Annual report

2011

CALGRO M3

HOLDINGS

MISSION

Calgro M3 will be the housing developer of choice in select markets for all South Africans, by consistently delivering homes of the highest quality.

www.calgrom3.co.za

CONTENTS

VISION

Calgro M3 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

FINANCIAL HIGHLIGHTS

Revenue **49.34%**

2011: R281 849 367 / 2010: R188 725 584

Headline earnings **276.39%**

2011: R17 134 419 / 2010: (R9 714 019)

Cash generated from operations **2 014.48%**

2011: R53 279 664 / 2010: R2 519 750

Cash on hand **197.41%**

2011: R10 913 020 / 2010: (R11 202 838)

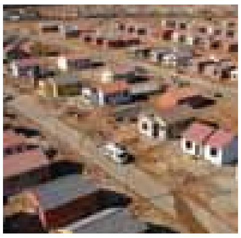
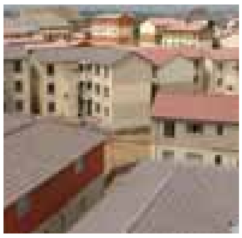
Borrowings **6.37%**

2011: R158 977 749 / 2010: R167 569 520

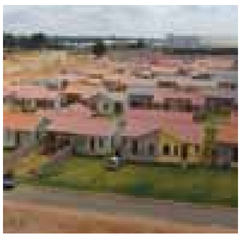
TYPICAL CALGRO M3 DEVELOPMENTS

The group's offering comprises three core business operations:

- land development;
- residential construction across the range of economic sectors; and
- professional services.

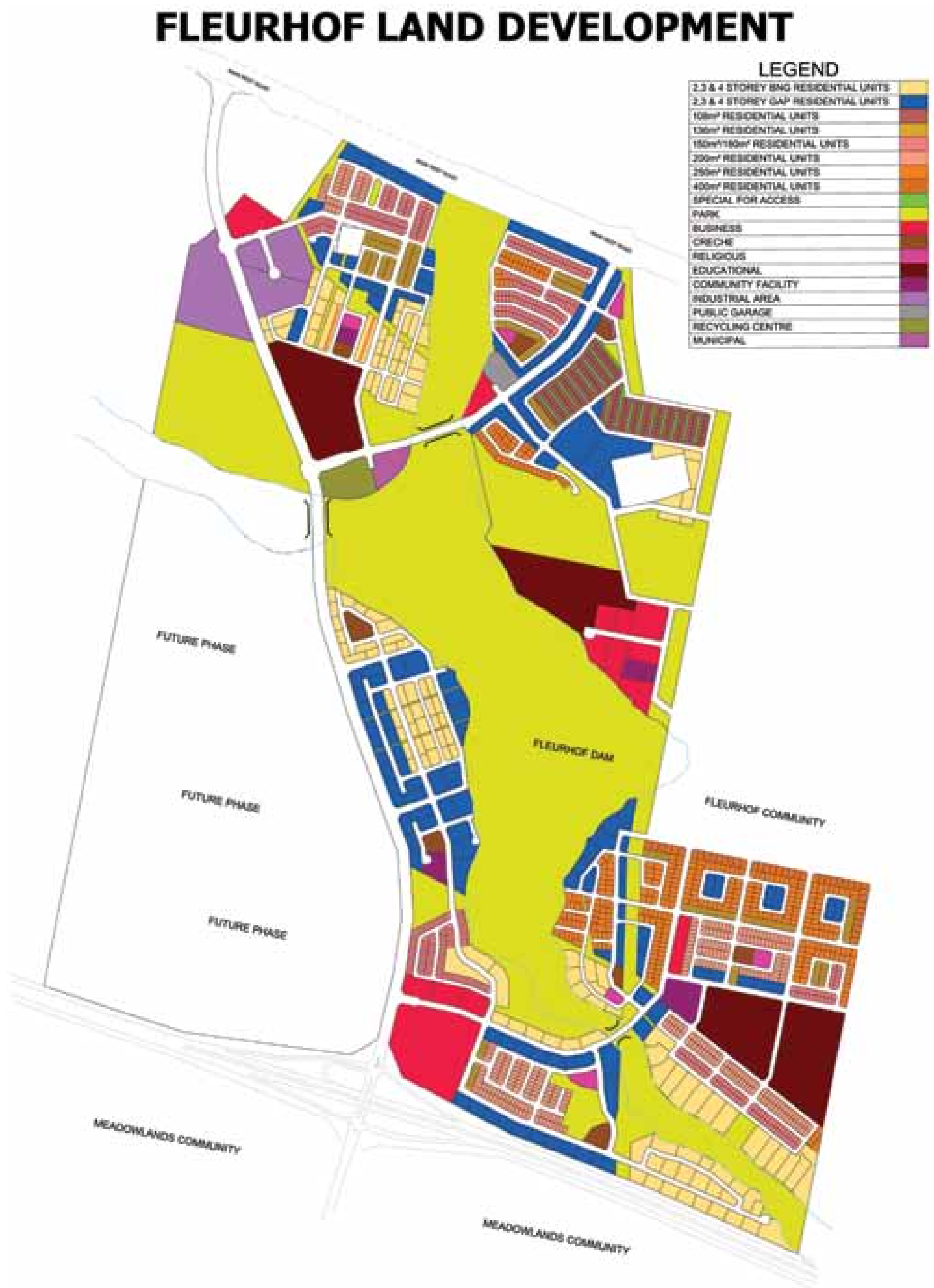






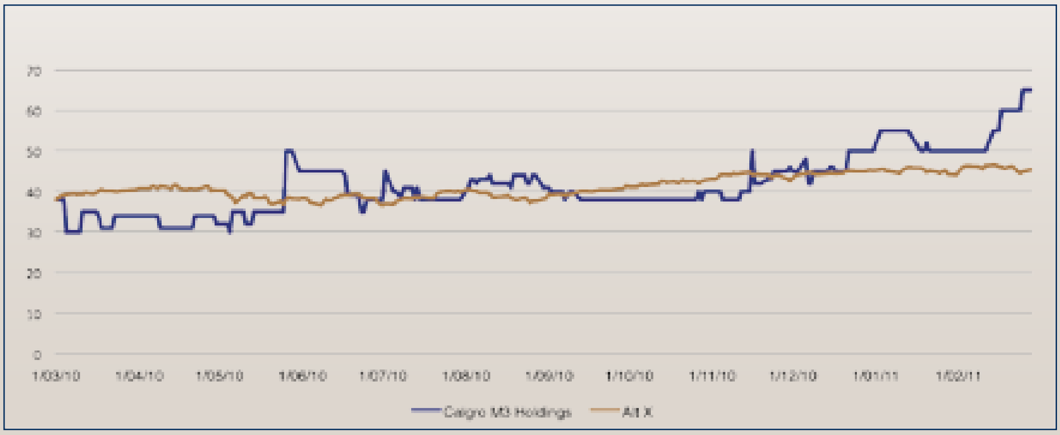


TYPICAL CALGRO M3 DEVELOPMENTS

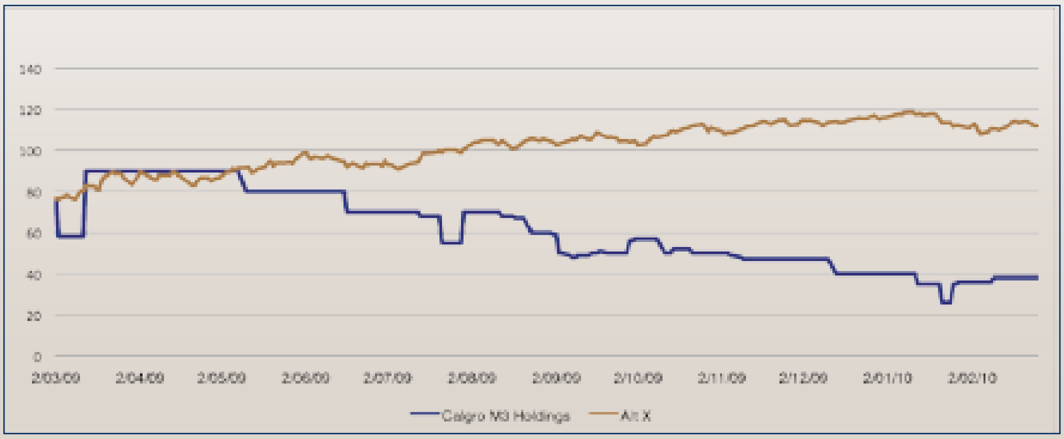


SHARE PERFORMANCE

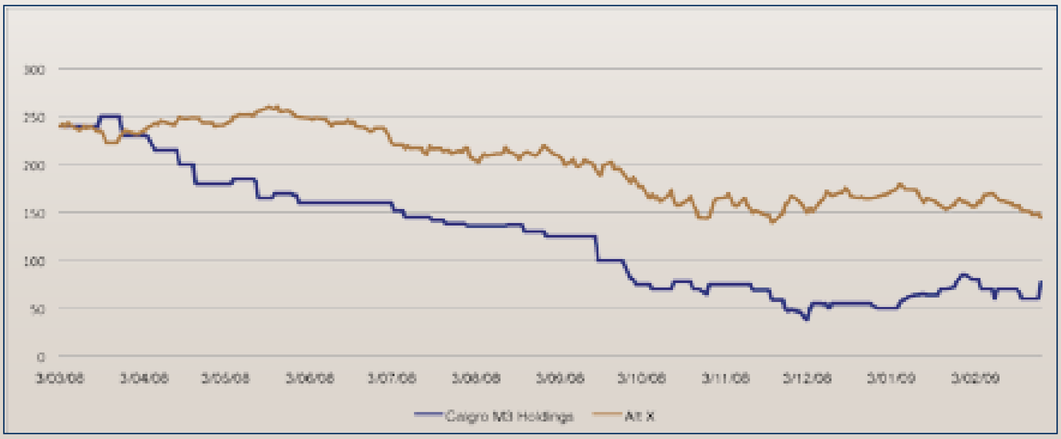
2010 - 2011



2009 - 2010



2008 - 2009



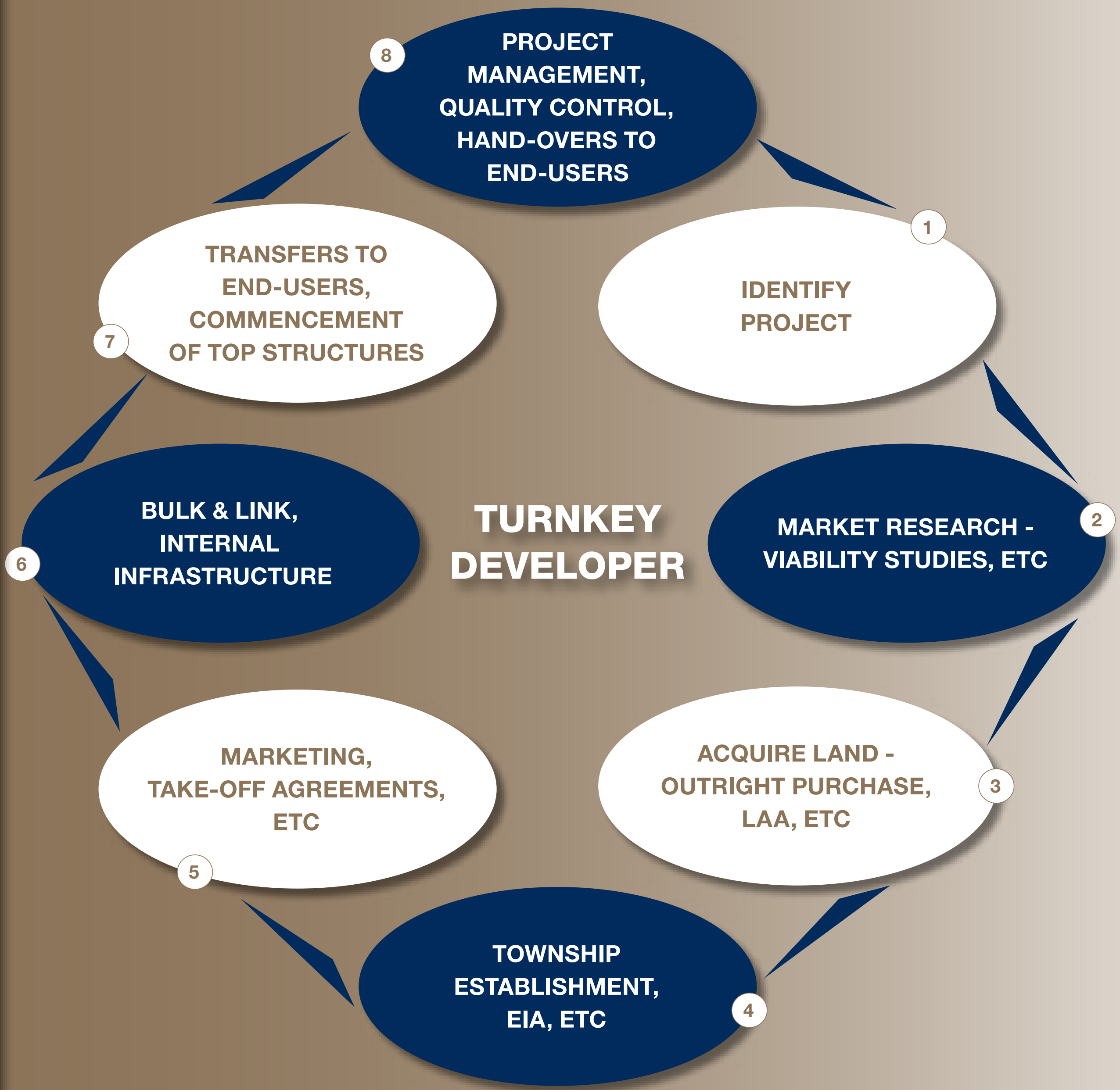
NON-FINANCIAL HIGHLIGHTS

- Another year with no major injuries on site
- Pennyville completed and all houses handed over to clients
- First Fleurhof project houses completed and handed over to clients. Installation of services begun
- Installation of services commenced at the Jabulani CBD project
- Commenced top structure construction on the Jabulani Hostels
- Secured finance for projects in excess of R417 million

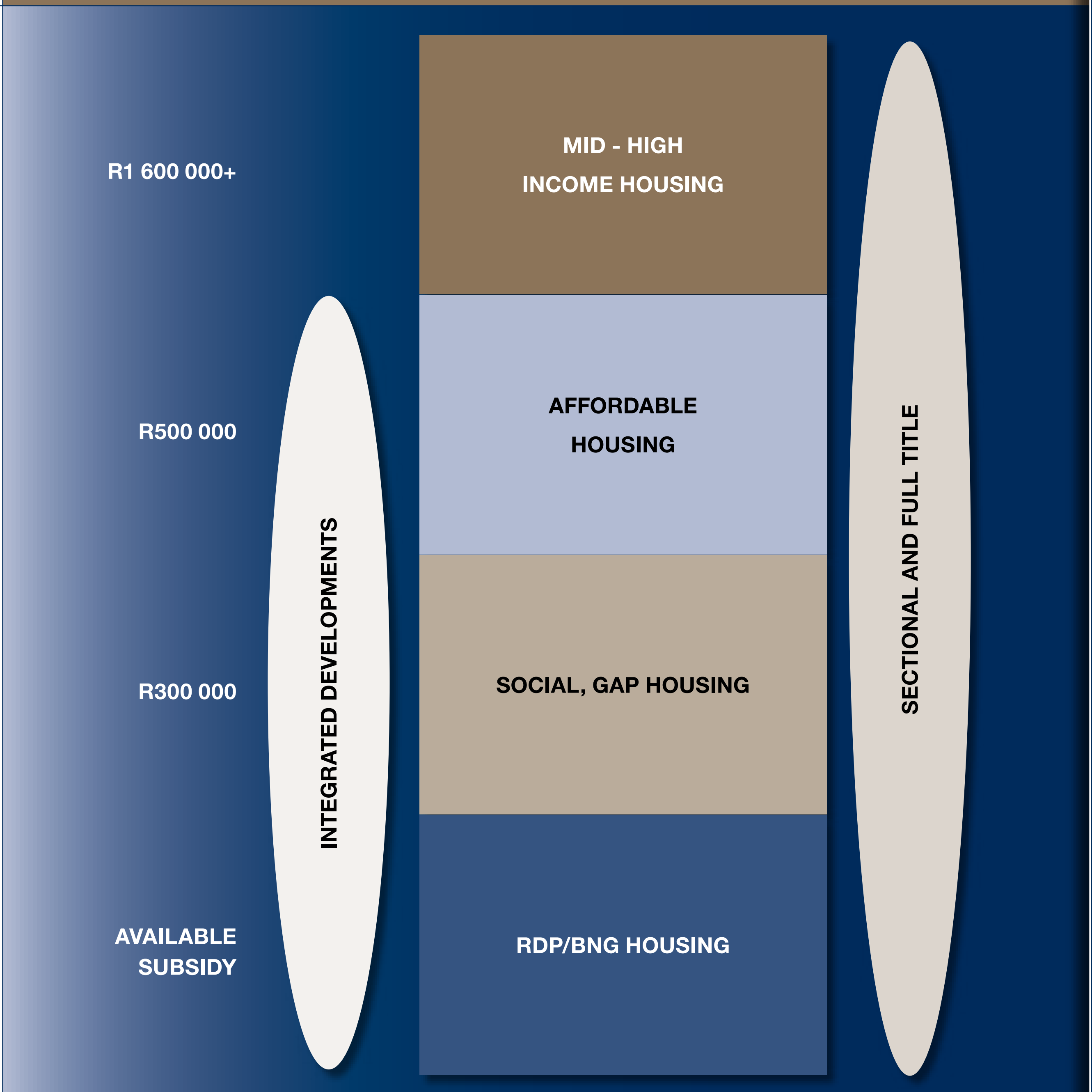
3 YEAR REVIEW

Figures in Rand	2011	2010	2009
Group income statement			
Revenue	**281 849 367**	188 725 584	233 054 190
Gross profit	**35 024 294**	27 667 276	50 849 201
Gross profit %	**12.43**	14.66	21.82
Operating profit	**(370 832)**	17 203 237	8 392 101
Profit before tax	**15 310 618**	16 199 783	7 886 397
Basic earnings per share (cents)	**13.34**	12.19	4.74
Headline earnings per share	**13.48**	(7.64)	16.32
Group balance sheet			
Inventories	**234 945 651**	266 392 715	260 115 196
Construction contracts	**40 646 024**	32 217 439	64 389 035
Net cash position	**10 913 020**	(11 202 838)	14 751 364
Retained income	**74 652 237**	57 696 796	42 208 687
Borrowings	**158 977 749**	167 569 520	220 354 564
Trade and other payables	**44 329 083**	39 862 596	64 779 323
Group cash flows			
Cash generated from operations	**53 279 664**	2 519 750	68 474 479
Tax paid	**(11 764 586)**	(557 317)	(217 696)
Net cash from operating activities	**24 266 154**	958 979	68 239 760
Net cash from investing activities	**9 137 120**	(4 128 137)	(30 666 214)
Net cash from financing activities	**(11 287 417)**	(22 785 044)	(20 625 560)
Net (decrease)/increase in cash and cash	**22 115 858**	(25 954 202)	16 947 986
Cash and cash equivalents and bank overdraft at the beginning of the year	**(11 202 838)**	14 751 364	(2 196 622)
Cash and cash equivalents and bank overdraft at the end of the year	**10 913 020**	(11 202 838)	14 751 364

BUSINESS MODEL



OVERVIEW PRODUCTS AND MARKET DEFINITION



DIRECTORATE: EXECUTIVE

Ben Pierre Malherbe
BSc (QS) Hons, (B&A), MBA (45)
Chief executive officer
Appointed: 05 August 2005

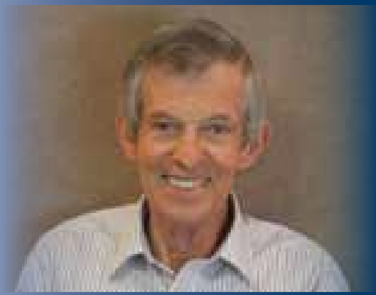
Deon Steyn
BSc (QS) (44)
Chief operating officer
Appointed: 14 December 2009

Willem (Wikus) Lategan
BComm (Acc), BCompt (Hons), CTA, CA (SA) (30)
Financial director
Appointed: 04 August 2008

Frederik (Derek) Steyn
BSc (QS) (48)
Strategic planning director
Appointed: 05 August 2005

DIRECTORATE: NON-EXECUTIVE

Pumla Radebe
BA (55) **
Non-executive chairperson
Appointed: 29 June 2007



John Gibbon
CA (SA) (70) ^ **
Independent non-executive
Appointed: 01 November 2008

Hatla Ntene
BSc (Surv), Dip. Con. Econ, Dip. Civ.Eng, PRQS, PMAQS (56) **
Non-executive
Appointed: 12 October 2007

Ralph Patmore
B.Comm, MBL (SBL) (59) ^
Independent non-executive
Appointed 18 January 2011

Robert Nicolaas Wesselo
BA (LLB) (47) **
Non-executive
Appointed 18 January 2011

Elizabeth Mmakgoshi Phetla-Lukhethe, (39) ^
Independent non-executive
Appointed: 01 November 2008 • Resigned 18 January 2011

Noxolo Maninjwa, BComm (Hons) Economics (39) ^
Independent non-executive
Appointed: 18 November 2008 • Resigned 18 January 2011

^ Audit committee
** Remuneration committee

CHAIRPERSON'S REPORT

Calgro M3 Holdings' purpose is to consistently deliver homes of the highest quality. Our commitment to superior building quality, sustainable returns to shareholders, employment creation, mutually beneficial relationships with stakeholders and broad based black economic empowerment, is linked to our business models and strategic choices.

