date of this notice. However, the board believes it to be in the interest of the company that shareholders grant a general authority to provide the board with optimum flexibility to repurchase shares as and when an opportunity that is in the best interest of the company arises.

Further, the board is of the opinion that, even if the maximum amount of 20% of the current issued share capital of the company is repurchased using the mechanism of the general authority at the maximum price at which repurchases may take place:

- the issued share capital and reserves of the company and the group will be adequate for the purposes of the business of the company and the group for a period of 12 months after the date of the notice of the annual general meeting;
- the working capital available to the company and the group will be sufficient for the group's requirements for a period of 12 months after the date of the notice of the annual general meeting;
- the assets of the company and the group, fairly valued in accordance with International Financial Reporting Standards, will exceed the liabilities of the company and the group for a period of 12 months after the date of the notice of the annual general meeting; and
- the company and the group will be able to pay its debts as they become due in the ordinary course of business for a period of 12 months after the date of the notice of the annual general meeting.

Shareholders are referred to the explanatory notes set out hereunder which apply mutatis mutandis to this resolution.

16. To transact such other business as may be transacted at an annual general meeting.

Explanatory notes

Disclosures in terms of paragraph 11.26 of the JSE Listings Requirements:

- Directors: page 12 of the annual report
- Major shareholders: page 29 of the annual financial statements
- Directors' interests in securities: page 26 of the annual financial statements
- Share capital of the company: page 66 note 21 of the notes to the annual financial statements
- Litigation: Calgro is currently in litigation with a claim against Mettle Development Finance One (Pty) Ltd in the amount of R7 322 962 for Project Annlin. There is no other material litigation.
- Directors' responsibility statement
  The directors, whose names are given on page 12 of the annual report in which this notice was included collectively and individually accept full responsibility for the accuracy of the information given in this notice and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts

have been made and that the annual report and notice contains all information required by law and the Listings Requirements.

- Material changes
  There has been no material change in the financial or trading position of the company and its subsidiaries that has occurred since 28 February 2010.

The directors of the company hereby state:

1. that the intention of the company and/or any of its subsidiaries is to utilise the general authority to make a general payment to shareholders, if at some future date the cash resources of the company are in excess of its requirements. In this regard the directors will take account of, inter alia, appropriate capitalisation structures for the company, the long-term cash needs of the company, and will ensure that any such payments are in the interests of shareholders;
2. that the method by which the company intends to make general payments to shareholders in terms of a general authority and the date on which such payments will take place has not yet been determined; and
3. that after considering the effect of a maximum permitted general payment; the company and its subsidiaries are, as at the date of this notice convening the annual general meeting of the company, able to fully comply with the Listings Requirements. Nevertheless, at the time that the contemplated general payment is to take place; the directors of the company will ensure that:

- the company and the group will be able in the ordinary course of business to pay its debts for a period of 12 months after the date of the notice of the annual general meeting;
- the assets of the company and the group will be in excess of the liabilities of the company and group for a period of 12 months after the date of the notice of the annual general meeting;
- for this purpose, the assets and liabilities will be recognised and measured in accordance with the accounting policies used in these group annual financial statements;
- the share capital and reserves of the company and group will be adequate for ordinary business purposes for a period of 12 months after the date of the notice of annual general meeting;
- the working capital of the company and group will be adequate for ordinary business purposes for a period of 12 months after the date of the notice of annual general meeting; and
- the company will provide its designated advisor and the JSE with all documentation as required in Schedule 25 of the Listings Requirements, and will not commence any general payment until the designated advisor has signed off on the adequacy of its working capital, advised the JSE accordingly and the JSE has approved this documentation.

Any shareholders wishing to attend the AGM who have already dematerialised their shares in Calgro, and such dematerialised shares are not recorded in the electronic sub-register of Calgro in their own names, should request letters of representation from their duly appointed Central Securities Depository Participant ("CSDP") or stockbroker, as the case may be, to authorises them to attend and vote at the AGM in person.

Any shareholders entitled to attend and vote at the AGM are entitled to appoint proxies to attend, speak and vote at the AGM in their stead. The proxies so appointed need not be members of the company.