Our purpose and commitment drives us to excel. We are further compelled to improve the lives of our fellow South Africans in areas of social responsibility. In doing so we create future growth and sustainability.

Business overview

Driven by this purpose and commitment 2011 saw the rewards of a culmination of three years of work on various projects: 203 houses were handed over in 2011 on the Fleurhof project; we broke ground on Jabulani Hostels and Jabulani CBD projects; the final completion of our celebrated Pennyville project in December 2010; Pennyville saw the development of 2 800 units in total.

Our financial indicators showed positive growth. Revenue was R282 million, indicating a growth of 49.34% from the prior year. A significantly improved headline profit of R17.1 million was recorded.

Prospects

As we look to 2012 we are encouraged by our performance over the past year. As always we will not rest on our laurels but continue to strive for even more in the coming years. We believe that we can always build on our successes by implementing strategies that support our business model and ideals.

Calgro M3 Holdings will venture outside Gauteng for the first time, as a tender for an integrated development of 2 142 units in Scottsdene, Cape Town was awarded to the company in 2010. The Fleurhof, Jabulani Hostels, Southills, Jukskei, Brandwag and Jabulani CBD projects are on track and will provide in excess of 20 000 further homes in the next six years. Our strong track record and ability to adapt to change will ensure that we continue to grow the business in all its aspects.

Appreciation

Another year has come to an end and the board would like to extend our sincere appreciation to our senior management and employees for all their hard-work as well as to our suppliers, clients, business partners, advisors and shareholders for their never-ending support.

Pumla Fundiswa Radebe (Mrs)
Chairperson
15 May 2011

CHIEF EXECUTIVE'S REPORT

The time has come to exit survival mode and convert the pipeline into construction projects …

Introduction

As a parting comment in my report in the previous year's annual report, I concluded that, "we have weathered the worst of the storm...". Little did I know that the storm would continue to rage well into the third quarter of the year under review.

Nonetheless during the year Calgro M3 grew significantly. The group continued to prove its resilience by sustaining through challenging trading conditions while retaining our position as a prominent player in the integrated housing market together with our development partners.

I am pleased to report that Calgro M3 has expanded the secured pipeline of projects to in excess of R5 billion, within acceptable risk constraints, and I am even more pleased to report that the group has already started converting this pipeline into construction projects yielding income. Construction on the Fleurhof, Jabulani CBD, Jabulani Hostels, Jukskei View and Brandwag projects has commenced and will be running simultaneously in parallel, contributing to revenue and earnings in the current financial year and building a company of critical mass for our stakeholders.

Highlights of the group's most significant achievements during the year included:

- successful completion of the Pennyville project and translating experience lessons learnt on the project into the Fleurhof and Jabulani developments;
- completing the installation of infrastructure for Exts. 2 and 3 of the Fleurhof project, and receiving a Section 82 certificate for Ext 2 after successfully handing over the services to the Municipal Owned Entities (MOE's);
- completing the first units aimed at the bonded market on the Fleurhof project and handing units over to end-users;
- breaking ground with the installation of civil infrastructure for the Jabulani Hostels project and commencing construction of top-structures;

- receiving a Section 82 certificate and breaking ground on the construction of houses on the Jukskei View project;
- expanding outside of Gauteng for the first time through the award to the group of an integrated housing project developing land on behalf of the City of Cape Town into an integrated development, and successfully concluding a JV agreement to construct social housing units for the Free State Housing Company in Bloemfontein;
- entering into bulk sale agreements for social housing units for Madulamoho in Fleurhof and rental units for Diluculo in Jabulani CBD;
- breaking ground with the installation of services on the Jabulani CBD project; and
- securing development finance in excess of R417 million for projects in a recovering market, enabling the group to double construction revenue in the last six months of the year.

The group was also successful in being awarded a tender for the construction of social housing units for the Free State Housing Company in Bloemfontein

From a corporate social investment ("CSI") perspective the group is proud to have been involved in the commemoration of Solomon Mahlangu on Heritage Day and to have assisted Tswane Municipality in celebration by constructing a house for his family in Mamelodi, Pretoria. The construction of the first crèche in the Fleurhof project also commenced and will be completed in the current financial year. Unfortunately, the commitment made by a previous partner in 2008 to partner Calgro M3 in constructing a crèche in the Pennyville project could not be honoured due to difficult trading conditions and the group had to assume the responsibility and the loss impact. We are, however, grateful to Bidvest Bank who assisted us in enlarging the crèche during the year and took over the operating expenses.

Financial results

In finalising our statement of financial performance for the year under review, the group has given careful consideration to all factors influencing its current and future prospects. The scale and duration of major projects secured by the group over the past few years present a number of challenges, not least of which is how to account for revenues to be earned relative to cash received. This is especially the case on lengthy projects where significant costs might be incurred in the production of income. This report endeavours to provide a true reflection of the year under review.

Group revenue for the year increased by 49.34% from R189 million to R282 million. This was as a result of various projects breaking ground with the installation of services as well as the construction of units in the Fleurhof project. Headline earnings per share ("HEPS") increased by 276.44%.

Margins at 12.43% were lower than expected as the installation of infrastructure was necessarily sub-contracted to civils specialists. However, margins should improve once the revenue associated with the construction of units exceeds the revenue associated with the installation of services.

Further detail is set out in the annual financial statements and accompanying notes.

Operational review

Although government has committed to continued infrastructure spend, a definite delay in rolling-out projects is still being experienced and our integrated housing projects were unavoidably delayed during the year. An ongoing delay in rolling-out projects is still being experienced. The group was able to spread this risk by diversifying construction exposure on the Fleurhof project (as below) and by starting construction on the Jabulani Hostels, Jabulani CBD and Jukskei View projects. Since our vision is not to be the biggest construction group in the country, but one of the top specialists, I am of the opinion that the group will reach a stage during the current financial year where our in-house construction capacity will be completely utilised, compelling the group to look at making use of external sub-contractors again. The associated challenges in retaining quality at Calgro M3's high standards will then be treated as a priority.

The restructuring of the Fleurhof project to accelerate the bonded (privately –funded) component of the project, in lieu of the fully subsidised market (government funded), was successfully completed and 203 units were handed over to the end users. The construction of the first 24 sectional title units was nearing completion towards the end of February 2011 and construction began on 176 units in Ext. 3 of the project.

The group was able to start the installation of infrastructure on the Jabulani CBD and Jabulani Hostel projects towards the end of the year under review. With construction of top-structures now underway on the Hostel project and construction on the CBD project to start shortly, these contracts will be major revenue drivers in the year ahead. Construction also commenced on the Jukskei View project on the first nine of 715 units.

With the increase in construction, numerous job opportunities were created. Unemployment in the immediate vicinity of our construction projects is noticeably visible.

With the increase in construction, numerous job opportunities were created. Unemployment in the immediate vicinity of our construction projects is noticeably visible. However, the employability of the community raised concerns. The group's training programme was therefore significantly expanded and an adult education programme was also introduced in JV with a locally-based training company.

I am pleased to report again on our exemplary SHE track record. Despite the number of employees on construction sites increasing dramatically towards the end of the year, the group was again not only fatality free, but also free of any serious injuries in the workplace. This reflects our ongoing and absolute commitment to our target of zero harm.

Recovery of the Affordable Housing market continued to gain traction during the year and the challenge for Calgro M3 was to source serviced stands at the pace dictated by market demand rather than the availability of development finance. We are grateful to our financial partners who loyally supported us during the tough trading conditions. We are looking forward to a mutually beneficial working relationship in more normalised market conditions.

The mid-to-high income housing operations recovered slowly as expected, and projects in this market segment did not contribute significantly during the year. All land acquired for this market is now positioned to go to market once the recovery is more fully established. Three such projects were launched in the year under review, but the hurdle of access to development finance has not yet been reached. With all rights in place the group will continue to "landbank" the balance of these properties while attempting to reduce our exposure to the financial institutions.

Overheads

Given the uncertainty in the market during the year, the group further cut its fixed cost base through a reduction in expenses and trimming of corporate and business overheads without compromising capacity. By recognising our people as an unequivocal key strength, we succeeded in servicing demand by retaining skilled staff while still controlling expenses.

As construction gains momentum and the pipeline translates into work on the ground (and therefore income), the group will be justifiably compelled to boost the workforce. To this end a project manager for the Bloemfontein project has been identified and the group is currently in negotiations with an earmarked divisional director for the Cape Town project. The resultant increase in overheads will be very closely monitored and done on an ad hoc project basis wherever possible. In strengthening the management team to steer the group through its next phase of growth, we reinforce our commitment to making Calgro M3 the leader in quality integrated housing.

Board of directors

The group was able to retain the services of all executive directors but saw a change in non-executive directors. Two non-executive directors resigned during the year as a result of new work commitments. We wish both Mesdames Mmakgoshi Phetla-Lukhethe and Noxolo Maninjwa the best for the future and thank them for their contribution.

We are delighted to have retained the services of John Gibbon as independent non-executive director and chairman of the Audit Committee. A new independent non-executive director – Ralph Patmore - was also appointed during the year to enhance the board composition in line with corporate governance developments. Ralph joined John on the audit committee and is intended as John's successor as audit committee chairman down the line. He brings considerable experience as an executive director of a JSE listed construction company as well as experience as CEO of a JSE listed construction- supply company.

The group also secured the experience of Rob Wesselo, a former director of a JSE listed construction company with experience gained in the financial sector.

Prospects

The South African government's public works programme, specifically in the arenas of power generation, transport, water and housing, has the potential to create growth opportunities within the domestic construction sector, provided delays can be overcome.

The continued non-delivery of promised integrated housing during the year served to further increase the existing backlog. Minister of Human Settlements, Tokyo Sexwale, in the media with his focus on demolishing sub-standard houses constructed since 1994, added to the figures escalating annually. A secure pipeline of integrated development projects will allow Calgro M3 to assist government in their endeavour to eradicate the housing shortage in line with our evolving public-private partnership policy. These projects will also gain momentum as they become more common place in the market, supported by the trend of increasing acceptance of the design-construct-finance model on a turn-key project basis by municipalities grappling with budget constraints.

The group has historically focused on the Gauteng province, Calgro M3 still sees immense opportunity here. However, with recovering market conditions and operations stabilised in Gauteng, the time has come for the group to expand into other provinces in South Africa in partnership with select local contractors. The Western Cape was identified as the first area of expansion outside of Gauteng and the group was successful in securing a project for the City of Cape Town. The group was also successful in being awarded a tender for the construction of social housing units for the Free State Housing Company in Bloemfontein.

By recognising our people as an unequivocal key strength, we succeeded in servicing demand by retaining skilled staff while still controlling expenses.

We see extensive opportunity in the provision of quality housing for the integrated and GAP housing market segments, with a focus shift to Social and Rental units within these segments. As these are still fairly new market segments, we are learning every year and will strive to improve the quality of life of those residing in our developments.

While 2010 was a challenging year for management and staff we were not deterred and as a team we were tested, grew and became stronger. The turnaround experienced in the last two years would not have been possible without the support and dedication of our senior executive team and senior management. I also thank our staff without whose continuous commitment, our objectives could not have been realised.

In conclusion I express my deep appreciation to our board for their support and guidance. I would also like to thank our stakeholders, financial and development partners for their continued support during tough times. I believe I can now more safely say that we have indeed weathered the worst of the storm. The group is ready to convert a solid pipeline into construction projects, creating job opportunities and changing the lives of all those affected by our efforts for the better.

BP Malherbe
CEO
15 May 2011

FINANCIAL DIRECTOR'S REPORT

Calgro M3 is pleased to present the fourth annual financial statements since listing in November 2007. This report covers the results for the financial year ended 28 February 2011 for the group as a whole, and should be read in conjunction with the annual financial statements and accompanying notes.

During the year under review the finance team concentrated on stabilising working capital and raising project finance for new and existing projects, with specific focus on stabilising gearing and balance sheet stability. Specific tasks included:

- securing development finance for the Fleurhof project;
- securing development finance for the Jabulani CBD project;
- securing bridging finance for the Jabulani Hostels project to cater for government credit risk; and
- extending the Rand Merchant Bank land facility for the group's mid to high properties.

I am delighted to report that despite some challenges, our objectives were achieved. In addition cash generated from operations has funded and will continue to fund operations, without impacting on the value of the company's assets.

Management constantly reviews strategy and pursues only commercially viable projects, ensuring that these are supported by working capital. Our progress since listing in 2007 has been a steep learning curve which has laid a solid foundation for growth. Today we have in hand, a six-year pipeline estimated at over R5 billion.

Statement of comprehensive income

Group revenue for the year increased by 49.34% from R189 million to R282 million. The gross profit margin decreased by 2.23% compared to the previous year, mainly attributable to the group's projects all being in the commencement phase (services installation) and margins increasing materially on top structure development.

The decrease in earnings was due to the sale of a 30% stake in the Fleurhof project for R30 million in the previous year, with no operational gains/losses in the year under review.

During the year under review the finance team concentrated on stabilising working capital and raising project finance for new and existing projects, with specific focus on gearing and balance sheet stability.

At headline earnings level there was a turnaround with an increase to a positive R17.1 million from a R9.7 million headline loss in the previous year, mainly as a result of two new projects commencing. In 2011 we will see another three of the current eight secured projects coming on stream. Management is exceptionally pleased with this outcome given the still pressured economic conditions.

Statement of financial position

The board has adopted a modern risk approach to protect the group's cash while still achieving and maintaining returns.

Capital expenditure was kept to a minimum during the year in a drive to improve working capital and restrict debt.

The group has reassessed its presentation of the statement of financial position to better align the classification of its assets and liabilities to its operating cycle.

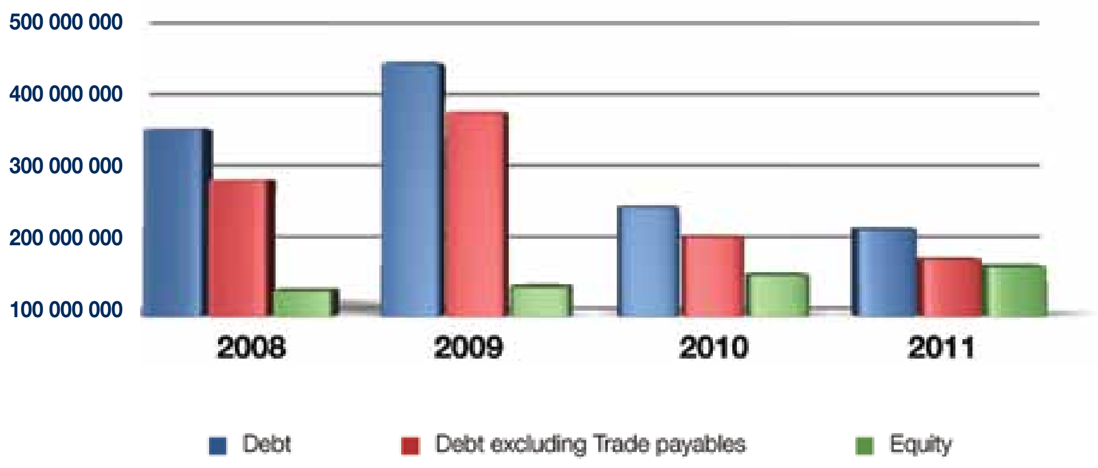
The operating cycle for inventory is considered to be longer than 12 months. Accordingly the associated liabilities have been reclassified as current as they are expected to be settled within the same operating cycle as inventory. It was concluded that the reclassification would provide more useful information by classifying liabilites that are expected to be settled in the group's operating cycle in the same manner as assets that are expected to be realised within the period.

The above will be the standard disclosure in future years, as the group continue to strive towards improving disclosure every year to be more user friendly and understandable for any reader or investor.

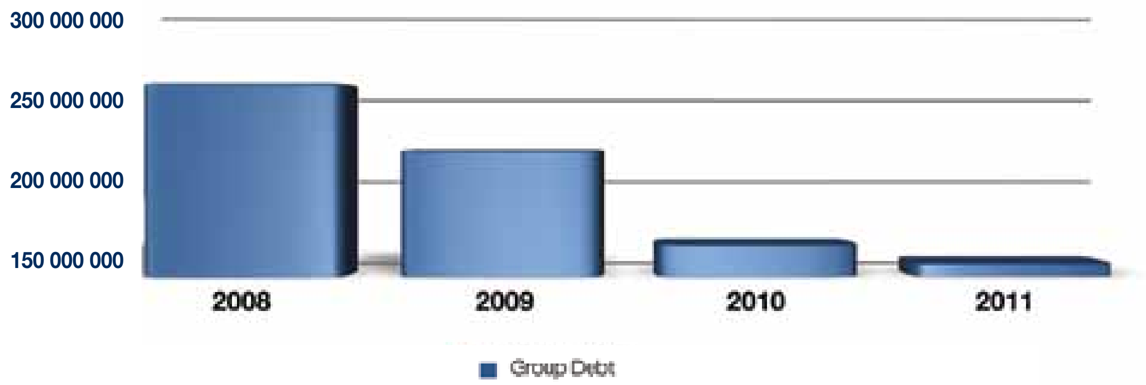
Construction contracts recorded an increase due to the three material projects now running together. Management currently has the ability to turn around construction into cash at a much quicker rate than previous years.

Cash on hand at year-end increased to a positive R10.9 million from a negative R11.2 million for the previous year. This was due mainly to a R53.2 million increase in cash generated from operations and lower debt repayments following the restructuring of the statement of financial position nearing completion at year-end.

DEBT VS EQUITY



GROUP INTEREST-BEARING LIABILITIES



This further resulted in a debt:equity ratio of almost 1:1, which we do not believe is ideal. The nature of the property development industry dictates that an upfront capital layout is necessary in order to secure land for new projects. A level of 1.5:1 is more workable even in a depressed economic environment.

Interest-bearing liabilities decreased to R156.2 million from R167.6 million in the previous year.

For the first time since 2008, current assets (excluding Inventory) have risen above current liabilities excluding liabilities relating to inventory.

The majority (87%) of total goodwill of R32.6 million on the group's statement of financial position relates to developments.

Outlook

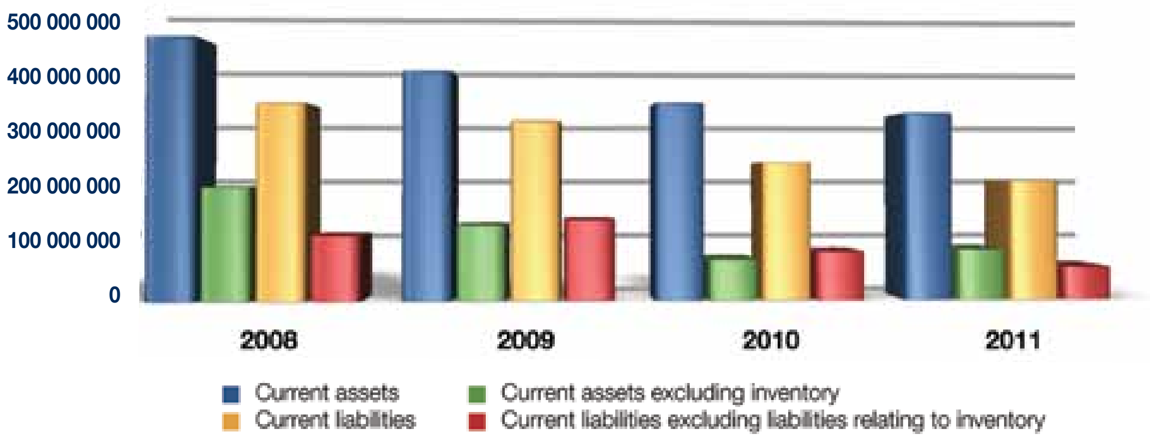
The outlook for the medium term is positive. The six-year R5 billion pipeline stands the group in good stead, notwithstanding the fact that administrative overheads will increase in order to successfully deliver these projects . However, overheads will only be increased as the projects commence subject to close monitoring.

Conclusion

The group's finance team is enthusiastic and will continue endeavouring to contain overheads and cash outflow, and striving to maximise all cash inflows from the various projects. A balance between growth and preservation of current assets is constantly assessed.

I thank the board and EXCO for their commitment to and support of the finance team, without which we would not have achieved our goals. A special thanks to the finance team for their continued dedication and hard work.

CURRENT ASSETS VS CURRENT LIABILITIES



CURRICULUM VITAE OF DIRECTORS

BEN PIERRE MALHERBE
BSc (QS), MBA (45)

Chief executive officer

Ben Pierre obtained a BSC (Quantity Surveying) from the University of the Orange Free State. He went on to obtain an honours degree in business administration and an MBA from the Stellenbosch School of Business. 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 M3'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) (48)

Business development director

Derek obtained a BSc (Quantity Surveying) from the University of Orange Free State. He worked as a quantity surveyor for five years at Eskom, after which he became a project manager for Safrich, an established property development company specialising in the affordable housing market sector. Calgro M3 was started in 1995 by Derek and his brother Deon. Derek is a specialist in land acquisitions and is responsible for the group's marketing.

DEON STEYN
BSc (QS) (44)

Chief operating officer

Deon obtained his BSc (Quantity Surveying) from the University of 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 brother Derek founded Calgro M3 in 1995. He was appointed COO during 2009 and is responsible for the group's construction.

WILLEM (WIKUS) JACOBUS LATEGAN
BComm(Acc), BCompt (Hons), CTA, CA (SA) (30)

Financial Director

Until his departure to join Calgro M3 as a financial director, Wikus was employed as an 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 operation, tax and compliance optimisation, control, 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. Wikus was appointed financial director of Calgro M3 in August 2008.

PUMLA FUNDISWA RADEBE
BA (55)

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 of Bungane Development Consultants, a former chairperson of Johannesburg City Parks and Pikitup Johannesburg, president of the International Federation of Parks & Recreation Administration, a chief examiner and board member of the Films and Publications Board and chairperson of the Independent Development Trust. She also sits on the boards of Khuselo Investments and Khuselo Telcoms.

HATLA NTENE
BSc (QS) (56)

Hatla obtained his BSc (Quantity Surveying) from the University of Dublin and is currently executive of Mvua Property Partners. He became the empowerment partner of 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. He brings a wealth of experience dating back to 1977, to Calgro M3.

JOHN BRAIDWOOD GIBBON
CA (SA) (70)

John is a chartered accountant by profession and a retired partner at PricewaterhouseCoopers. He was president of the Port Elizabeth Chamber of Commerce and had been active in various upliftment projects, in particular the acquisition of the Algoa Bus Company, for the benefit of the Port Elizabeth community trusts, which company is now trading successfully. He has held non-executive directorships on the board of several companies, some of which were JSE listed and he chaired several of their audit committees.

RALPH PATMORE
B.Comm., MBL (SBL) (59)

Ralph brings a valuable 10 years of building materials distribution experience from his former position as CEO of Iliad. He also brings a wealth of industrial manufacturing experience from his time as director of Everite, and later as director of Group Five amongst other directorship positions in subsidiaries within the Unihold and Malbak Groups, prior to his appointment as CEO of Iliad in 1998. Ralph serves on the boards of William Tell Holdings Limited, ARB Holdings Limited and Mustek Limited as a non-executive director.

ROBERT NICOLAAS WESSELO
BA (LLB) (47)

Rob's experience comprises ex business development director Group 5 Building, head of listed property funding RMB, commercial director Pangbourne Properties Limited. He also served on the executive committee of Absa Commercial Property Finance and was head of CPF Equity Investments. Rob is currently country director for International Housing Solutions (a shareholder of a major subsidiary of Calgro M3).

CORPORATE GOVERNANCE

The board of directors of Calgro M3 is satisfied with the group's compliance with the principles set out in the King III Report introduced in September 2009. The board is cognisant of the inextricable integration of the group's strategy, risk and sustainability within its daily operations and tries to ensure that all three components form part of strategic decisions, audits and assessments.

The directors acknowledge the need for accountability, honesty and transparency and the directors of Calgro M3 aim to fulfil their fiduciary duty in assisting the group to act as a responsible corporate citizen towards all stakeholders, investors, employees, suppliers, customers and the broader community in which it operates.

Application of and compliance with King III

In accordance with the King III Report's 'comply or explain' approach the directors are committed to stating the extent to which good governance principles have been applied and explaining any instances of non-compliance. In this regard it has been necessary for the group to reassess the status of its corporate governance framework and processes. A summarised gap analysis is set out on page 38 of this report.

The board of directors

Board composition

At year-end the board comprised of nine directors, four executive and five non-executive directors, two of which are independent. The board is satisfied with the independence of these directors. With effect from 18 January 2011 EM Phetla-Lekhethe and N Maninjwa resigned from the board and R Patmore and R Wesselo were appointed as non-executive directors. In line with the King III Report the roles of Chairperson and CEO have been separated, each with its separate roles and responsibilities as defined in the Board Charter. The board reviews its composition on an annual basis and determines the optimal number of directors. This separation of power 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 management. The CEO is assisted in these responsibilities by the executive committee ("EXCO").

All non-executive directors are high merit individuals and not involved in the day-to-day operations of the company. Each non-executive director objectively contributes a wide range of industry skills, knowledge and experience to the board's decision-making process. The board is cognisant of the need to appoint further independent non-executive directors. Future appointments will be made at the appropriate time in the group's growth cycle.

The role of the board and board procedure

The board of directors has a responsibility to the group's shareholders in terms of its performance. Its role includes establishing, reviewing and monitoring all strategic objectives, the approval of disposals, capital expenditure, and overseeing the group's systems of internal control, governance and risk management. The board meets at least four times during the year, with additional meetings convened where necessary.

The board and its committees receive full and timely information which enables them to discharge their responsibilities. They have unhindered access to all company information, records, documents and property. Non-executive directors have access to management at any time. Furthermore, the board has access to all non-financial information in order to consider qualitative performance which involves broader stakeholder interest.

The board takes final responsibility for the overall strategy, business plan, acquisitions and disposals and further approves capital expenditure and evaluates proposals for the board committees.

The CEO and the COO are both responsible for the daily management of the company's affairs. They furthermore co-ordinate the implementation of board policy through EXCO. The board retains full and effective control over all operations.

Appointment and re-election of directors

Executive and non-executive directors are appointed for

their expertise and experience. The appointment of new directors requires unanimous board approval.

All directors are subject to retirement and re-election by rotation every three years in accordance with the group's Articles of Association. 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 conducted in a formal and transparent manner. Prospective appointees are nominated by the remuneration and nominations committee and approved by the board, subject to shareholder confirmation at the following annual general meeting.

Induction of new directors

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. As decision-makers of the company, individual competence of all directors is essential. 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 provide them with the requisite knowledge of the group's structure, operations and policies. New and existing directors are required to attend ongoing programmes offered by the JSE and other various educational institutions.

Access to company information and confidentiality

The chairperson and company secretary have put procedures in place to provide unfettered access to relevant company information and senior management. All directors are expected to strictly observe the provisions of the statutes applicable to the use and confidentiality of information.

Dealings in securities and conflict of interest

Directors, officers, participants and staff with access to price-sensitive information are prohibited from dealing in the group's shares during a 'closed period'. Directors and directors of subsidiary companies are required to obtain written clearance from the CEO or the chairperson before dealing in CalgroM3 securities. The CEO requires prior clearance from the chairperson. The CEO maintains a record of all permissions, and dealings in Calgro M3 shares by directors. All approved share dealings are submitted to the designated advisor who together with the company secretary ensures that such dealings are published on SENS.

Directors are required to inform the board of any conflicts of interest or potential conflicts of interest which may arise in relation to particular business items. In cases of conflicts of interest, directors are required to recuse themselves from discussions or decisions on those matters. The board may, if it deems appropriate, request a director to recuse himself/herself from the meeting for the duration of the matter under discussion.

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 management.

Board meeting attendance

During the year four board meetings were held. Details of directors' attendance are as follows:

	13/05/210	12/08/10	20/10/10	28/03/11
PF Radebe	*	*	*	*
BP Malherbe (CEO)	*	*	*	*
DN Steyn (COO)	*	*	*	*
FJ Steyn	*	*	*	*
H Ntene		*	*	*
WJ Lategan	*	*	*	*
JB Gibbon	*	*	*	*
M Phetla-Lukhethe	*	#	#	N/A
N Manjiwa	*	#	#	N/A
RB Patmore	N/A	N/A	N/A	*
RN Wesselo	N/A	N/A	N/A	*
Advisors	*	*	*	*

* indicates attendance

\# indicates absence with apologies

N/A indicates the individual was not a director at the time

Board committees

A number of board-appointed committees have been established to assist the board in effectively discharging its responsibilities. The membership and principal functions of these committees are set out below.

Specific responsibilities have been delegated to the board committees and they operate under board-approved terms of reference. Each committee's terms of reference is reviewed by the board on an annual basis. Board committees may take independent professional advice as and when deemed appropriate. Full transparency and disclosure exist upwards from board committees to the board. Notwithstanding the existence of these committees, the directors recognise that they are ultimately accountable and responsible for the performance and affairs of the company and the group and that the use of these delegated authorities in no way absolves the board of the obligation to carry out its duties and responsibilities.

EXCO

EXCO is responsible for the day-to-day operations of the group. The committee includes the executive directors. The CEO of the group heads EXCO and is accountable to the board for its actions and progress. The committee meets formally at least once a week.

Remuneration and nominations committee

This committee is chaired by non-executive chairperson PF Radebe and further consists of non-executive director, H Ntene and independent non-executive director, JB Gibbon.

Calgro M3's remuneration policy sets appropriate and market-related remuneration levels to attract, motivate and retain skilled, high calibre directors and executive managers to align their interests with those of shareholders.

The CEO attends meetings by invitation but does not participate in discussions relating to his own remuneration. The duties of the committee have recently been expanded to include the duties of a nomination committee. The committee generally meets twice a year but more often if the need arises.

The committee chairman reports formally to the board on its proceedings after each meeting. He furthermore attends the annual general meeting in order to respond to any questions from shareholders regarding the committee's responsibilities.

From a remuneration perspective, the committee's terms of reference include the following roles and responsibilities:

- assisting the board in ensuring fair and responsible remuneration of directors and executives;
- assuring the disclosure of directors' remuneration is accurate and transparent;
- conducting performance reviews of senior management; and
- issuing guidelines for general salary increases.

From a nomination perspective, the committee's terms of reference includes the following roles and responsibilities:

- ensuring the board has the appropriate composition for effective execution of its duties;
- ensuring a formal appointment process of directors;
- overseeing the induction of new directors as well as the provision of ongoing training and development; and
- considering formal succession plans for the board, CEO and senior management.

During the year, the committee reviewed and approved senior executive remuneration and issued guidelines and limits for general salary adjustments. To this end, the committee relied on external market surveys and industry reward levels as benchmarks. It further considered and approved the disclosure of remuneration-related matters in the annual report.

The committee approved senior appointments, including those of the new non-executive director and independent non-executive director. It also reviewed succession plans, performance and service agreements of EXCO members. On an annual basis, the committee also assesses the independence of all independent non-executive directors.

Remuneration structure and executive directors' remuneration

The group's remuneration structure for senior management and executive directors consists of three elements:

- fixed guaranteed remuneration on a cost-to-company basis (including provident fund with risk benefits and a car allowance);
- short-term performance-related remuneration, based on annual results; and
- long-term (three to five years) remuneration linked to share price appreciation.

During the committee meeting in October 2010, the committee reviewed the performance of executives and set targets for the incentive schemes for the next few years. The sustainable contribution of each executive is used as a basis for remuneration reviews. Long-term performance-based remuneration is linked to the appreciation of the Calgro M3 share-price. In 2007 the group introduced a share appreciation bonus scheme. None of these shares have yet been taken up as they are over-valued.

Service contracts

Executive directors are appointed subject to Calgro M3's standard terms and conditions of employment. Notice periods are three months.

Non-executive directors' fees

Non-executive directors are remunerated for their membership of the board and sub-committees. They do not participate in any of the group's incentive arrangements or the share appreciation bonus scheme.

At Calgro M3's annual general meeting, shareholders approve the directors' fees for the year, as recommended in the notice of the annual general meeting on page 102 of the annual report. In compliance with the requirements of the King III Report, non-executive directors' fees in future will be split between an annual retainer and an attendance component.

Disclosure of directors' emoluments

The emoluments of the non-executive and executive directors are disclosed in note 5 of the directors' report.

Staff remuneration

Remuneration of the three highest paid staff members (non-

directors) amounted to R3 520 000 during 2011 (R3 360 000: 2010).

Audit and risk management committee

The information below constitutes the report of the audit and risk management committee in respect of the past financial year of the company, as required by section 270A of the Corporate Laws Amendment Act.

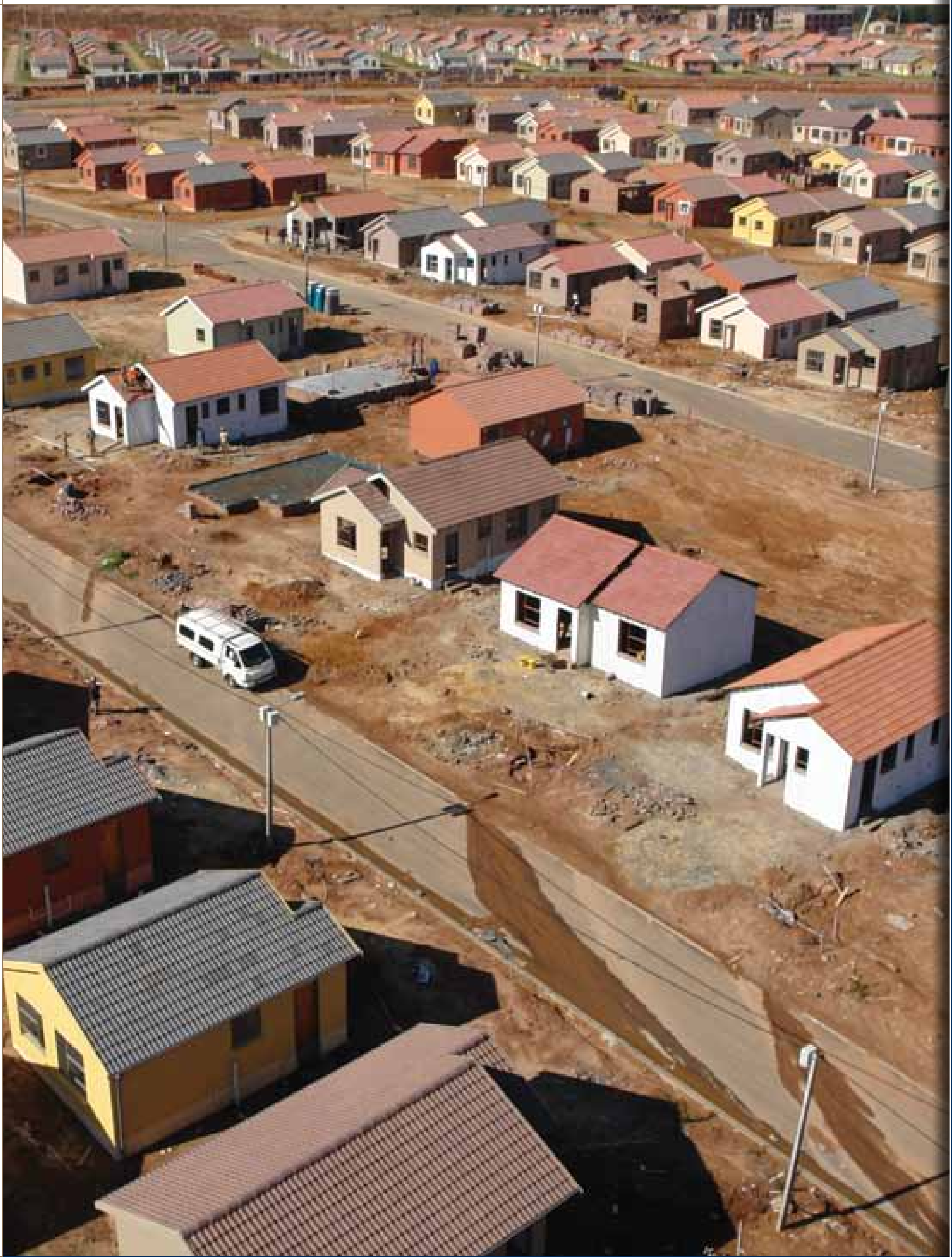
Committee members are required to have the appropriate and adequate skills and experience to contribute meaningfully to deliberations and to fulfil their responsibilities. In addition, the committee chairman has requisite experience in accounting and financial management (a chartered accountant). The committee is currently chaired by independent non-executive director JB Gibbon and furthermore comprises of independent non-executive director R Patmore. N Maninjwa and EM Phetla-Lekhethe resigned with effect from 18 January 2011.

During the year the board has approved the recommendation that the audit and risk management 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 committee met three times during the year in accordance with corporate governance best practice recommendations. The audit committee operates under approved terms of reference, which are embodied in a formal charter which is updated annually.

The committee is primarily responsible for:

- considering and monitoring the independence of the external auditors and the appropriate rotation of the lead audit partner as well as making recommendations to the board on the appointment and dismissal of the external auditor;
- overseeing the effectiveness of the group's internal control systems - ensuring that they are designed in response to identified key business and control risks;
- reviewing the scope and effectiveness of the external functions;
- ensuring that adequate books and records have been maintained;
- monitoring proposed changes in accounting policy;
- considering the accounting and taxation implications of major transactions;
- viewing and reporting in compliance with IFRS, King III Report and the JSE Listings Requirements;
- testing that the group's going-concern assertion remains appropriate;
- reviewing the interim and annual financial statements to ensure fair presentation consistent with information known to the committee before submission to the board; and



- considering the appropriateness of the expertise and experience of the financial director on an annual basis.

The Companies Act imposes further duties and responsibilities on the committee, including:
- nominating for appointment, an independent registered auditor;
- determining the fees to be paid to the auditor and the auditor's terms of engagement;
- ensuring that the appointment of the auditor complies with the Companies Act and any other appropriate legislation;
- determining the nature and extent of any non-audit services by the auditor; and
- receiving and dealing appropriately with any complaints relating to accounting practices and internal audit of the company, the content or auditing of the financial statements or any other related matter.

The committee has furthermore 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 an annual self assessment. It has considered and is satisfied with the appropriateness and experience of the financial director. Furthermore, the committee has satisfied itself of the independence of the external auditors. Subsequently, the nomination of the external auditors has been confirmed for the next financial year and their fees have been determined.

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

The group currently does not have a formal internal audit function in the light of its size. From a risk management perspective, the committee's main responsibilities include overseeing the group's risk management programme. The responsibility for identifying, evaluating and managing risk resides with management. The risk management process involves a formalised system to identify and assess risk, both at strategic and operational level. The process includes the evaluation of mitigating controls (as identified by the external auditors) and other assurances in identifying and assessing the risks. Risks are continually being identified and mitigated in terms of a process that involves allocating responsibility, developing action plans and monitoring compliance with set action plans.

During the year under review the committee discharged all of its duties in respect of risk management. Specifically it:
- ensured appropriate systems are in place to identify and monitor risks affecting the group;
- evaluated the adequacy and effectiveness of the risk management process;
- kept an updated risk register;
- reviewed and assessed issues such as compliance with legislation and corporate governance, the impact of significant litigation on the group, the adequacy of insurance cover as well as effectiveness of controls over areas of risks; and
- provided board level oversight of the management of processes to ensure operations remain viable and sustainable.

Audit and risk management committee attendance register

	7/05/10	14/10/10	28/01/11
JB Gibbon	*	*	*
NJ Manijwa	#	#	N/A
M Phetla-Lekhethe	*	#	N/A
R Patmore	N/A	N/A	*
WJ Lategan	^	^	^
BP Malherbe	^	^	^
Advisors	*	*	*

* Indicates attendance
\# Indicates absence with apologies
^ Indicates attendance by invitation
N/A indicates the individual was not a director at the time

Company secretary

The company secretary plays the role of central advisor to the board and notifies the directors of any relevant regulatory changes and new developments in corporate governance. In addition he provides the board, individual directors and the sub-committees with guidance as to how their responsibilities should be discharged in the best interest of the company. The group secretary assists the chairperson and CEO with the induction of new directors, as well as orientation and further development of directors. He also assists the chairperson and

CEO in determining the annual board plan and board agendas and in formulating governance and board-related matters. F Pieterse resigned as company secretary with effect from 18 January 2011 and financial director WJ Lategan was appointed in his stead.

Ensuring proper system security, data integrity and business continuity is the responsibility of the board, but is overseen by the audit and risk management committee under the guidance of the external auditors.

Financial control and risk management

Risk management

In light of the group's size it does not have a formal internal audit function. A formal function of this nature will be considered at an appropriate time in the growth cycle of the group. 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 and risk management committee and EXCO who report to the board. The financial director attends meetings of the audit and risk management committee by invitation and is a member of EXCO.