If you have not yet dematerialised your shares in Calgro and are unable to attend the AGM, but wish to be represented thereat, you must complete the attached form of proxy in accordance with the instructions therein and lodge it with the transfer secretaries of Calgro namely, Computershare Investor Services (Pty) Limited, 70 Marshall Street, Johannesburg 2001, (PO Box 61051, Marshalltown 2107) to be received by no later than 14:00 on Friday, 18 June 2010.

If you have already dematerialised your shares in Calgro:

- and such dematerialised shares are recorded in the electronic sub-register of Calgro in your own name and are unable to attend the AGM, but wish to be represented thereat, you must complete the attached form of proxy in accordance with the instructions therein and lodge it with the transfer secretaries of Calgro namely, Computershare Investor Services (Pty) Limited, 70 Marshall Street, Johannesburg, 2001, (PO Box 61051, Marshalltown 2107) to be received by no later than 14:00 on Friday, 18 June 2009; or
- where such dematerialised shares are not recorded in the electronic sub-register of Calgro in your own name, you should notify your duly appointed CSDP or stockbroker, as the case may be, in the manner and cut-off time stipulated in the agreement governing your relationship with your CSDP or broker of your instructions as regards voting your shares at the AGM.

By order of the board

Company secretary
Sandton 2196
Francois Pieterse
13 May 2010

FORM OF PROXY

FOR USE AT THE ANNUAL GENERAL MEETING OF THE COMPANY TO BE HELD AT 10:00 ON WEDENESDAY, 23 JUNE 2010 AT THE BOARDROOM, CALGRO, CEDARWOOD HOUSE, BALLYWOODS OFFICE PARK, 33 BALLYCLARE DRIVE, BRYANSTON AND AT ANY ADJOURNMENT THEREOF.

For use by the holders of the company's certificated ordinary shares ("certificated shareholder") and/or dematerialised ordinary shares held through a Central Securities Depository Participant ("CSDP") who have selected own-name registration ("own-name" dematerialised shareholders). Not for the use by holders of the company's dematerialised ordinary shares who are not own-name dematerialised shareholders. Such shareholders must contact their CSDP or broker timeously if they wish to attend and vote at the annual general meeting and request that they be issued with the necessary authorisation to do so, or provide the CSDP or broker timeously with their voting instructions should they not wish to attend the annual general meeting in order for the CSDP or broker to vote thereat in accordance with their instructions.

I/We ______________________________ (full name in block letters)

of ______________________________ (please print address)

being a shareholder of Calgro M3 and holding ______________ ordinary shares in the company, hereby appoint

1. ______________________________ of or failing him/her

2. ______________________________ of or failing him/her

3. the chairperson of the annual general meeting, as my/our proxy to act for me/us and on my/our behalf at the annual general meeting which will be held for the purpose of considering and, if deemed fit, passing, with or without modification, the ordinary resolutions to be proposed thereat and at any adjournment thereof; and to vote for and/or against the ordinary resolutions and/or abstain from voting in respect of the Calgro ordinary shares registered in my/our name(s), in accordance with the following instruction.

	FOR	AGAINST	ABSTAIN
Ordinary resolution number one Adopt the annual financial statements for the year ended 28 February 2010			
Ordinary resolution number two Re-appointment of PF Radebe as chairperson			
Ordinary resolution number three Re-appointment of JB Gibbon as non-executive director			
Ordinary resolution number four Re-appointment of M Phetla-Lekhethe as non-executive director			
Ordinary resolution number five Re-appointment of N Maninjwa as non-executive director			
Ordinary resolution number six Re-appointment of H Ntene as non-executive director			
Ordinary resolution number seven Re-appointment of BP Malherbe			
Ordinary resolution number eight Re-appointment of WJ Lategan			
Ordinary resolution number nine Re-appointment of FJ Steyn			
Ordinary resolution number ten Appointment of DN Steyn as executive director			
Ordinary resolution number eleven Re-appointment of PricewaterhouseCoopers Inc.			
Ordinary resolution number twelve Directors' fees			
Ordinary resolution number thirteen General payments of shareholders			
Ordinary resolution number fourteen Control of authorised but unissued shares			
Ordinary resolution number fifteen General authority to issue shares for cash			
Special resolution number one General authority to repurchase shares			

*Please indicate with an "X" in the appropriate spaces above how you wish your votes to be cast.