The board defines acceptable risk tolerance levels and is responsible (assisted by the audit and risk management 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 formal reporting by management to the audit and risk management committee and EXCO, and the subsequent reporting by these committees to the board.

Effectiveness of internal controls and risk management

The board receives feedback relating to the effectiveness of internal control mechanisms as follows:

- regular management reporting;
- certain board committees focus on specific risks such as human resources and provide assurance to the board on those matters;
- the financial department provides quarterly assurance on the satisfactory operation of financial and accounting control frameworks; and
- the board receives assurance from the audit and risk management committee, which derives its information in part from regular audit reports on risk and internal control throughout the group.

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

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 has satisfied itself of the adequacy of the group's systems of internal control 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. There were no identified instances of fraud.

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.

Risk

The board assesses the risks in the group's business environment with a view to eliminating or reducing them in the context of the group's strategies and operations. EXCO is responsible for managing risks on a daily and operational basis.

Litigation and legal

The board does not believe that there is any material pending or threatening legal action that may have a material effect on the group's financial position.

Information technology

The protecting, managing and maintenance of the group's electronic assets is outsourced. Ensuring proper system security, data integrity and business continuity is the responsibility of the board, but is overseen by the audit and risk management committee.

The board is of the opinion that the systems of internal control over information technology are adequate and effective and is not aware of any material breakdown in the functioning of the internal control systems during the year.

Code of conduct ("the Code")

It is the policy of the group to conduct its business with integrity and in accordance with the highest legal and ethical standards. The company has implemented a formal policy that governs the Code to:

- distinguish between unacceptable practices;
- provide a comprehensive set of ethical corporate standards;
- encourage ethical behaviour by the board, management and group employees;
- guide ethical decision-making; and
- assist in conflict resolution.

Stakeholder communication

The board is committed to transparency of disclosure in all relations with its stakeholders. In practice the group is committed to:

- transforming the South African society and economy to redress the inequities of the past;
- producing superior returns for the group's shareholders by building on the base of existing businesses and continuously searching for growth opportunities;
- continuing to earn strong market shares by offering quality products and being readily available to customers;
- establishing enduring partnerships with suppliers and financiers:
- providing a decentralised dynamic and challenging business environment in which its employees can thrive; and
- maintaining high standards of ethical conduct, sensitive to the needs of the communities in which it operates.

It is the policy of the group to pursue dialogue with institutional investors based on constructive engagement having regard to the statutory and regulatory environment of disseminating information. The CEO and financial director act as the company's chief spokespersons while all investor related correspondence is handled by them. Grindrod Bank Limited acts as the group's designated advisor in compliance with the JSE Listings Requirements.

Calgro M3 acknowledges the importance of shareholder attendance at the company's annual general meetings as it offers an opportunity for shareholder participation in matters concerning the group. The company's transfer secretaries attend all shareholder meetings to assist with the recording of shareholders' attendance and tallying of votes.

The chairpersons of board committees, as well as the executive directors, are required to attend all annual general meetings or other general meetings to respond to questions from shareholders.

SUSTAINABILITY REPORT

FOREWORD FROM THE CEO

Sustainability is a basic operational imperative for our group. Sustainable development is extended to all stakeholders the group deals with.

We understand that we have a responsibility to our stakeholders as they enable us to conduct business. Sustainability of the group is ensured through alignment of our financial, environmental and socio-economic targets.

Despite the recessionary conditions over the past three years, we have maintained focus and intensified our activities and investments gearing towards sustainability. The financial crisis has reaffirmed that as a company we cannot pursue business objectives without considering the socio-economic and other consequences.

Furthermore, Calgro M3 recognises that we have an obligation that extends beyond our stakeholders to society at large. To that end we have channelled our efforts into improving the welfare of those communities in proximity to our developments. We:

- continue to provide formal housing to thousands of families, while also contributing to the local and national economy;
- conduct our business in a equitable way, focusing on fairness and equality in compliance with the law;
- create a healthy and safe work environment for our employees;
- tap into the innovation and creativity of our employees and communities to implement programmes that ensure our land development processes do not negatively affect the environment; and
- support the previously disadvantaged in the surrounding communities with specific reference to our developments

through our Corporate Responsibility Programme.

Sustainability strategy

Calgro M3's strategy on sustainability is motivated by our commitment to:

- earnings and shareholder value;
- appropriate deployment of resources;
- delivering quality product;
- empowerment of individuals, communities, and staff;
- corporate governance; and
- engaging with all stakeholders.

Stakeholders

As a group we have in place a variety of strategies and structures to promote constructive engagement with all stakeholders, for whom we believe we are creating long-term value.

Shareholders

The group communicates with shareholders through SENS announcements, print, electronic and broadcast media, face-to-face meetings especially at the time of publication of interim and annual results, and at the annual general meeting. The group aims to improve returns to its shareholders in excess of the real growth in the economy and the property development sector in particular.

Employees

Internal communication with employees is achieved through electronic media and employee feedback, forums on a formal and informal basis. Employees receive ongoing and relevant skills training and education designed to ensure the sustainability of the group.

Clients

Calgro M3 understands that repeated client satisfaction through consistent delivery of quality products and services is critical to the ongoing success of the group. We strive to strengthen existing relationships with current clients and develop relationships with new clients through clear, honest and regular communication throughout all phases of a building.

Suppliers and sub-contractors

The ability of suppliers and sub-contractors to deliver has a major effect on the group's projects. Regular quality reviews by the group assists suppliers in achieving desired levels of quality and timeous delivery.

Communities

We both communicate with communities surrounding our projects on issues such as environmental concerns as well as prioritise understanding their needs in determining a social investment. With regard to any large group development, a community liaison officer from the local community is appointed to liaise with the community on a daily basis as well as to ensure the use of local labour as far as possible by suppliers and sub-contractors.

Human resources and capital

Employment practices

CalgroM3 is committed to non-discriminatory practices throughout the group and to genuine transformation. We are sensitive to the diversity of the demographic make-up of South Africa. All forms of discrimination, including but not limited to race, gender, religion, age or sexual orientation are completely unacceptable and not tolerated. This principle is carried through to all levels of the organisation. Furthermore, the company does not condone the employment of underage labour or any form of forced labour.

Employment remains determined on merit and an identified potential, with an emphasis on the acceleration of promotion of previously disadvantaged employees.

Skills development and training

The group is committed to the ongoing training and development of employees in order to ensure the continual deepening of its skills base. We endeavour to appoint previously disadvantaged individuals to management positions within the group as far as possible. Appointment of any senior management requires the approval of EXCO.

Calgro M3 is currently in the process of developing a skills centre on its Fleurhof project to train local workers. Apprentices from this centre will be used in the Fleurhof and Jabulani developments. This aligns with our long-term strategy for sustainability as these projects are expected to run for approximately the next seven years.

Transformation

We commit ourselves to becoming a more diverse company in all aspects of our operations. Calgro M3 recognises that to achieve this we have to challenge prejudice and learn to understand the diverse demographics of South Africa.

Employment equity

Employment equity is key to facilitating true transformation. To this end we are in the process of implementing policies and setting up structures to assist in reaching our goals. We have developed targets to achieve a similar demographic structure within the group to that in the economically active population of South Africa.

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 previously disadvantaged groups, and is committed to equal employment, training and reimbursement opportunities for all.

Equity ownership

Equity ownership at year-end was 20.55%. The group will look to improving on this to a minimum of 30% in the medium term.

Management control

Through ongoing training and assessment programmes, we are able to accelerate the career paths of identified previously disadvantaged individuals to higher levels of management.

Enterprise development

This year we supported several property development and construction-related businesses through our Enterprise Development programme. The prevailing economic climate within the residential construction industry has exerted pressure on these companies. Many of them were unable to sustain revenue without assistance.

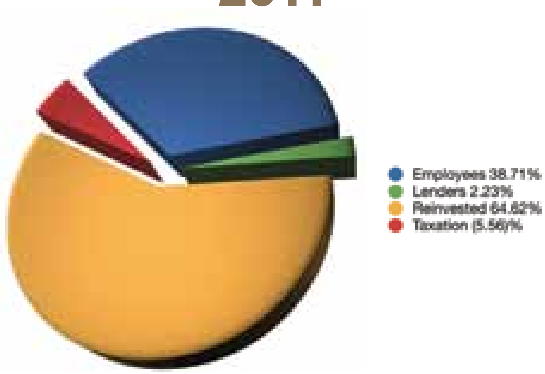
VALUE-ADDED STATEMENT

The group creates wealth through its operations by adding value to the cost of raw materials, products and services purchased. The statement below summarises the total wealth created and how it is distributed between stakeholders.

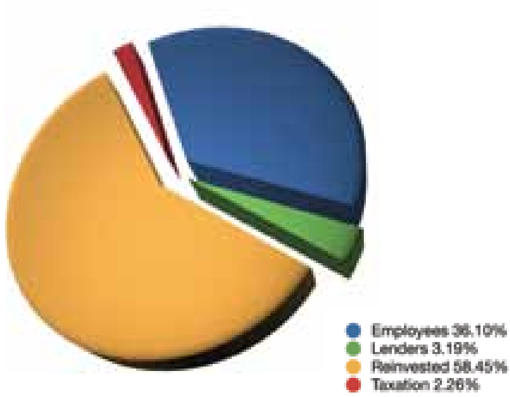
Group value-added statement

Figures in Rand	2011	2010	2009
Group value-added statement			
Revenue	**281 849 367**	188 725 584	233 054 190
Less: cost of materials, facilities and services	**(272 777 409)**	(188 353 681)	(210 304 715)
Value-added	**9 071 958**	371 903	22 749 475
Other income	**4 153 152**	31 088 474	17 508 301
Share of profit on associates/joint ventures	**16 342 776**	-	-
Total wealth created	**29 567 886**	31 460 377	40 257 776
Distributed to			
Employees - salaries, wages and other benefits	**11 445 448**	11 356 870	13 652 006
Government - company taxation	**(1 644 823)**	711 674	1 863 945
Net finance costs	**661 326**	1 003 454	505 704
Maintain and expand the group			
- profits retained	**16 955 441**	15 488 109	21 657 102
- depreciation, amortisation and impairment	**2 150 494**	2 900 270	2 579 016
Total wealth distributed	**29 567 886**	31 460 377	40 257 776

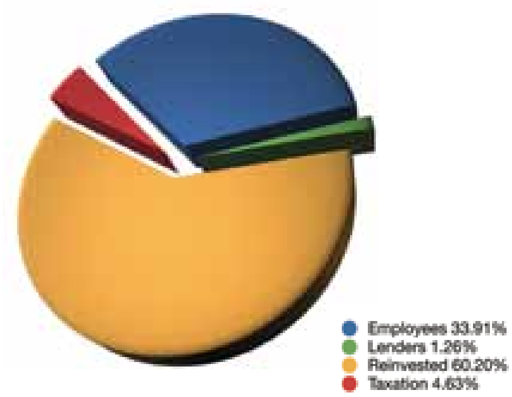
2011



2010



2009



Health, safety and Hiv/Aids

We are committed to ensuring a safe and healthy environment for our employees on every project. All employees, suppliers, sub-contractors and visitors are required to comply with the Occupational Health and Safety Act and regulations (Act No 85 of 1993) (OHS Act).

Through ongoing training and assessment programmes, we are able to accelerate the career paths of identified previously disadvantaged individuals to higher levels of management.

Calgro M3 therefore takes all appropriate steps to promote safe work practices. The health and safety division is responsible for ensuring this; through relevant policies and procedure. This includes the following:

- identification and elimination of potential hazards in the workplace;
- instruction and training of managers, site foremen, employees and visitors;
- regular safety meetings with employees and sub- contractors;
- implementing a documented plan of safe work procedures to mitigate, reduce or control the risks and hazards identified;
- implementation of a monitoring plan;
- implementation of a review plan; and
- ensuring full compliance with relevant safety specifications for the project in question; and
- target of a zero incident rate.

Specifically, in accordance with the Occupational Health and Safety Act 1993 (OHS), each respective project has a health and safety committee, which meets monthly, comprising of the project manager, site foreman, health and safety representatives, employees trained in first aid and sub-contractors. There is also a weekly training session on site where risks are communicated and recommendations made for effective solutions. Furthermore, Calgro M3 mitigates health and safety risks through the efforts of risk assessment personnel for site construction and administrative operations, by issuing employees with personal protective equipment and providing thorough training on machinery utilised in day-to-day work duties. Comprehensive safety training is conducted alongside measures such as emergency evacuation procedures, health and safety induction, driver training, regular servicing and inspection of machinery, hazard reduction and safety awareness signage.

During the year under review, all Calgro M3 projects underwent Health and Safety audits in line with the OHS and regulations and/or during auditing and accreditation processes.

The group has approved and implemented an HIV/AIDS Policy which has been adopted by all parties involved on projects. Calgro M3 recognises the reality that HIV/AIDS does not discriminate against culture, race or gender and has serious implications for the individual, their family, their colleagues and Calgro M3 itself. The group is committed to addressing HIV/AIDS in a positive, supportive and non-discriminatory manner, with the informed support and co-operation of all employees and in accordance with accepted best business practices and relevant Codes of Good Practice.

Code of conduct & ethics ("Code")

It is the policy of the group, formalised in the Code, to encourage honesty and integrity in accordance with a high level of moral and ethical standards, in both business and interpersonal interactions.

The Code:

- distinguishes between acceptable and unacceptable practices;
- provides a comprehensive set of ethical 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.

Calgro M3's core values are indivisible from the Code. All employees are expected to know, understand and support these values and integrate them in a demonstrable way into all activities. These values include fairness, respect for the rights and dignity of others, tolerance of alternative views, protection from victimisation, healthy relationships, mutual support and loyalty.

Potential exposure to bribery and corruption is mitigated through internal checks and balances, by taking strong action against transgressors, closely scrutinising reports, and encouraging honesty and professionalism in the day-to-day activities of the businesses.

Environment

Calgro M3 recognises the environmental impact of our residential property development and our unequivocal responsibility to manage sensitivities, due largely to the size of our integrated developments comprising in excess of 100ha each. All group construction activities and land development applications are fully compliant with environmental regulations Calgro M3 works together with local protection forums to preserve the environmental character of all development sites. Land development is regulated by the National Environmental Management Act, 1998 (Act 107 of 1998) (NEMA) and the Environmental Impact Assessment Regulations. Regulations 543 to 547 of NEMA require that all land development adheres to environmental authorisation before construction on any land parcel. Compliance with these regulations is an integral part of the Town Planning process and is well respected as an important responsibility by our internal Town Planning Department. CTE Consulting is a subsidiary company of Calgro M3, whose core responsibility is to attend to all town planning applications and to ensure that all land development sites comply with the Town Planning and Townships Ordinance of 1986 (Ordinance 15 of 1986) or any other legal requirement imposed by the local/provincial authority.

Calgro M3 has appointed registered environmental practitioners to perform independent environmental impact assessments on each land development site. An environmental management plan (EMP) is submitted to the provincial environmental authorities and is monitored by an independent environmental practitioner to ensure compliance.

Quality management

We understand that repeated client satisfaction through the consistent delivery of quality products and services is critical to the ongoing success of the group and provides a competitive advantage. Furthermore, sub-standard products present threats to the safety of our employees and the end-users of our houses.

To this end, quality standards have been developed and implemented throughout the group based on two primary quality objectives, namely:

- to create a culture of quality within the group, and
- to deliver to our clients the standards of quality specified in the building contract.

In order to achieve these objectives the EXCO reviews the following on an ongoing basis:

- quality control measures;
- legal requirements;
- concerning trends within the business and suitable remedies; and
- appropriate training for staff, contractors, and subcontractors.

Numerous factory inspections on manufactured products are also conducted to ensure that products conform to specifications.

Corporate social investment

As a responsible corporate citizen, Calgro M3 recognises an obligation to support under-privileged communities and worthwhile initiatives and projects.

We often work in rural areas where we are able to make tangible differences to the communities. Our employees are encouraged to support community projects in the areas in which they operate. As a result the group is involved in construction of various crèches, clinics and community centres throughout Gauteng and also provides financial assistance to crèches on an ongoing basis to support their educational programmes. Calgro M3 is also in the process of setting up training colleges for local communities on some of our larger developments, for instance Fleurhof (see above), to train unskilled workers into skilled construction workers in different trades.

KING III GAP ANALYSIS

January 2010		
Board of directors		
Board composition		
Board composition	The majority of the non-executive directors on the board are not independent.	This will be addressed in the next financial year, with specific reference to independent non-executives.
Board composition	The board does not ensure that directors receive regular and adequate briefings on changes in risks, laws and the business environment.	This will be addressed with measures in the coming year.
Remuneration		
Remuneration	Remuneration levels do not reflect the contribution to company performance by senior executives.	This will be addressed by remuneration committee on a structured approach over 24 months.
Remuneration	Incentives are not based on targets that are both:- related to both finances and sustainability; and stretching, verifiable and relevant.	This will be addressed by remuneration committee on a structured approach over 24 months.
Remuneration	Remuneration policies and practices are not both:- aligned with company strategy; and linked to individual performance.	This will be addressed by remuneration committee on a structured approach over 24 months.
Governance office bearers		
CEO	There is not a formal succession plan in place for the CEO and other senior executives.	This will be addressed in the coming year.
Chairman	The chairman is not an independent non-executive director, nor has a lead independent director been appointed.	A lead independent director will be appointed within the first few months of the new financial year.
Chairman	There is not succession planning in place for the chairman.	A lead independent director will be appointed within the first few months of the new financial year. Succession planning will also then be done.
Board role and duties		
Compliance	The risk of non-compliance is not identified, assessed and responded to through the risk management processes.	This will be addressed in the coming financial year.
Corporate citizenship and leadership	The board does not ensure that the company's performance and its interaction with its stakeholders are guided by the Constitution and the Bill of Rights.	The board authorised WJ Lategan, and BP Malherbe to perform this on their behalf. All corporate governance issues are reviewed by the audit committee twice a year and compliance is reported back to the board.
Internal audit	The company has not established an internal audit function.	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, reporting to the board.

IT governance	The board either does not assume responsibility for the governance of IT, nor does it place it on the board agenda, or both.	This is currently addressed by the audit and risk committee. A formal report back will be added to the meeting agenda during the next year.
IT governance	Management does not regularly demonstrate to the board that the company has adequate business resilience arrangements in place for IT disaster recovery.	This is currently addressed by the audit and risk committee. A formal report back will be added to the meeting agenda during the next year.
IT governance	The board does not ensure that the company complies with IT laws nor that IT-related rules, codes and standards are considered.	This is currently addressed by the audit and risk committee. A formal report back will be added to the meeting agenda during the next year.
IT governance	The board does not ensure that IT strategy is effectively integrated with the company's strategic and business processes.	This is currently addressed by the audit and risk committee. A formal report back will be added to the meeting agenda during the next year.
IT governance	The board does not ensure that an effective IT charter and policies are established and implemented.	This is currently addressed by the audit and risk committee. A formal report back will be added to the meeting agenda during the next year.
IT governance	The board does not ensure that there is an effective process in place to identify and exploit opportunities to improve the performance and sustainability of the company through the use of IT.	This is currently addressed by the audit and risk committee. Aa formal report back will be added to the meeting agenda during the next year.
IT governance	The board does not do either of the following:- oversee the value delivery of IT; monitor the return on investment from significant IT projects.	This is currently addressed by the audit and risk committee. A formal report back will be added to the meeting agenda during the next year.
IT governance	Both of these statements are not correct; The board ensures that an Information security management system is developed, recorded and implemented; The information security management system ensures security, confidentiality, integrity and availability of information.	This is currently addressed by the audit and risk committee. A formal report back will be added to the meeting agenda during the next year.
Risk	The board does not ensure that an effective framework and processes are in place to anticipate unpredictable risks.	The financial director and company secretary WJ Lategan oversees all compliance matters.
Risk	In risk management, either:- a top-down approach is not adopted in risk assessments; or a top-down approach is adopted but limits focus to strategic or high-end risks only.	This will be addressed in the next financial year.

Risk	The risk plan does not include one or more of the following: the company's risk management structure; the risk management framework; i.e. the approach followed (for example, COSO, ISO, IRMSA ERM Code of Practice, IRM (UK), etc), the standards and methodology adopted; i.e. the measureable milestones (for example, tolerances, intervals, frequencies, frequency rates, etc); risk management guidelines; reference to integration of risk (for example, communication, training and awareness programmes); details of the assurance and review of the risk management process.	This will receive progressive attention in the coming 36 months.
Accountability		
Integrated reporting and disclosure	There is no or inadequate reporting on the procedure and outcome of the assessment of the suitability of non-executive independent directors to continue on the board for longer than nine years.	No non-executive directors have been with the company for longer than 9 years. Pumla is the longest-serving - 3.5 years.
Integrated reporting and disclosure	The integrated report does not disclose one or both of the following: scope and methodology of independent assurance of the sustainability report; the name of the assurer.	The group is still to small for a external assurance report. The board takes responsibility to review any/all risk.
Integrated reporting and disclosure	The remuneration report does not include details about the use of comparative benchmarks for setting remuneration levels.	Currently there is no other listed integrated property developer against which to bench mark remuneration levels.
Integrated reporting and disclosure	The company does not disclose in the integrated report details of where the limits of risk appetite (willingness to tolerate risk) exceed, or deviate materially from, the limits of the company's risk tolerance (ability to tolerate risks).	This will be addressed in the next financial year after a detailed risk assessment study has been performed. Property development always attracts a fair amount of different risks, that need to be managed.
Integrated reporting and disclosure	The remuneration report does not disclose both the nature and period of restraint provided for in executive service contracts.	This will be addressed in then next financial year.
Integrated reporting and disclosure	The integrated report does not disclose one or more of the following: an overview of the appraisal process of the board, board committees, individual directors; the results of this appraisal process; action plans emanating from the results of the appraisal.	This will be addressed in then next financial year.