Unless otherwise instructed, my/our proxy may vote as he/she thinks fit.

Signed at ______________________ (place) on ______________________ (date) 2010

Member's signature ______________________________

Assisted by (if applicable) ______________________________

Please read the notes on the reverse side. NOTES TO PROXY

NOTES TO FORM OF PROXY

1. This form of proxy is to be completed only by those members who are:
   a. holding shares in a certificated form; or
   b. in the sub-register in electronic form in their "own name".
2. Members who have dematerialised their shares other than own-name dematerialised shareholders, and who wish to attend the annual general meeting must contact their Central Securities Depository Participant ("CSDP") or broker who will furnish them with the necessary authority to attend the annual general meeting, or they must instruct their CSDP or broker as to how they wish to vote in this regard. This must be done in terms of the agreement entered into between the members and their CSDP or broker.
3. Each member is entitled to appoint one or more proxies (who need not be a member(s) of the company) to attend, speak and, on a poll, vote in place of that member at the annual general meeting.
4. A member may insert the name of a proxy or the names of two alternative proxies of the member's choice in the space provided, with or without deleting "the chairperson of the annual general meeting". The person whose name stands first on the form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow.
5. A member's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that member in the appropriate box (es) provided. Failure to comply with the above will be deemed to authorise the chairperson of the annual general meeting, if the chairperson is the authorised proxy, to vote in favour of the ordinary resolutions at the annual general meeting, or any other proxy to vote or to abstain from voting at the annual general meeting as he/she deems fit, in respect of all the member's votes exercisable thereat.
6. A member or his/her proxy is not obliged to vote in respect of all the ordinary shares held by such member or represented by such proxy, but the total number of votes for or against the ordinary resolutions and in respect of which any abstention is recorded may not exceed the total number of votes to which the member or his/her proxy is entitled.
7. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy, unless previously recorded by the company's transfer office or waived by the chairperson of the annual general meeting.
8. The chairperson of the annual general meeting may reject or accept any form of proxy which is completed and/or received other than in accordance with these instructions, provided that he/she is satisfied as to the manner in which a member wishes to vote.
9. Any alterations or corrections to this form of proxy must be initialled by the signatory (ies).
10. The completion and lodging of this form of proxy will not preclude the relevant member for attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such member wish to do so.
11. A minor must be assisted by his/her parent on guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the company's transfer secretaries.
12. Where there are joint holders of any shares, only that holder whose name appears first in the register in respect of such shares need sign this form of proxy.
13. Forms of proxy must be lodged with the transfer secretaries at the address given below by no later than 14:00 on Friday, 18 June 2010.

Transfer secretaries

Computershare Investor Services (Pty) Limited
Ground Floor, 70 Marshall Street
Johannesburg 2001
PO Box 61051, Marshalltown 2107
Telefax 011 688 5200

ADMINISTRATION

Calgro M3 Holdings Limited
Incorporated in the Republic of South Africa
Registration number: 2005/027663/06
Share code: CGR
ISIN: ZAE000109203

Registered office
Cedarwood House
Ballywoods Office Park
33 Ballyclare Drive
Bryanston
2196

Business address
Cedarwood House
Ballywoods Office Park
33 Ballyclare Drive
Bryanston
2196

Postal address
Private Bag X33
Craighall
2024

Website
www.calgrom3.com

Transfer secretaries
Computershare Investor Services (Pty) Ltd

Business address
70 Marshall Street
Johannesburg
2001

Postal address
PO Box 61051
Marshalltown
2107

Bankers
Nedbank Limited

Auditors
PricewaterhouseCoopers Inc.

Designated advisors
Grindrod Bank Limited

Secretary
Barnard Attorneys Inc.

SHAREHOLDERS' DIARY

Annual general meeting	:	23 June 2010
Interim report	:	November 2010
Financial year-end	:	February 2011
Year-end results	:	May 2011