Integrated reporting and disclosure	The remuneration report does not include details of limits for participation in incentive schemes.	This will be addressed in then next financial year.
Integrated reporting and disclosure	The remuneration report does not include sufficient details of the main performance parameters or targets for threshold, expected and beyond expectation performance of executive directors and other senior executives.	This will be addressed in then next financial year.
Integrated reporting and disclosure	The audit committee does not include in the integrated report one or both the following:- a statement on whether or not it considered and recommended the internal audit charter for approval by the board; a description of its working relationship with the chief audit executive.	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, reporting to the board.
Stakeholder relations	The board has not adopted stakeholder communication guidelines that support a responsible communication programme.	Although communication with stakeholders is done on a regular basis this is not formally noted. This will be addressed in the next year.
Stakeholder relations	The board has not adopted formal dispute resolution processes for internal and external disputes.	This will be addresssed in the coming year.
Stakeholder relations	Management does not develop a strategy and policies for the management of the relationship with each stakeholder grouping.	Although communication with stakeholders is done on a regular basis this is not formally noted. This will be addressed in the next year
Performance assessment		
Performance assessment	There is no appropriate benchmark; i.e. agreed performance measures, in place to evaluate the performance of the CEO.	This will be addressed by the remuneration committee over the next 12 months.
Performance assessment	Insofar as the role, function and duties of the board, the board committees and individual directors are concerned, there are no or inadequate performance criteria in place that serve as a benchmark for performance appraisals.	This will be addressed by the remuneration committee over the next 12 months.
Performance assessment	The nomination for re-appointment of a director does not occur only after an evaluation of the performance of the director.	This will be addressed by the remuneration committee over the next 12 months.
Performance assessment	The results of performance evaluations are not constructively used to identify training and development needs for directors.	This will be addressed by the remuneration committee over the next 12 months.

Board committees		
Audit committee	The audit committee does not oversee the cooperation between external and internal audit to avoid overlap of audit scope.	As there is no internal audit committee this is not necessary.
Audit committee	The audit committee does not ensure that the internal audit function goes through an independent quality review in line with Institute of Internal Auditors' standards or whenever it may be appropriate.	As there is no internal audit committee this is not necessary.
Audit committee	The internal audit plan is not approved by the audit committee.	As there is no internal audit committee this is not necessary.
Audit committee	The audit committee does not ensure that the company's internal audit function is both: independent; and has the necessary resources, standing and authority within the company to enable it to discharge its functions.	As there is no internal audit committee this is not necessary.
Audit committee	The audit committee consists of fewer than three members.	This will be addressed in the coming year, and steps are in place to search for another independent non-executive director. This is a result of losing two independent non-executive directors during January 2011 as a result of conflict of interest with regards to employment by government.
Nomination committee	The nominations committee does not oversee a formal succession plan for the board, CEO and certain senior executive appointments.	This will receive attention in the coming year from the nominations committee.
Nomination committee	The nominations committee does not oversee the process or does not review the results of evaluation of the performance and independence of individual directors, the board and board committees, or both.	This will receive attention in the coming year from the nominations committee.
Nomination committee	One or both of the following statements are incorrect: The majority of members of the nominations committee consist of non-executive directors; the majority of the non-executive directors are independent.	Because of the size of the group, the appointment of more independent non-executive directors is not feasible. The group is however in a growth phase and the appointment of more independent non-executives will become feasible during the next 24 months.
Remuneration committee	One or both of the following statements are incorrect: All of the members of the remuneration committee are non-executive directors. The majority of the members of the remuneration committee are independent.	Appointment of more independent non-executives will become feasible during the next 24 months.

Remuneration committee	To determine the remuneration of the CEO and other executive directors, the remuneration committee does not consider the results of the evaluation of their performance, both as a directors and as executives.	This will addressed attention in the coming financial year.
Remuneration committee	The remuneration committee is not chaired by an independent director.	This will be addressed in the coming year with the appointment of a lead independent acting as chair of remuneration committee, replacing the current chair.
Remuneration committee	The remuneration committee does not sufficiently satisfy itself on the accuracy of recorded performance measures that govern vesting of incentives.	This will addressed in the coming financial year.
Remuneration committee	The remuneration committee does not regularly review the incentive schemes to ensure their continued contribution to shareholder value.	This will be addressed in the coming financial year.
Remuneration committee	The remuneration committee does not consider the appropriateness of early vesting of share-based incentive schemes at the end of employment.	N/A - The current scheme is not feasible.
Remuneration committee	The chairman of the board is the chairman of the remuneration committee.	This will be addressed in the coming year with the appointment of a lead independent acting as chair of remuneration committee, replacing the current chair.
Risk committee	One or both the following statements are untrue: - Membership of the risk committee includes executive and non-executive directors; - Members of senior management and independent risk management experts are invited to attend, if necessary.	Audit committee is taking responsibility as risk committee and executives are present on invitation only.
Risk committee	The risk committee has fewer than three members.	Because of the size of the group, the appointment of more independent non-executive directors is not feasible. The group is however in a growing phase and the appointment of more independent non-executives will become feasible during the next 24 months.
Risk committee	The risk committee does not assist the board in carrying out its IT governance responsibilities by ensuring that IT risks are adequately addressed through its risk management and monitoring processes.	This will be addressed in the coming year.

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 year 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 beyond 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 ending 28 February 2012 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 45.

The consolidated financial statements set out on pages 46 - 101, which have been prepared on the going concern basis, were approved by the board of directors on 15 May 2011 and were signed on its behalf by:

BP Malherbe
Director
15 May 2011

WJ Lategan
Director

CERTIFICATE OF THE COMPANY SECRETARY

I, Willem Jacobus Lategan, being 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 a public company with the Registrar of Companies, and that all such returns are, to the best of my knowledge and belief, true and correct and up to date.

WJ Lategan
Company Secretary
15 May 2011

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 2011, 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 46 to 101.

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from misstatement, whether due to fraud or error.

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 2011, 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

PricewaterhouseCoopers Inc.
Director: L Loots
Registered Auditor
Johannesburg
15 May 2011

DIRECTORS' REPORT

The directors submit their report for the year ended 28 February 2011.

1. Nature of the business

Calgro M3 is a mixed-use housing development group, established in 1995. The business model focuses on the full range of related disciplines including acquisition of land, town planning, project management of civil infrastructure, services installation, marketing and construction of homes. In summary, the group's offering comprises three core business operations: land development; residential construction across the range of economic sectors; and professional services.

The group's business strategy supports government's proactive drive, which is expressed in the 'Breaking New Ground' initiative aimed at ensuring the formation 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 46 to 101 set out fully the financial position, results of operations and cash flows of the group for the year ended 28 February 2011.

Segmental reporting is set out in note 5 of the annual financial statements. The segments follow the three core business operations: land development; construction; and professional services. The three key residential products offered are integrated housing; affordable housing; and mid-to-high income housing.

3. Post balance sheet events

There were no events after the year ended 28 February 2011 that warrant disclosure in this report.

Subsequent to the previous year-end of 28 February 2010, the matter referred to in note 39 has been resolved with the South African Revenue Services (SARS). The amount of R25.8 million was treated as income in the FY2011 year and as a non-adjusting post balance sheet event in the annual financial statements as the uncertainty was only resolved in 2011 with the decision by SARS.

4. Subsidiary companies

All direct and indirect subsidiaries are South African-based and are engaged in the three core business operations of the group.

Particulars of the principal subsidiaries are set out on page 81 of the annual financial statements.

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

	February 2011	February 2010	February 2009
R'000			
Profit	**17 885**	24 358	4 809
Losses	**(27 208)**	(8 518)	(2 781)

5. Directors' interest in shares and remuneration

At year-end the directors held the following direct and indirect interests in the company:

	Direct 2011	Direct 2010	**Indirect 2011**	Indirect 2010
Ordinary shares				
H Ntene	**63 500**	58 500	**15 000 000**	15 000 000
PF Radebe	**-**	-	**1 787 400**	1 787 400
WJ Lategan	**3 803 666**	1 353 000	**100 000**	-
BP Malherbe	**-**	-	**14 316 000**	13 348 000
FJ Steyn	**-**	-	**11 066 559**	12 333 225
D N Steyn	**-**	-	**12 792 228**	12 792 228
	3 867 166	1 411 500	**55 062 187**	55 260 853

There has been no change in the directors' interests since 28 February 2011.

Directors' remuneration for the year under review is set out below:

	Salary as a director	Expense allowance	Performance bonus	Total
2011				
JB Gibbon	180 000	-	-	180 000
NJ Maninjwa	20 000	-	-	20 000
H Ntene	-	-	-	-
R Patmore				
EM Phelta-Lukhethe	20 000	-	-	20 000
PF Radebe	300 000	-	-	300 000
RN Wesselo				
WJ Lategan	1 396 000	144 000	125 000	1 665 000
BP Malherbe	1 396 000	144 000	125 000	1 665 000
FJ Steyn	1 396 000	144 000	125 000	1 665 000
DN Steyn	1 396 000	144 000	125 000	1 665 000
Total				**7 180 000**

	Salary as a director	Expense allowance	Performance bonus	Total
2010				
J Gibbon	180 000	-	-	180 000
NJ Maninjwa	30 000	-	-	30 000
H Ntene	-	-	-	-
EM Phelta-Lukhethe	30 000	-	-	30 000
PF Radebe	300 000	-	-	300 000
WJ Lategan	1 136 000	144 000	-	1 280 000
BP Malherbe	1 356 000	144 000	-	1 500 000
FJ Steyn	1 356 000	144 000	-	1 500 000
DN Steyn	451 999	48 000	-	499 999
Total				**5 319 999**

Share appreciation rights

The following directors, executives and employees were awarded Share Appreciation Rights (SAR's) in accordance with the provisions, terms and rules of the SAR scheme, as approved.

Name of employee	Number of SAR's awarded
BP Malherbe – Chief executive officer	1 400 000
FJ Steyn – Business development director	1 400 000
Divisional directors – 2	1 404 000
Key employees – 6	500 000

The grant price of the above SAR's is R3.75 each, a 25% premium to the listing price of R3.00.

One third of all SAR's vest on the third anniversary of the grant, another third on the fourth anniversary and the final third on the fifth anniversary.

In order for the awardees to exercise the SAR's on the respective anniversary dates, performance (headline earnings per share) and CPIX indicators must have been met.

The options expire November 2012.

6. Accounting policies

The annual financial statements have been prepared in accordance with International Financial Reporting Standards.

7. Authorised and issued share capital

Total number of ordinary shares authorised 28 February 2011	500 000 000
Total number of ordinary shares in issue at 28 February 2011	127 100 000

8. Property, plant and equipment

R1.5 million was expended on property, plant and equipment items during the year under review. There were no changes in the policy relating to their use.

9. Dividends

No dividends were declared or paid to shareholders during the year under review.

10. Directors

The directors of the company for the year under review and to the date of the report are as follows:

Name	Position	Date appointed	Date resigned	Contract expiry
John Braidwood Gibbon	Independent non–executive	01.11.2008		
Willem Jacobus Lategan	Financial director	04.08.2008		3 months notice
Noxolo Joyce Manijwa	Independent non–executive	18.11.2008	18.01.2011	
Ben Pierre Malherbe	Chief executive officer	05.08.2005		Dec-11
Hatla Ntene	Non-executive	12.10.2007		
Elizabeth Mmkgoshi Phetla-Lukhethe	Independent non–executive	01.11.2008	18.01.2011	
Ralph Patmore	Independent non–executive	18.01.2011		
Pumla Fundiswa Radebe	Independent chairperson	29.06.2007		
Frederik Johannes Steyn	Strategic planning director	05.08.2005		3 months notice
Deon Noel Steyn	Chief operating officer	14.12.2009		3 months notice
Robert Nicolaas Wesselo	Non-executive	18.01.2011		

Elizabeth Mmakgoshi Phetla-Lekhethe resigned due to a conflict of interest as a result of her employment in the National Treasury.

Noxolo Maninjwa resigned due to her extensive work commitments as Deputy Director General in government.

11. Secretary

Barnards Attorney's Inc. resigned as the group secretary with effect 18 January 2011. WJ Lategan was appointed in their stead on 18 January 2011. The address of the company secretary is Cedarwood House, Ballywoods Office Park, 33 Ballyclare Drive, Bryanston 2024.

12. Auditors

PricewaterhouseCoopers Inc. will continue in office in accordance with section 270(2) of the Companies Act, subject to approval of shareholders at the upcoming annual general meeting.

13. Analysis of shareholders

Shareholder spread analysis as at 28 February 2011:

Shareholder spread	No. of shareholders	%	No. of shares	%
1 – 1 000 shares	19	10.44	6 004	0.01
1 001 – 10 000 shares	53	29.12	282 729	0.22
10 001 – 100 000 shares	69	37.91	2 444 722	1.92
100 001 – 1 000 000 shares	25	13.74	9 341 179	7.35
1 000 001 shares and over	16	8.97	115 025 366	90.50
	182	100.00	127 100 000	100.00

Distribution of shareholders

Shareholder spread	No. of shareholders	%
Empowerment	26 122 439	20.55
Individuals	19 076 838	15.01
Nominee and trusts	64 780 938	50.97
Financial institions and other corporations	12 838 474	10.10
Private and public companies	4 281 311	3.37
	127 100 000	100.00
Public/non-public shareholders		
Non-public shareholders	-	
Directors and associate of the holding company	75 379 173	59.31
Public shareholders	51 720 827	40.69
	127 100 000	100.00
Shareholders with an interest of 3% or more in shares		
WJ Lategan	3 903 666	3.07
LCH Chou	5 634 385	4.43
Day Break Properties 42 (Pty) Ltd	6 600 000	5.19
Snowball Wealth (Pty) Ltd	10 414 124	8.19
Hendrik Brand Trust	11 030 000	8.68
DGS Trust	10 853 300	8.54
FJS Trust	11 066 559	8.71
DNS Trust	12 792 228	10.06
BPM Family Trust	13 900 000	10.94
Planet Waves 266 (Pty) Ltd	15 000 000	11.80
	101 194 262	79.61

14. Reclassification of statement of financial position

The group has reassessed it's presentation of the statement of financial position to better align the classification of its assets and liabilities to its operating cycle.

The operating cycle for inventory is considered to be longer than 12 months. Accordingly the associated liabilities have been reclassified as current as they are expected to be settled within the same operating cycle as inventory. It was concluded that the reclassification would provide more useful information by classifying liabilites that are expected to be settled in the group's operating cycle in the same manner as assets that are expected to be realised within the period.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS AT 28 FEBRUARY 2011

		Group			Company		
Figures in Rand	Notes	**2011**	2010 Reclassifiied	2009 Reclassifiied	**2011**	2010 Reclassifiied	2009 Reclassifiied
Assets							
Non-current assets							
Investment property	6	**5 743 370**	5 492 558	7 492 601	**-**	-	-
Property plant and equipment	7	**4 765 098**	7 150 375	8 100 077	**-**	-	-
Intangible assets	8	**32 685 371**	32 745 939	33 073 543	**-**	-	-
Investment in subsidiaries	9	**-**	-	-	**96 732 216**	96 732 216	96 732 216
Investment in associates/joint ventures	10	**16 343 536**	84	-	**-**	-	-
Loans to associates/joint ventures	11	**10 994 221**	15 424 445	-	**-**	-	-
Deferred income tax asset	13	**11 624 265**	2 135 187	8 866 542	**-**	-	-
		82 155 861	62 948 588	57 532 763	**96 732 216**	96 732 216	96 732 216
Current assets							
Loans to group companies	12	**-**	-	-	**143 332 530**	162 239 591	14 652 778
Inventories	14	**234 945 651**	266 392 715	260 115 196	**-**	-	-
Loans and receivables	15	**5 756 677**	7 895 007	7 749 659	**-**	-	-
Current tax receivable		**361 893**	184 777	6 856	**17 382**	-	-
Construction contracts	16	**40 646 024**	32 217 439	64 389 035	**-**	-	-
Trade and other receivables	17	**14 601 552**	14 428 267	18 367 944	**9 883**	40 174	-
Prepayments	18	**-**	7 421 748	6 079 978	**-**	-	-
Cash and cash equivalents	19	**14 954 110**	6 059 304	30 593 690	**330**	330	330
		311 265 907	334 599 257	387 302 358	**143 360 125**	162 280 095	14 653 108
Assets of disposal group classified as held for sale	20	**-**	-	126 300 999	**-**	-	-
				126 300 999			330
Total assets		**393 421 768**	397 547 845	571 136 120	**240 092 341**	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**	96 021 721	96 021 721
Reserves		**-**	-	-	**672 200**	672 200	672 200
Retained income		**74 652 237**	57 696 796	42 208 687	**1 266 338**	1 166 218	775 616
		170 673 958	153 718 517	138 230 408	**97 960 259**	97 860 139	97 469 537
Liabilities							
Non-current liabilities							
Borrowings*	22	**-**	4 170 000	4 170 000	**-**	-	-
Finance lease obligations	23	**984 111**	1 998 804	1 842 872	**-**	-	-
Loans from associates/joint ventures	11	**2 695 646**	-	-	**-**	-	-
Deferred income tax liability	13	**9 496 423**	4 705 354	17 423 647	**-**	-	-
		13 176 180	10 874 158	23 436 519	**-**	-	-
Current liabilities							
Loans from group companies*	12	**-**	-	-	**137 909 716**	144 276 118	-
Borrowings*	22	**154 261 721**	159 859 568	183 137 050	**-**	-	-
Short term advance		**-**	-	30 000 000	**-**	-	-
Current income tax liabilities		**5 903 465**	14 429 716	8 110 499	**-**	84 360	315 511
Finance lease obligations	23	**1 036 271**	1 541 148	1 204 642	**-**	-	-
Trade and other payables	24	**44 329 083**	39 862 596	64 779 323	**182 723**	258 252	121 869
Bank overdraft	19	**4 041 090**	17 262 142	15 842 326	**4 039 643**	16 533 442	13 478 407
		209 571 630	232 955 170	303 073 840	**142 132 082**	161 152 172	13 915 787
Liabilities of disposal group classified as held for sale	20	**-**	-	106 395 353	**-**	-	-
		-	-	106 395 353	**-**	-	-
Total liabilities		**222 747 810**	243 829 328	432 905 712	**142 132 082**	161 152 172	13 915 787
Total equity and liabilities		**393 421 768**	397 547 845	571 136 120	**240 092 341**	259 012 311	111 385 324

* Liabilities relating to inventory have been reclassified as current to better align the classification of it's assets and liabilities to its operating cycle per IAS 1. Please refer to note 2.1 and 45 for more detail.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 28 FEBRUARY 2011

		Group			Company		
Figures in Rand	Notes	**2011**	2010	2009	**2011**	2010	2009
Revenue	25	**281 849 367**	188 725 584	233 054 190	**-**	-	-
Cost of sales	26/28	**(246 825 073)**	(161 058 308)	(182 204 989)	**-**	-	-
Gross profit		**35 024 294**	27 667 276	50 849 201	**-**	-	-
Other income	27	**4 153 152**	1 783 674	17 508 301	**1 320 000**	1 632 652	2 238 027
Administrative expenses	28	**(30 238 995)**	(28 487 520)	(36 260 736)	**(1 414 946)**	(1 366 674)	(1 425 865)
Other expenses	28	**(9 309 283)**	(13 064 993)	(23 704 665)	**-**	-	-
Profit on sale of investment	29	**-**	29 304 800	-	**-**	-	-
Operating profit		**(370 832)**	17 203 237	8 392 101	**(94 946)**	265 978	812 162
Finance income	30	**3 013 594**	4 546 207	962 188	**20 410 240**	14 292 442	1 053 602
Finance costs	31	**(3 674 920)**	(5 549 661)	(1 467 892)	**(20 176 239)**	(14 011 429)	(813 463)
Share of profit/(loss) of associates/ joint ventures - net of tax	10	**16 342 776**	-	-	**-**	-	-
Profit before tax		**15 310 618**	16 199 783	7 886 397	**139 055**	546 991	1 052 301
Taxation	32	**1 644 823**	(711 674)	(1 863 945)	**(38 935)**	(156 389)	(304 251)
Profit after taxation		**16 955 441**	15 488 109	6 022 452	**100 120**	390 602	748 050
Other comprehensive income		**-**	-	-	**-**	-	-
Total comprehensive income		**16 955 441**	15 488 109	6 022 452	**100 120**	390 602	748 050
Attributable to:							
Owners of the parent		**16 955 441**	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	**13.34**	12.19	4.74			
- diluted	42	**13.34**	12.19	3.80			

CONSOLIDATED STATEMENTS OF
CHANGES IN EQUITY

FOR THE YEAR ENDED 28 FEBRUARY 2011

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 01 March 2010	**1 271**	**96 020 450**	**-**	**-**	**57 696 796**	**153 718 517**
Comprehensive income						
Profit for the year	**-**	**-**	**-**	**-**	**16 955 441**	**16 955 441**
Other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**
Total comprehensive income	**-**	**-**	**-**	**-**	**16 955 441**	**16 955 441**
Balance at 28 February 2011	**1 271**	**96 020 450**	**-**	**-**	**74 652 237**	**170 673 958**
Notes	21	21				
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 01 March 2010	**1 271**	**96 020 450**	**-**	**672 200**	**1 166 218**	**97 860 139**
Comprehensive income						
Profit for the year	**-**	**-**	**-**	**-**	**100 120**	**100 120**
Other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**
Total comprehensive income	**-**	**-**	**-**	**-**	**100 120**	**100 120**
Balance at 28 February 2011	**1 271**	**96 020 450**	**-**	**672 200**	**1 266 338**	**97 960 259**
Notes	21	21				

CONSOLIDATED STATEMENTS OF
CASH FLOWS

FOR THE YEAR ENDED 28 FEBRUARY 2011

		Group			Company		
Figures in Rand	Notes	**2011**	2010	2009	**2011**	2010	2009
Cash generated from operations							
Cash generated from operations	35	**53 279 664**	2 519 750	68 474 479	**(140 184)**	362 187	934 032
Interest received		**3 013 594**	4 546 207	962 188	**20 410 240**	14 292 442	1 053 602
Interest paid		**(20 262 518)**	(5 549 661)	(979 211)	**(20 176 239)**	(14 011 429)	(813 463)
Tax paid	36	**(11 764 586)**	(557 317)	(217 696)	**(140 677)**	(387 540)	-
Net cash from operating activities		**24 266 154**	958 979	68 239 760	**(46 860)**	255 660	1 174 171
Cash flows from investing activities							
Purchase of property, plant and equipment		**(41 750)**	(1 508 442)	(2 389 483)	**-**	-	-
Proceeds from the sale of property, plant and equipment		**-**	157 288	11 904	**-**	-	-
Purchase of investment property		**(84 654)**	(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		**-**	-	(21 364 946)	**-**	-	-
Increase in investment in subsidiaries		**-**	-	-	**-**	-	(96 059 417)
Acquisition of associates/joint venture		**(676)**	-	-	**-**	-	-
Expenses relating to the sale of investments	28	**-**	(695 100)	-	**-**	-	-
Loans advanced to associates/ joint ventures		**(10 994 221)**	(1 244 767)	-	**-**	-	-
Proceeds of loans repaid by associates/joint ventures		**18 120 091**	-	-	**-**	-	-
Proceeds of loans repaid/(loans advanced)		**2 138 330**	(145 345)	(620 072)	**-**	-	-
Net cash from investing activities		**9 137 120**	(4 128 137)	(30 666 214)	**-**	-	(96 059 417)
Cash flows from financing activities							
Proceeds of borrowings		**20 331 483**	13 450 756	192 485 435	**-**	-	-
Repayment of borrowings		**(31 618 900)**	(36 235 800)	(213 110 995)	**-**	-	-
Loans advanced to group companies		**-**	-	-	**12 540 659**	(3 310 695)	81 406 839
Net cash from financing activities		**(11 287 417)**	(22 785 044)	(20 625 560)	**12 540 659**	(3 310 695)	81 406 839
Net (decrease)/increase in cash and cash equivalents and bank overdraft		**22 115 858**	(25 954 202)	16 947 986	**12 493 799**	(3 055 035)	(13 478 407)
Cash and cash equivalents and bank overdraft at the beginning of the year		**(11 202 838)**	14 751 364	(2 196 622)	**(16 533 112)**	(13 478 077)	330
Cash and cash equivalents and bank overdraft at end of the year	19	**10 913 020**	(11 202 838)	14 751 364	**(4 039 313)**	(16 533 112)	(13 478 077)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 2196.

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.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these 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 group has reassessed its presentation of the statement of financial position to better align the classification of its assets and liabilities to its operating cycle.

The operating cycle for inventory is considered to be longer than 12 months. Accordingly the associated liabilities have been reclassified as current as they are expected to be settled within the same operating cycle as inventory. It was concluded that the reclassification would provide more useful information by classifying liabilites that are expected to be settled in the group's operating cycle in the same manner as assets that are expected to be realised within the period.

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 financial statements, are disclosed in Note 4.

(a) New standards and interpretations

(i) Standards and interpretations effective and adopted:

- **Revised IAS 24 (revised), 'Related party disclosures'**

  It supersedes IAS 24, 'Related party disclosures', issued in 2003. IAS 24 (revised) is mandatory for periods beginning in on or after 1 January 2011. Earlier application, whole or in part, is permitted. The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. It is not expected to have a material impact on the group or company's financial statements.

- **IAS 36 (amendment), 'Impairment of assets'**

  The amendment clarifies that the largest cash-generating unit (or group of units) to which goodwill should be allocated and for the purposes of impairment testing is operating segment, as defined by paragraph 5 of IFRS 8, ' Operating segments' (that is, before the aggregation of segments with similar economic characteristics). The amendment will not result in a material impact on the group or company's financial statements.

- **IAS 39 (amendment), Financial Instruments: Recognition and Measurement Eligible Hedged Items**
  The amendment makes two significant changes. It prohibits designating inflation as a hedgeable component of a fixed rate debt. It also prohibits including time value in the one-sided hedged risk when designating options as hedges. The amendment will not result in a material impact on the group or company's financial statements.

- **IFRS 2 (amendment), Group cash-settled share-based payment transactions**
  The amendment clarifies the accounting for group cash-settled share-based payment transactions. The entity receiving the goods or services shall measure the share-based payment transaction as equity-settled only when the awards granted are its own equity instruments, or the entity has no obligation to settle the share-based payment transaction. The entity settling a share-based payment transaction when another entity in the group receives the goods or services recognises the transaction as equity-settled only if it is settled in its own equity instruments. In all other cases, the transaction is accounted for as cash-settled. The amendment will not result in a material impact on the group or company's financial statements.

- **IAS 12 (Revised) , Income Taxes – Deferred Tax: Recovery of Underlying Assets**
  The amendment provides a practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model in IAS 40 Investment property. Under IAS 12, the measurement of deferred tax liabilities and deferred tax assets depends on whether an entity expects to recover an asset by using it or selling it. However, it is often difficult and subjective to determine the expected manner of recovery when the investment property is measured using the fair value model in IAS 40. To provide a practical approach in such cases, the amendments introduce a presumption that the investment property is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The amendment will not result in a material impact on the group or company's financial statements.

- **IAS 32, Financial Instruments: Presentation Amendment: Classification of Rights Issues**
  The amendment provides that rights, options or warrants to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency are equity instruments if the entity offers the rights, options or warrants pro rata to all of its existing owners of the same class of its own non-derivative equity instruments. The amendment will not result in a material impact on the group or company's financial statements.

- **2009 Annual Improvements Projects: Amendments to IFRS 5, Non-current Assets Held for Sale and Discontinued Operations**
  The amendment specifies that disclosures of other Standards do not apply to non-current assets (or disposal groups) held for sale or discontinued operations, unless specifically required by other Standards or for measurement disclosures of assets and liabilities in a disposal group which are outside the measurement requirements of IFRS 5 (AC 142) Non-current Assets Held for Sale and Discontinued Operations. The amendment will not result in a material impact on the group or company's financial statements.

- **2009 Annual Improvements Projects: Amendments to IAS 17, Leases**
  The amendment removes the guidance that leases of land, where title does not transfer, are operating leases. The amendment therefore requires that lease classification for land be assessed in the same manner as for all leases. The amendment is to be applied retrospectively, unless the information is not available. In these cases, existing leases shall be reconsidered based on facts and circumstances existing at the date of adoption of the amendment. The lease asset and lease liability shall, in these cases be recognised at their fair values on that date, with any difference in those fair values recognised in retained earnings. The amendment will not result in a material impact on the group or company's financial statements.

- **2009 Annual Improvements Projects: Amendments to IAS 39, Financial Instruments: Recognition and Measurement**
  In terms of the amendment, forward contracts to buy or sell an acquiree that will result in a business combination in the future, are only exempt from the Standard if the term of the contract does not exceed that which is reasonably necessary to obtain the required approval and complete the transaction. The amendment further clarifies that in a cash flow hedge of a forecast transaction, gains or losses should be reclassified from equity to profit or loss in the period in which the hedged forecast cash flow affects profit or loss. The amendment also clarifies that a prepayment option is not closely related to the host contract unless the exercise price is approximately equal to the present value of the lost interest for the remaining term of the host contract. The amendment will not result in a material impact on the group or company's financial statements.

- **2009 Annual Improvements Projects: Amendments to IAS 1, Presentation of Financial Statements**
  The amendment clarifies that a liability which could, at the option of the counterparty, result in its settlement by the issue equity instruments, does not affect its classification as current or non-current. The amendment will not result in a material impact on the group or company's financial statements.

- **2009 Annual Improvements Projects: Amendments to IFRS 2, Share-based Payment**
  The amendment excludes common control transactions and the formation of joint ventures from the scope of IFRS 2 (AC 139) Share-based Payment. The amendment will not result in a material impact on the group or company's financial statements.

(ii) Standards and interpretations effective and are not relevant to the group (although they may affect the accounting for future transaction and events):

- **IFRIC 16, 'Hedges of a net investment in a foreign operation'**
  This amendment states that, in a hedge of a net investment in a foreign operation, qualifying hedging instruments may be held by any entity or entities within the group, including the foreign operation itself, as long as the designation, documentation and effectiveness requirements of IAS 39 that relate to a net investment hedge are satisfied. In particular, the group should clearly document its hedging strategy because of the possibility of different designations at different levels of the group. IAS 38 (amendment), 'Intangible assets', effective 1 January 2010. The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and permits the grouping of intangible assets as a single asset if each asset has similar useful economic lives. It is expected to have no impact on the group or company's financial statements.

- **IFRS 1 (amendment), Additional Exemptions for First Time Adopters**
  First time adopters of IFRS may measure exploration and evaluation assets and assets in the development or production phase (for oil and gas properties) at the amount determined in accordance with their previous GAAP at date of transition. However, these assets should be tested for impairment in accordance with IAS 36 (AC 128). Impairment of Assets at the date of transition to IFRS and, if necessary, reduced. If the exemption for oil and gas assets is applied, then any decommissioning, restoration and similar liabilities at the date of transition shall be determined in accordance with IAS 37 (AC 130) Provisions, Contingent Liabilities and Contingent Assets. The difference between that amount and the amount recognised under previous GAAP shall be recognised directly in retained earnings.

  Another exemption provides for first-time adopters who made the same determination of whether an arrangement contains a lease in accordance with previous GAAP as required by IFRIC 4 (AC 437) Determining Whether an Arrangement. Contains a Lease, but at a date other than that required by IFRIC 4, the first time adopter need not reassess that determination when it adopts IFRS. It is expected to have no impact on the group or company's financial statements.

- **IFRIC 9, 'Reassessment of embedded derivatives and IAS 39, Financial instruments: Recognition and measurement'**
  This amendment to IFRIC 9 requires an entity to assess whether an embedded derivative should be separated from a host contract when the entity reclassifies a hybrid financial asset out of the 'fair value through profit or loss' category. This assessment is to be made based on circumstances that existed on the later of the date the entity first became a party to the contract and the date of any contract amendments that significantly change the cash flows of the contract. If the entity is unable to make this assessment, the hybrid instrument must remains classified as at fair value through profit or loss in its entirety. It is expected to have no impact on the group or company's financial statements.

- **IAS 39, Financial Instruments: Recognition and Measurement - Amendments for eligible hedged items**
  The amendment provides clarification on two hedge accounting issues, Inflation in a financial hedged item and A one sided risk in a hedged item. It is expected to have no impact on the group or company's financial statements.

- **IFRIC 19, 'Extinguishing financial liabilities with equity instruments'**
  The interpretation clarifies the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability (debt for equity swap). It requires a gain or loss to be recognised in profit or loss, which is measured as the difference between liability the carrying amount of the financial and the fair value of the equity instruments issued. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments should be measured to reflect the fair value of the group financial liability extinguished. The will apply the interpretation from 1 January 2011, subject to endorsement by the EU. It is expected to have no impact on the group or company's financial statements.

- **Amendment to IAS 32, 'Classification of rights issues'**
  The amendment applies to annual periods beginning on or after 1 February 2010. Earlier application is permitted.

  The amendment addresses the accounting for rights issues that are denominated in a currency other than the functional currency of the issuer. Provided certain conditions are met, such rights issues are now classified as equity regardless of the currency in which the exercise price is denominated. Previously, these issues had to be accounted for as derivative liabilities. The amendment applies retrospectively in accordance with IAS 8 'Accounting policies, changes in accounting estimates and errors'. It is expected to have no impact on the group or company's financial statements.

- **Amendments to IFRIC 14, 'Prepayments of a minimum funding requirement'**
  The amendments correct an unintended consequence of IFRIC 14, 'IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction'. Without the amendments, entities are not permitted to recognise as an asset some voluntary prepayments for minimum funding contributions. This was not intended when IFRIC 14 was issued, and the amendments correct this. The amendments are effective for annual periods beginning 1 January 2011.

  Earlier application is permitted. The amendments should be applied retrospectively to the earliest comparative period presented. It is expected to have no impact on the group or company's financial statements.

- **IFRIC 18, 'Transfers of assets from customers'**
  This interpretation clarifies the requirements of IFRS for agreements in which an entity receives from a customer an item of property, plant and equipment that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply

of goods or services (such as a supply of electricity, gas or water). In some cases, the entity receives cash from a customer that must be used only to acquire or the entity receives cash from a customer that must be used only to acquire or construct the item of property, plant, and equipment in order to connect the customer to a network or provide the customer with ongoing access to a supply of goods or services (or to do both). It is expected to have no impact on the group or company's financial statements.

- **2009 Annual Improvements Projects: Amendments to IFRIC 9, Reassessment of Embedded Derivatives**
  The amendment excludes form the scope of the Interpretation all embedded derivatives acquired in a business combination, in the combination of entities under common control or the formation of joint ventures. It is expected to have no impact on the group or company's financial statements.

- **2009 Annual Improvements Projects: Amendments to IFRIC 16, Hedges of a Net Investment in a Foreign Operation**
  The amendment now provides that the hedging instrument in a hedge of a net investment in a foreign operation may be held by the entity which is being hedged. It is expected to have no impact on the group or company's financial statements.

(iii) 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:

- **IFRS 7 (Amendment), Financial Instruments: Disclosures – Transfer of Financial Assets**
  The amendment will allow users of financial statements to improve their understanding of transfer transactions of financial assets, including understanding the possible effects of any risks that may remain with the entity that transferred the assets. It will also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of the reporting period. It is not expected to have a material impact on the group or company's financial statements.

- **IFRS 9, 'Financial instruments'**
  This standard is the first step in the process to replace IAS 39, 'Financial instruments: recognition and measurement'.

  IFRS 9 introduces new requirements for classifying and measuring financial assets and is likely to affect the group's accounting for its financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption. It is not expected to have a material impact on the group or company's financial statements.

- **2010 Annual Improvements Projects: Amendments to IAS 1, Presentation of Financial Statements**
  The amendment now requires that an entity must present, either in the statement of changes in equity or in the notes. it is not expected to have a material impact on the group or company's financial statements.

- **2010 Annual Improvements Projects: Amendments to IFRS 7 Financial Instruments: Disclosures**
  Additional clarification is provided on the requirements for risk disclosures. It is not expected to have a material impact on the group or company's financial statements.

- **2010 Annual Improvements Project: Amendments to IAS 34 Interim Financial Reporting**
  The amendment provides additional examples of events and transactions which would be considered significant and therefore required to be disclosed in the interim financial report. In addition, the amendment removes references to only reporting certain items when they are material. Therefore, the list of items to be presented in addition to significant transactions and events are required irrespective of whether they are material. It is not expected to have a material impact on the group or company's financial statements.

- **2010 Annual Improvements Project: Amendments to IAS 28 Investments in Associates**
  The amendment provides transitional provisions as a result of changes to IAS 27 (AC 132) Consolidated and Separate Financial Statements. It is not expected to have a material impact on the group or company's financial statements.

- **2010 Annual Improvements Project: Amendments to IAS 31 Interests in Joint Ventures**
  The amendment provides transitional provisions as a result of changes to IAS 27 (AC 132) Consolidated and Separate Financial Statements. It is not expected to have a material impact on the group or company's financial statements.

- **IFRS 9, Financial Instruments**
  This new standard is the first phase of a three phase project to replace IAS 39 Financial Instruments: Recognition and Measurement. Phase one deals with the classification and measurement of financial assets.

  The following are changes from the classification and measurement rules of IAS 39:
  - Financial assets will be categorised as those subsequently measured at fair value or at amortised cost.
  - Financial assets at amortised cost are those financial assets where the business model for managing the assets is to hold the assets to collect contractual cash flows (where the contractual cash flows represent payments of principal and interest only). All other financial assets are to be subsequently measured at fair value.
  - Under certain circumstances, financial assets may be designated as at fair value
  - For hybrid contracts, where the host contract is within the scope of IFRS 9, then the whole instrument is classified in accordance with IFRS 9, without separation of the embedded derivative. In other circumstances, the provisions of IAS 39 still apply.
  - Voluntary reclassification of financial assets is prohibited. Financial assets shall be reclassified if the entity changes its business model for the management of financial assets. In such circumstances, reclassification takes place prospectively from the beginning of the first reporting period after the date of change of the business model.
  - Investments in equity instruments may be measured at fair value through. When such an election is made, it may not subsequently be revoked, and gains or losses accumulated in equity are not recycled to profit or loss on derecognition of the investment. The election may be made per individual investment.
  - IFRS 9 does not allow for investments in equity instruments to be measured at cost under any circumstances.

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

- **2010 Annual Improvements Projects: Amendments to IFRS 3 Business Combinations**
  The amendment clarifies the initial measurement of non-controlling interests. Only those interests which represent a present ownership interest shall be measured at either fair value or the present

ownership's proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interest shall be measured at their acquisition date fair values, unless otherwise required by IFRS.

It furthermore provides transitional provisions for dealing with contingent consideration arrangements in a business combination that occurred before the effective date of the revised IFRS 3.

For equity settled share based payment transactions of the acquiree that the acquirer does not exchange for its share based payment transactions, vested transactions shall be measured as part of non-controlling interest at market based measure. Unvested transactions shall be measured at market based measure as if acquisition date were grant date. This measure is then allocated to non-controlling interest based on the ratio of vesting period completed to greater of total vesting period or original vesting period. It is not expected to have a material impact on the group or company's financial statements.

(iv) Standards, amendments and interpretations to existing standards that are not yet effective and are not relevant to the group

- **IFRS 1 (Amendment), First-time Adoption of International Financial Reporting Standards**
  The amendment replaces references to a fixed date of '1 January 2004' with 'the date of transition to IFRS', thus eliminating the need for companies adopting IFRS for the first time to restate derecognition transactions that occurred before the date of transition to IFRS. It is expected to have no impact on the group or company's financial statements.

- **IFRS 1 (Amendment), First-time Adoption of International Financial Reporting Standards – Guidance on Severe Hyperinflation**
  The amendment provides guidance on how an entity should resume presenting financial statements in accordance with IFRS after a period when the entity was unable to comply with IFRS because its functional currency was subject to severe hyperinflation. It is expected to have no impact on the group or company's financial statements.

- **2010 Annual Improvements Projects: Amendments to IFRS 1, First-time Adoption of International Financial Reporting Standards**
  The amendment provides that if an entity changes its accounting policy or its use of IFRS 1 exemptions in the first IFRS annual financial statements, it shall explain the changes between its first IFRS interim financial report and its first IFRS annual financial statements and shall update the reconciliations accordingly. Such explanations are also required in each interim report where changes are made.

  Additional exemptions are provided for first time adopters who have established a deemed cost under previous GAAP for assets and liabilities by measuring them at fair value at a particular date because of an event such as a privatisation.

  If such measurement date is in the first reporting period covered by the first IFRS annual financial statements, then the event driven fair value measurements may be applied. The adjustment shall be recognised directly in retained earnings.

  Entities who hold assets in operations subject to rate regulation may apply the previous GAAP carrying amount for such items on first time adoption of IFRS. However, the entity shall test for impairment when the exemption is applied. It is expected to have no impact on the group or company's financial statements.

- **2010 Annual Improvements Projects: Amendments to IAS 21 The Effects of Changes in Foreign Exchange rates**
  The amendment provides transitional provisions as a result of changes to IAS 27 (AC 132) Consolidated and Separate Financial Statements. It is expected to have no impact on the group or company's financial statements.

- **2010 Annual Improvements Project: Amendments to IFRIC 13 Customer Loyalty Programmes**

  The amendment clarifies the guidance on determining the fair value of award credits. It is expected to have no 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 group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of comprehensive income.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group. on loss of control is recognised in profit or loss.

(b) Transactions and non controlling interests

The group treats transactions with non-controlling interests as transactions with equity owners of the group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

(c) Associates/joint ventures

Associates/joint ventures 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/joint venture are accounted for using the equity method of accounting and are initially recognised at cost. The group's investment in associates/joint venture includes goodwill identified on acquisition, net of accumulated impairment loss.

The group's share of its associates/joint venture' 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.

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

Dilution gains and losses arising in investments in associates/joint venture are recognised in the statement of comprehensive income.

Changes in accounting policies

The group has changed its accounting policy for transactions with non-controlling interests and the accounting for loss of control or significant influence from 1 January 2010 when revised IAS 27, 'Consolidated and separate financial statements', became effective. The revision to IAS 27 contained consequential amendments to IAS 28, 'Investments in associates', and IAS 31, 'Interests in joint ventures'.

Previously transactions with non-controlling interests were treated as transactions with parties external to the group. Disposals therefore resulted in gains or losses in profit or loss and purchases resulted in the recognition of goodwill. On disposal or partial disposal, a proportionate interest in reserves attributable to the subsidiary was reclassified to profit or loss or directly to retained earnings.

Previously, when the group ceased to have control or significant influence over an entity, the carrying amount of the investment at the date control or significant influence became its cost for the purposes of subsequently accounting for the retained interests as associates, jointly controlled entity or financial assets.

The group has applied the new policy prospectively to transactions occurring on or after 1 January 2010. As a consequence, no adjustments were necessary to any of the amounts previously recognised in the financial statements.

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*
- Plant and machinery	5 years
- Furniture and fittings	6 years
- Motor 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 managements 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 identified according to operating segment and the goodwill is not allocated to a group of cash generating units that is larger than an operating segment.

(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	2 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 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.

2.9 Financial assets

2.9.1 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 (note 17 and 19).

2.9.2 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.

2.9.3 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.

2.9.4 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 measured at amortised cost 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;

The group first assesses whether objective evidence of impairment exists.

(b) Assets classified as available for sale

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

2.10 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.

2.11 Construction contracts

A construction contract is defined by IAS 11 as a contract specifically negotiated for the construction of an asset.

Contract costs are recognised as expenses in the period in which they are incurred.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable.

When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognised over the period of the contract. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Variations in contract work, claims and incentive payments are included in contract revenue to the extent that may have been agreed with the customer and are capable of being reliably measured.

The group uses the 'percentage-of-completion method' to determine the appropriate amount to recognise in a given period. The stage of completion is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract.

Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. They are presented as inventories, prepayments or other assets, depending on their nature.

The group presents as an asset the gross amount due from customers for contract work for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceed progress billings. Progress billings not yet paid by customers and retention are included within 'trade and other receivables'.

The group presents as a liability the gross amount due to customers for contract work for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less recognised losses).

2.12 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 Administrative expenses'. 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.

2.13 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.

2.14 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.

2.15 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.

2.16 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.

2.17 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; and
- general borrowings that are used for the purpose of obtaining a qualifying asset, calculated by applying a capitalisation rate to the expenditure on the applicable asset.

Qualifying assets consist of land under development which has been classified as inventories.

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.

Borrowing costs that are directly attributable to the construction of an asset are treated as contract costs.

2.18 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 statement of financial position date in the countries where the company's subsidiaries and associates/joint ventures 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 statement of financial position 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/joint ventures, 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)

South African resident companies are subject to a dual corporate tax system, one part of the tax being levied on taxable income and the other, a secondary tax (called STC), on distribution income. A company incurs STC charges on the declaration or deemed declaration of dividends (as defined under tax law) to its shareholders. STC is not a withholding tax on shareholders, but a tax on companies.

The STC tax consequence of dividends is recognised as a taxation charge in the income statement in the same period that the related dividend is accrued as a liability. The STC liability is reduced by dividends received during the dividend cycle. Where dividends declared exceed the dividends received during a cycle, STC is payable at the current STC rate on the net amount. Where dividends received exceed dividends declared within a cycle, there is no liability to pay STC. The potential tax benefit related to excess dividends received is carried forward to the next dividends cycle as an STC credit. Deferred tax assets are recognised on unutilised STC credits to the extent that it is probable that the group will declare future dividends to utilise such STC credits.

2.19 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.

2.20 Share-based payments

The group operates an equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (options) of the group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions.

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

When the options are exercised, the group issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

The grant by the company of options over its equity instruments to the employees of subsidiary undertakings in the group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

2.21 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 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 under the percentage of completion method. Revenue is generally based on the service performed to date as a percentage of the total service to be performed.

(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.

Revenue is recognised over the period of the contract on the 'percentage-of completion' basis by reference to the contracts costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract.

(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.

(g) Management fees

Management fees are recognised on the date the services are performed.

2.22 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.

2.23 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, fair value interest rate risk and cash flow interest rate 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.

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 R3.05 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 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 counterparties.

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. 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.

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.

The table below analyses the group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period on the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

3.1 Financial risk management continued

Group	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
28 February 2011				
Borrowings	156 142 879	-	5 800 000	-
Loans from associates/joint ventures	2 695 646	-	-	-
Bank overdraft	4 041 090	-	-	-
Finance lease obligations	1 170 202	1 003 521	-	-
Trade and other payables	38 913 678	-	-	-
	202 963 495	1 003 521	5 800 000	-
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
28 February 2009				
Borrowings	70 555 011	119 799 552	-	-
Loans from associates/joint ventures	-	-	-	-
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	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
28 February 2011				
Loans from group companies	137 909 716	-	-	-
Bank overdraft	4 039 643	-	-	-
Trade and other payables	182 723	-	-	-
28 February 2010				
Loans from group companies	144 276 118	-	-	-
Bank overdraft	16 533 442	-	-	-
Trade and other payables	258 252	-	-	-
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.

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

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.

Geographically the group operates primarily in the Gauteng area.

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 2011, 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.

5 Segment information continued

The segment information provided to the executive committee for the operating segments for the year ended 28 February 2011 is as follows:

	Construction	Land development	Professional services	Total
Segment revenue	239 889 699	37 328 947	4 630 721	**281 849 367**
Inter-segment revenue	-	-	-	**-**
Revenue from external customers	**239 889 699**	**37 328 947**	**4 630 721**	**281 849 367**
Operating (loss)/profit	2 052 790	(1 765 858)	393 841	**680 773**
Finance costs	(862 399)	(1 165 028)	(21)	**(2 027 448)**
Assets				
Goodwill	28 514 552	-	4 155 000	**32 669 552**
Inventories	20 212 738	214 732 913	-	**234 945 651**
Prepayments	-	-	-	**-**
Construction contracts	39 613 721	-	1 032 303	**40 646 024**
Liabilities				
Borrowings	(62 369 102)	(91 892 619)	-	**(154 261 721)**

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

	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				
Goodwill	28 514 552	-	4 155 000	**32 669 552**
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 operating segments for the year ended 28 February 2009 is as follows:

	Construction	Land development	Professional services	Total
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)	**9 314 378**
Finance costs	(1 151 910)	497 534	-	**(654 376)**
Assets				
Goodwill	28 514 552	-	4 155 000	**32 669 552**
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 revenue from external parties reported to the executive is measured in a manner consistent with that in the statement of comprehensive income.

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

	2011	2010	2009
Adjusted operating (loss)/profit for reportable segments	**(1 346 675)**	14 059 038	8 660 002
Group overhead costs	**(1 051 604)**	(934 011)	(920 852)
Share of profit/(loss) of associates/joint ventures - Net of tax	**16 342 776**	-	-
Total segments	**13 944 496**	13 125 027	7 739 150
Finance income - net	**1 366 122**	3 074 756	147 247
Profit before tax	**15 310 618**	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.

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

	2011	2010	2009
Segment assets for reportable segments	**308 261 227**	338 701 454	363 253 761
Unallocated:			
Deferred tax	**11 624 265**	2 135 187	8 866 542
Investment property	**5 743 370**	5 492 558	7 492 601
Property plant and equipment	**4 765 098**	7 150 375	8 100 077
Intangible assets excluding goodwill	**15 819**	76 387	403 991
Investment in associates/joint ventures	**16 343 536**	84	-
Loans to associates/joint ventures	**10 994 221**	15 424 445	-
Loans and receivables	**5 756 677**	7 895 007	7 749 659
Current tax receivable	**361 893**	184 777	6 856
Trade and other receivables	**14 601 552**	14 428 267	18 367 944
Cash and cash equivalents	**14 954 110**	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	**393 421 768**	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:

	2011	2010	2009
Segment liabilities for reportable segments	**154 261 721**	164 029 568	217 307 050
Unallocated:			
Deferred tax	**9 496 423**	4 705 354	17 423 647
Current tax	**5 903 465**	14 429 716	8 110 499
Loans from associates/joint ventures	**2 695 646**	-	-
Finance lease obligations	**2 020 382**	3 539 952	3 047 514
Trade and other payables	**44 329 083**	39 862 596	64 779 323
Bank overdraft	**4 041 090**	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	**222 747 810**	243 829 328	432 905 712

6 Investment Property

Group	2011			2010		
Figures in Rand	**Cost**	**Accumulated depreciation**	**Carrying amount**	Cost	Accumulated depreciation	Carrying amount
Investment property	**5 777 257**	**(33 887)**	**5 743 370**	5 692 603	(200 045)	5 492 558

	2009		
	Cost	Accumulated depreciation	Carrying amount
	7 492 601	-	7 492 601

Reconciliation of investment property - Group - 2011

	Opening balance	Additions	Depreciation	Total
Investment property	5 492 558	84 654	166 158	5 743 370

Reconciliation of investment property - Group - 2010

Figures in Rand	**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

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

Figures in Rand	Group			Company		
Details of properties	**2011**	2010	2009	**2011**	2010	2009
Land and building situated on stand 2334 Northriding Ext 82						
Land - at cost	**307 018**	307 018	-	**-**	-	-
Building	**1 769 869**	1 769 869	684 177	**-**	-	-
	2 076 887	2 076 887	684 177	**-**	-	-
Land and building situated on stand 2336 Northriding Ext 82						
Land - at cost	**307 018**	307 017	-	**-**	-	-
Building	**1 855 400**	1 855 400	708 995	**-**	-	-
	2 162 418	2 162 417	708 995	**-**	-	-
Land and building situated on stand 1810 Witkoppen Ext 131						
Land - at cost	**798 606**	713 952	711 452	**-**	-	-
Building	**739 346**	739 347	734 194	**-**	-	-
	1 537 952	1 453 299	1 445 646	**-**	-	-

Figures in Rand	Group			Company		
Details of properties	**2011**	2010	2009	**2011**	2010	2009
Land and building situated on stand 1849 Witkoppen Ext 87						
Land - at cost	**-**	-	582 794	**-**	-	-
Building	**-**	-	169 067	**-**	-	-
	-	-	751 861	**-**	-	-
Land and building situated on stand 1858 Witkoppen Ext 87						
Land - at cost	**-**	-	582 794	**-**	-	-
Building	**-**	-	170 171	**-**	-	-
	-	-	752 965	**-**	-	-
Land and building situated on stand 2032 Witkoppen Ext 136						
Land - at cost	**-**	-	517 043	**-**	-	-
	-	-	517 043	**-**	-	-
Land and building situated on stand 2033 Witkoppen Ext 136						
Land - at cost	**-**	-	517 043	**-**	-	-
Building	**-**	-	562 748	**-**	-	-
	-	-	1 079 791	**-**	-	-
Land and building situated on stand 2034 Witkoppen Ext 136						
Land - at cost	**-**	-	517 043	**-**	-	-
Building	**-**	-	406 402	**-**	-	-
	-	-	923 445	**-**	-	-
Land and building situated on stand 2020 Witkoppen Ext 136						
Building	**-**	-	36 671	**-**	-	-
	-	-	36 671	**-**	-	-
Land and building situated on stand 1999 Witkoppen Ext 136						
Building	**-**	-	592 007	**-**	-	-
	-	-	592 007	**-**	-	-
	5 777 257	5 692 603	7 492 601	**-**	-	-

Land and building under investment property has a fair value of R 6 050 000 (2010 - 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.

Investment properties with a carrying value of R5 743 372 (2010 - R5 692 603 - 2009 - R7 492 601) are secured by mortgage bonds to Rand Merchant Bank as set out in note 22.

Levies paid to the amount of R61 870 (2010 - R21 092 - 2009 - R0) relating to investment properties are included in sundry expenses in note 28.

All investment properties generate rental income and the only expenses attributable to the investment properties are levies paid thereon.

7 Property, plant and equipment

Group	2011			2010		
Figures in Rand	Cost	Accumulated depreciation	Net book amount	Cost	Accumulated depreciation	Net book amount
Plant and machinery	**3 792 175**	**(2 424 364)**	**1 367 812**	3 785 425	(1 658 214)	2 127 211
Furniture and fixtures	**3 664 845**	**(2 045 059)**	**1 619 786**	3 664 845	(1 434 129)	2 230 716
Motor vehicles	**1 602 474**	**(587 811)**	**1 014 663**	1 932 096	(565 545)	1 366 551
Office equipment	**60 425**	**(35 660)**	**24 765**	60 425	(25 587)	34 838
IT equipment	**1 482 309**	**(1 333 204)**	**149 105**	1 447 309	(971 806)	475 503
Leasehold improvements	**1 632 941**	**(1 043 974)**	**588 967**	1 632 941	(717 385)	915 556
Total	**12 235 169**	**(7 470 070)**	**4 765 098**	12 523 041	(5 372 666)	7 150 375

Group	2009		
Figures in Rand	Cost	Accumulated depreciation	Net book amount
Plant and machinery	2 640 629	(923 169)	1 717 460
Furniture and fixtures	3 669 288	(846 302)	2 822 986
Motor vehicles	1 910 261	(351 753)	1 558 508
Office equipment	60 425	(15 575)	44 850
IT equipment	1 220 498	(506 369)	714 129
Leasehold improvements	1 632 941	(390 797)	1 242 144
Total	11 134 042	(3 033 965)	8 100 077

Reconciliation of property, plant and equipment - Group - 2011

Figures in Rand	Opening balance	Additions	Disposals	Depreciation	Closing net book amount
Plant and machinery	**2 127 211**	**6 750**	**-**	**(766 149)**	**1 367 812**
Furniture and fixtures	**2 230 716**	**-**	**-**	**(610 930)**	**1 619 786**
Motor vehicles	**1 366 551**	**-**	**(170 943)**	**(180 943)**	**1 014 663**
Office equipment	**34 838**	**-**	**-**	**(10 073)**	**24 765**
IT equipment	**475 503**	**35 000**	**-**	**(361 398)**	**149 105**
Leasehold improvements	**915 556**	**-**	**-**	**(326 589)**	**588 967**
	7 150 375	**41 750**	**(170 943)**	**(2 256 089)**	**4 765 098**

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

Figures in Rand	Group			Company		
Pledged as security	**2011**	2010	2009	**2011**	2010	2009
Carrying value of assets pledged as security under finance lease obligations						
Plant and machinery	**1 198 548**	1 842 019	1 377 316	**-**	-	-
IT Equipment	**83 405**	176 808	-	**-**	-	-
Motor vehicles	**737 753**	866 793	942 786	**-**	-	-
	2 019 706	2 885 620	2 320 101	**-**	-	-

Refer to note 23 for details of finance lease obligations.
Depreciation expense of R2 295 084 (2010 - R2 330 314, 2009 - R2 059 702) has been charged in 'administrative expenses.'
The insured value of property plant and equipment is R12 738 791 (2010 - R13 121 271, 2009 - R12 848 947).

8 Intangible assets

Group	**2011**			2010		
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**	**(259 529)**	**15 819**	275 348	(198 961)	76 387
	47 658 878	**(14 973 507)**	**32 685 371**	47 658 878	(14 912 939)	32 745 939

Group	2009		
Figures in Rand	Cost	Accumulated amortisation/ impairment	Carrying amount
Goodwill	47 383 530	(14 713 978)	32 669 552
Computer software	1 060 920	(656 929)	403 991
	48 444 450	(15 370 907)	33 073 543

Reconciliation of intangible assets - 2011

Figures in Rand	Opening balance	Amortisation	Total
Goodwill	**32 669 552**	**-**	**32 669 552**
Computer software	**76 387**	**(60 568)**	**15 819**
	32 745 939	**(60 568)**	**32 685 371**

8 Intangible assets continued

Reconciliation of intangible assets - 2010

Figures in Rand	Opening balance	Additions	Amortisation	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

The recoverable amounts of the Construction and Professional Services CGU's have been determined based on value-in-use calculations.

These calculations use post-tax cash flow projections based on financial budgets approved by management covering six and five year periods respectively. A six year period is considered relevant for purposes of the value-in-use calculation of the Construction CGU as it is representative of project timelines.

The key assumptions used for value-in-use calculations in 2011 are as follows:

	Construction	Professional services
Gross margin	13.80%	71.00%
Discount rate	12.30%	9.20%

Due to the fact that real cash flows were discounted in the value-in-use calculations, no inflation or price growth was used to extrapolate cash flows beyond the budget period. Therefore, a long term growth rate of 0% has been assumed as of the valuation date.

The discount rates used are post-tax and reflect specific risks relating to the relevant operating segments.

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

Impairment tests for goodwill are performed annually.

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

	Group		
Figures in Rand	**2011**	2010	2009
Professional services	**4 155 000**	4 155 000	4 155 000
Land development	**28 514 552**	28 514 552	28 514 552
	32 669 552	32 669 552	32 669 552

9 Investment in subsidiaries

Figures in Rand	% holding 2011	% holding 2010	% holding 2009	Carrying amount 2011	Carrying amount 2010	Carrying amount 2009
Company						
Name of company						
Direct						
Calgro M3 Developments (Pty) Ltd	**100.00**	100.00	100.00	**89 233 766**	89 233 766	89 233 766
Calgro M3 Land (Pty) Ltd	**100.00**	100.00	100.00	**2 998 350**	2 998 350	2 998 350
Calgro M3 Project Management (Pty) Ltd	**100.00**	100.00	100.00	**4 500 100**	4 500 100	4 500 100
				96 732 216	96 732 216	96 732 216
In-direct						
MS5 Pennyville (Pty) Ltd	**100.00**	100.00	100.00	**100**	100	100
MS5 Projects (Pty) Ltd	**100.00**	100.00	100.00	**100**	100	100
PZR Pennyville Zamamphilo Relocation (Pty) Ltd	**100.00**	100.00	100.00	**7 356 876**	100	100
CTE Consulting (Pty) Ltd	**100.00**	100.00	100.00	**4 500 100**	100	100
Hightrade-Invest 60 (Pty) Ltd	**100.00**	100.00	100.00	**100**	100	100
Calgro M3 Land 102 (Pty) Ltd	**0.00**	100.00	100.00	**-**	100	100
CM3 Witkoppen Ext 131 (Pty) Ltd	**100.00**	100.00	100.00	**100**	100	100
Midfield Estate (Pty) Ltd	**0.00**	100.00	100.00	**-**	100	100
Baybridge Canal Development Company (Pty) Ltd	**0.00**	0.00	100.00	**-**	-	100
Tres Jolie 24 Pty) Ltd	**100.00**	100.00	100.00	**100**	100	100
Ridgewood Estate (Pty) Ltd	**100.00**	100.00	100.00	**100**	100	100
Fleurhof Ext 2 (Pty) Ltd	**0.00**	0.00	100.00	**-**	-	100
CM3 Northriding Ext 94 - Cherrywood Estate (Pty) Ltd	**0.00**	100.00	100.00	**-**	100	100
CM3 Northriding Ext 86 - Mio Bella (Pty) Ltd	**0.00**	100.00	100.00	**-**	100	100
CM3 Randpark Ridge Ext 120 (Pty) Ltd	**100.00**	100.00	100.00	**100**	100	100
Neoprop (Pty) Ltd	**0.00**	0.00	100.00	**-**	-	100
Business Venture Investment No 1244 (Pty) Ltd	**100.00**	100.00	100.00	**100**	100	100
Business Venture Investment No 1243 (Pty) Ltd	**0.00**	0.00	100.00	**-**	-	100
Business Venture Investment No 1221 (Pty) Ltd	**100.00**	100.00	100.00	**100**	100	100
CM3 Witkoppen Ext 87 (Pty) Ltd	**0.00**	0.00	100.00	**-**	-	100
Aquarella Investments 265 (Pty) Ltd	**0.00**	0.00	100.00	**-**	-	100
29 of 459 Baybridge Canal (Pty) Ltd	**0.00**	100.00	100.00	**-**	100	100
Business Venture Investment No 1326 (Pty) Ltd	**0.00**	0.00	100.00	**-**	-	100
PZR Fleurhof (Pty) Ltd	**100.00**	100.00	100.00	**100**	100	100
				11 857 976	1 700	2 400

9 Investment in subsidiaries continued

All subsidiaries are incorporated in South Africa.

The carrying amounts of subsidiaries are shown net of impairment losses. Refer to note 22 for shares ceded as security for borrowings.

A 26% share of Aquarella 269 (Pty) Ltd was sold to SA Workforce Housing Fund (SA GP) (Pty) Ltd; Jabulani Devco owns 60%; The remainder of 14% is owned by Calgro M3 Land.

The group voluntarily decided to deregister the following companies in the year 2011 due to the fact that they were dormant entities and no longer required:

- Calgro M3 Land 102 (Pty) Ltd
- CM3 Northriding Ext 94 - Cherrywood Estate (Pty) Ltd
- CM3 Northriding Ext 86 - Mio Bella (Pty) Ltd
- Midfield Estate (Pty) Ltd
- 29 of 459 Baybridge Canal (Pty) Ltd

The group voluntarily decided to deregister the following companies in the February 2010 year 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/joint ventures

Figures in Rand	**% holding 2011**	% holding 2010	% holding 2009	**Carrying amount 2011**	Carrying amount 2010	Carrying amount 2009
Group						
Name of company						
Fleurhof Ext 2 (Pty) Ltd	**70**	70	-	**16 342 846**	70	-
Aquarella Investments 265 (Pty) Ltd	**14**	14	-	**14**	14	-
Clidet No 1014 (Pty) Ltd	**76**	-	-	**76**	-	-
Sabre Homes Projects (Pty) Ltd	**60**	-	-	**600**	-	-
				16 343 536	84	-

30% of the shares of Fleurhof Ext 2 (Pty) Ltd were sold to South African Workforce Housing Fund (SA GP) (Pty) Ltd in the February 2010 year. Although the group has a majority shareholding in Fleurhof Ext 2, it does not have control 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 associates/joint ventures.

86% of Aquarella Investments 265 (Pty) Ltd was sold to South African Workforce Housing Fund (SA GP) (Pty) Ltd in the February 2010 year. The main board comprises of equal representatives from both parties with equal voting rights. The investment is therefore accounted for as an investment in joint ventures.

76% of Clidet No 1014 (Pty) Ltd has been purchased together with South African Workforce Housing Fund (SA GP) (Pty) Ltd, which has a 24% holding. The main board comprises of equal representatives from both parties with equal voting rights so therefore the investment is accounted for as an investment in joint ventures.

60% of Sabre Homes Projects (Pty) Ltd was acquired in the year under review from 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 the investment is accounted for as an investment in joint ventures.

All the associate/joint venture year-ends are consistent with those of the group.

	Group			Company		
Figures in Rand	**2011**	2010	2009	**2011**	2010	2009
Reconciliation of investment in associates/joint ventures is as follows:						
Fleurhof Ext 2 (Pty) Ltd						
At 1 March	**70**	-	-	**-**	-	-
Transfer from investment in subsidiaries (note 9)	**-**	70	-	**-**	-	-
Share of (loss)/profit	**16 342 776**	-	-	**-**	-	-
At end of 28 February	**16 342 846**	70	-	**-**	-	-
Aquarella Investments 265 (Pty) Ltd						
At 1 March	**14**	-	-	**-**	-	-
Transfer from investment in subsidiaries (note 9)	**-**	14	-	**-**	-	-
Share of (loss)/profit	**-**	-	-	**-**	-	-
At end of 28 February	**14**	14	-	**-**	-	-
Clidet No 1014 (Pty) Ltd						
At 1 March	**-**	-	-	**-**	-	-
Purchase of shares in associate/joint venture	**76**	-	-	**-**	-	-
Share of (loss)/profit	**-**	-	-	**-**	-	-
At end of 28 February	**76**	-	-	**-**	-	-
Sabre Homes Projects (Pty) Ltd						
At 1 March	**-**	-	-	**-**	-	-
Purchase of shares in associate/joint venture	**600**	-	-	**-**	-	-
Share of (loss)/profit	**-**	-	-	**-**	-	-
At 28 February	**600**	-	-	**-**	-	-
Total	**16 343 536**	84	-	**-**	-	-
The summarised financial information of its associates/joint ventures, all of which are unlisted, are as follows						
Fleurhof Ext 2 (Pty) Ltd						
Assets	**289 071 763**	187 983 909	-	**-**	-	-
Liabilities	**(265 759 479)**	(187 984 877)	-	**-**	-	-
Revenues	**(222 078 219)**	-	-	**-**	-	-
Profit/(loss)	**32 426 142**	-	-	**-**	-	-
Aquarella Investments 265 (Pty) Ltd						
Assets	**103 668 195**	30 080 774	-	**-**	-	-
Liabilities	**(103 668 095)**	(30 080 674)	-	**-**	-	-
Revenues	**-**	-	-	**-**	-	-
Profit/(loss)	**-**	-	-	**-**	-	-

		Group			Company		
	Figures in Rand	2011	2010	2009	2011	2010	2009
10	**Investment in associates/joint ventures continued**						
	Clidet No 1014 (Pty) Ltd						
	Assets	34 872 115	-	-	-	-	-
	Liabilities	(34 872 015)	-	-	-	-	-
	Revenues	-	-	-	-	-	-
	Profit/(loss)	-	-	-	-	-	-
	Sabre Homes Projects (Pty) Ltd						
	Assets	65 379 127	-	-	-	-	-
	Liabilities	(64 059 550)	-	-	-	-	-
	Revenues	-	-	-	-	-	-
	Profit/(loss)	7 700	-	-	-	-	-
	Assets	492 991 200	218 064 683	-	-	-	-
	Liabilities	(468 359 139)	(218 065 551)	-	-	-	-
	Revenues	(222 078 219)	-	-	-	-	-
	Profit/(loss)	32 433 842	-	-	-	-	-
	Refer to note 22 for the shares ceded as security.						
11	**Loans to/(from) associates/joint ventures**						
	Fleurhof Ext 2 (Pty) Ltd	(2 695 046)	15 424 445	-	-	-	-
	The loan is unsecured, bears interest at prime plus 2% and is repayable in terms of the signed shareholders agreement.						
	Clidet No 1014 (Pty) Ltd	10 994 221	-	-	-	-	-
	The loan is unsecured, bears interest at prime plus 2% and is repayable in terms of the signed shareholders agreement.						
	Sabre Homes Projects (Pty) Ltd	(600)	-	-	-	-	-
	The loan is unsecured, bears interest at a rate linked to prime and is not repayable in the following 12 months.						
	Loans to associates/joint ventures	10 994 221	15 424 445	-	-	-	-
	Loans from associates/joint ventures	(2 695 646)	-	-	-	-	-
		8 298 575	15 424 445	-	-	-	-
	Reconciliation of loans to associates/joint ventures						
	Principle loan amount	15 636 012	21 150 307	-	-	-	-
	Unrealised profits eliminated - from prior periods	(7 337 437)	(5 725 862)	-	-	-	-
	Unrealised profits eliminated - currrent year	-	-	-	-	-	-
	Unrealised profits recognised based on associate profits recognised	-	-	-	-	-	-
		8 298 575	15 424 445	-	-	-	-

	Group			Company		
Figures in Rand	**2011**	2010	2009	**2011**	2010	2009
12 Loans to/(from) group companies						
Subsidiaries						
Calgro M3 Developments (Pty) Ltd	**-**	-	-	**(136 730 816)**	(142 282 911)	5 663 354
The loan is unsecured, bears interest at prime plus 2% and is repayable on demand.						
CTE Consulting (Pty) Ltd	**-**	-	-	**(1 178 900)**	(1 993 207)	514 925
The loan is unsecured, bears interest at prime plus 2% and is repayable on demand.						
Calgro M3 Land (Pty) Ltd	**-**	-	-	**143 332 530**	162 239 591	8 474 499
The loan is unsecured, bears interest at prime plus 2% and is repayable on demand.						
Loans to group companies	**-**	-	-	**143 332 530**	162 239 591	14 652 778
Loans from group companies	**-**	-	-	**(137 909 716)**	(144 276 118)	-
	-	-	-	**5 422 814**	17 963 473	14 652 778
13 Deferred income tax assets/(liabilities)						
Deferred tax (liability)/asset						
Opening balance	**(2 570 167)**	(8 557 105)	(12 610 363)	**-**	-	-
Accelerated capital allowances for tax purposes	**(32 466)**	(30 937)	(248 063)	**-**	-	-
Construction contracts	**(2 253 370)**	12 749 230	(4 029 489)	**-**	-	-
Inventories	**5 702 993**	-	-	**-**	-	-
Unrealised profits - associates/joint ventures	**2 054 483**	-	-	**-**	-	-
Tax losses available for set off against future taxable income	**(773 631)**	(6 731 355)	8 330 810	**-**	-	-
	2 127 842	(2 570 167)	(8 557 105)	**-**	-	-
Reconciliation of deferred tax (liability)/asset						
Construction contracts	**(6 679 724)**	(4 426 354)	(17 175 584)	**-**	-	-
Capital allowances	**(311 466)**	(279 000)	(248 063)	**-**	-	-
Inventories	**(2 505 233)**	-	-	**-**	-	-
Deferred tax liabilities	**(9 496 423)**	(4 705 354)	(17 423 647)	**-**	-	-
Inventories	**8 208 226**	**-**	**-**			
Unrealised profits - associates/joint ventures	**2 054 483**	**-**	**-**			
Tax losses available for set off against future taxable income	**1 361 556**	2 135 187	8 866 542	**-**	-	-
Deferred tax assets	**11 624 265**	2 135 187	8 866 542	**-**	-	-
	2 127 842	(2 570 167)	(8 557 015)	**-**	-	-

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.

The group did not recognise deferred tax assets of R168 986 that can be carried forward against future taxable income.

	Group			Company		
Figures in Rand	**2011**	2010	2009	**2011**	2010	2009
14 Inventories						
Land under development held for sale	**234 945 651**	266 392 715	260 115 196	**-**	-	-
	234 945 651	266 392 715	260 115 196	**-**	-	-

Borrowing costs to the value of R16 125 871 (2010 - R9 484 583 - 2009 - R10 168 146) have been capitalised in terms of IAS23. (Note 2.17)

Please refer to note 27 for the reversal of inventories previously written down.

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 with a carrying value of R23 494 631 as set out in note 22.

Inventories to the value of R20 997 689 (2010 - R40 926 588; 2009 - R6 799 253) are stated at net realisable value.

Figures in Rand	**2011**	2010	2009	**2011**	2010	2009
15 Loans and receivables						
Autumn Star Trading 910 (Pty) Ltd	**5 756 677**	5 756 677	5 756 677	**-**	-	-
The loan is unsecured, interest-free and is payable on demand.						
Other loans and receivables	**-**	2 133 330	1 992 982	**-**	-	-
The loan is unsecured, interest-free and is payable on demand.						
Sub-total	**5 756 677**	7 890 007	7 749 659	**-**	-	-
Current assets	**5 756 677**	7 890 007	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.

Figures in Rand	**2011**	2010	2009	**2011**	2010	2009
16 Construction contracts						
Contracts in progress at statement of financial position date						
The aggregate costs incurred and recognised profits to date	**296 805 483**	271 578 294	302 888 901	**-**	-	-
Less: progress billings	**(256 159 459)**	(239 360 855)	(238 499 866)	**-**	-	-
Construction contracts	**40 646 024**	32 217 439	64 389 035	**-**	-	-

	Group			Company		
Figures in Rand	**2011**	2010	2009	**2011**	2010	2009
17 Trade and other receivables						
Trade receivables	**8 005 040**	7 388 983	13 059 888	**-**	-	-
Trade receivables - Related parties	**960 390**	-	-	**-**	-	-
Retention debtors - Related parties	**2 061 185**	-	-	**-**	-	-
Other receivables	**39 749**	-	-	**-**	-	-
Securing deposits	**1 139 054**	1 011 651	884 505	**-**	-	-
Value Added Tax	**2 396 133**	6 027 633	4 423 551	**9 883**	40 174	-
	14 601 551	14 428 267	18 367 944	**9 883**	40 174	-
Financial instruments	**12 205 418**	7 388 983	13 059 888	**-**	-	-
Non-financial instruments	**2 396 133**	7 039 284	5 308 056	**9 883**	40 174	-
	14 601 550	14 428 267	18 367 944	**9 883**	40 174	-

	Group	
	2011	2010
Fair value of trade and other receivables		
The carrying value of trade and other receivables approximates their fair values.		
Trade receivables fully performing		
At 28 February 2011, trade receivables of R2 145 221 (2010: R 402 998) were fully performing.		
Trade receivables past due but not impaired		
As at 28 February 2011, trade receivables of R6 927 091 (2010: R 6 985 985) were past due but not impaired.		
The ageing of amounts past due but not impaired is as follows:		
Up to 3 months	**293 183**	891 928
3 to 6 months	**6 633 908**	6 094 057
	6 927 091	6 985 985
Trade receivables impaired		
As of 28 February 2011, trade receivables of R106,881 (2010: R nil) were impaired and provided for. The amount of the provision was R106,881 (2010: Rnil)		
No other classes of trade and other receivables contain impaired amounts.		
The ageing of these amounts is as follows:		
Over 6 months	**106 881**	-
Reconciliation of provision for impairment of trade receivables		
As at 1 March 2010	**-**	-
Provision for receivables impairment	**106 881**	-
As at 28 February 2011	**106 881**	-
The creation and release of the provision for impaired receivables have been included in administrative expenses in the statement of comprehensive income (note 28). Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.		
The other classes within trade and other receivables do not contain impaired assets.		
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.		

	Group			Company		
Figures in Rand	**2011**	2010	2009	**2011**	2010	2009
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	**-**	-	
19 CASH AND CASH EQUIVALENTS						
Cash and cash equivalents consist of:						
Cash on hand	**840**	4 760	1 165	**330**	330	**330**
Bank balances	**14 953 270**	6 054 544	30 592 525	**-**	-	**-**
Bank overdraft	**(4 041 090)**	(17 262 142)	(15 842 326)	**(4 039 643)**	(16 533 442)	**(13 478 407)**
	10 913 020	(11 202 838)	14 751 364	**(4 039 313)**	(16 533 112)	**(13 478 077)**
Current assets	**14 954 110**	6 059 304	30 593 690	**330**	330	**330**
Current liabilities	**(4 041 090)**	(17 262 142)	(15 842 326)	**(4 039 643)**	(16 533 442)	**(13 478 407)**
	10 913 020	(11 202 838)	14 751 364	**(4 039 313)**	(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.

	Group			Company		
Figures in Rand	**2011**	2010	2009	**2011**	2010	2009
(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.

21 ORDINARY SHARES						
Authorised						
500 000 000 ordinary shares of R0.00001 each	**5 000**	5 000	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**	1 271	1 271
Share premium	**100 049 659**	100 049 659	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)**	(4 029 209)	(4 029 209)
	96 021 721	96 021 721	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.

	Group			Company		
Figures in Rand	**2011**	2010	2009	**2011**	2010	2009
22 Borrowings						
Non-current						
Rand Merchant Bank Limited	**-**	4 170 000	4 170 000	**-**	-	-
The loan is secured over land under development included in inventory and investment properties, bears interest at prime less 1%, is repayable by 30 May 2011 and has been reclassified as current.						
Total non-current borrowings	**-**	4 170 000	4 170 000	**-**	-	-
Current						
Russell Lund	**4 000 000**	4 150 000	4 000 000	**-**	-	-
The loan is unsecured, bears interest at 15% and is repayable on completion of phase one of land under development included in inventory. 30% of the profits from development and sale of the land is payable to the borrower.						
ABSA	**170 404**	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	**4 952 608**	6 836 475	-	**-**	-	-
The loan is secured over land under development included in inventory, bears interest at prime plus 1% and is repayable 24 months from the first advance.						
Nedbank	**9 800 689**	-	-	**-**	-	-
The loan is secured over the work in progress on the Jabulani Hostel Project situated on the land registered in the name of City of Johannesburg, bears interest at prime and is repayable on receipt of payment from the Gauteng Department of Housing.						
BOE Bank Limited	**-**	-	4 249 880	**-**	-	-
The loan is secured over land under development included in inventory, bears interest at prime less 1% and has been repaid.						
Barnards	**42 404**	42 404	-	**-**	-	-
The loan is unsecured, interest-free and is payable on demand.						

6 Borrowings continued

	Group			Company		
Figures in Rand	**2011**	2010	2009	**2011**	2010	2009
Barnards	**2 526 009**	-	-	**-**	-	-
The loan is unsecured, bears interest at 20% and and is payable on demand.						
Rand Merchant Bank Limited	**82 769 606**	90 864 921	90 478 843	**-**	-	-
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.						
Subsequent to year-end, the bank confirmed its intention to extend the loan for another 12 months.						
Yield - X Bond	**50 000 000**	45 000 000	-	**-**	-	-
This liability consist of 2 listed instruments, a R45 mil 24 months instrument and a R5 mil 24 months instrument.						
The 45 mil listed note, is unsecured, bears interest at jibar plus 8% and expires 25 July 2011. Subsequent to the year end a commitment was received to extend 50% of the R45 mil note to 25 July 2014 and 50% to 25 July 2015.						
The 5 mil listed note, is unsecured, bears interest at jibar plus 6.5% and expires 18 February 2013.						
Refihlile Consulting Services (Pty) Ltd	**-**	5 185 277	15 057 958	**-**	-	-
The loan was unsecured, bears interest at prime less 5% and has been repaid.						
Capricorn Finance (Pty) Ltd	**-**	3 410 244	1 224 677	**-**	-	-
The loan was unsecured, interest free and has been repaid.						
Mettle Development Finance One (Pty) Ltd	**-**	1 012 454	5 756 677	**-**	-	-
The loan is secured over land under development included in inventory , bears interest at prime compounded monthly and has been repaid.						
Salamax 1583 (Pty) Ltd	**-**	-	6 539 279	**-**	-	-
The loan is secured over land under development included in inventory , bears interest at 30% compounded annually and has been repaid.						
Thomas Henry Walter Priday	**-**	-	5 000 000	**-**	-	-
The loan is secured over land under development included in inventory and bears interest at 20% and has been repaid.						

	Group			Company		
Figures in Rand	**2011**	2010	2009	**2011**	2010	2009
Yield - X Bond	**-**	-	45 000 000	**-**	-	-
This is a 3 month listed note and bears interest at jibar plus 8%.						
Holdgro Projects (Pty) Ltd	**-**	-	68 390	**-**	-	-
The loan is unsecured, interest free and has been repaid.						
TUM Investments (Pty) Ltd	**-**	-	5 761 346	**-**	-	-
The loan is unsecured, bears interest at 30 % compounded annually and has been repaid.						
Total current borrowings	**154 261 721**	159 859 568	183 137 050	**-**	-	-
Total borrowings	**154 261 721**	164 029 568	187 307 050	**-**	-	-
Non-current liabilities						
At amortised cost	**-**	4 170 000	4 170 000	**-**	-	-
Current liabilities						
At amortised cost	**154 261 721**	159 859 568	183 137 050	**-**	-	-
	154 261 721	164 029 568	187 307 050	**-**	-	-

Refer to note 45 for details of prior year reclassifications.

Group securities

Rand Merchant Bank Limited

The loan is secured by a first mortgage bond over various properties classified as inventories and investment properties limited to R196 500 000.

The insurance policy from SASRIA was provided as cession and pledges.

The group has ceded its right, title and interests in and to the sale agreements entered into or to be entered into with the end users in respect of any of the portions/stands referred to in the release schedule by the respective registered owner.

The groups shareholding in Clidet No 1014 (Pty) Ltd is provided as security for the Rand Merchant Bank Limited Loan in Clidet No 1014 (Pty) Ltd

National Housing Finance Corporation

The group guarantees the shortfall or cost overrun incurred relating to the loan.

First National Bank Limited - Fleurhof Ext 2 (Pty) Ltd

The group binds itself in favour of the bank as surety and principal debtor for the due performance by Fleurhof Ext 2 (Pty) Ltd of its obligations to the bank.

The groups shareholding in Fleurhof Ext 2 (Pty) Ltd is provided as security for this loan in Fleurhof Ext 2 (Pty) Ltd

Company securities

Rand Merchant Bank Limited

Suretyship is provided for the Rand Merchant Bank Limited loan by Calgro M3 Land (Pty) Ltd (Subsidiary) to a maximum value of R196 500 000.

The following indirect and direct shareholdings are provided as securities for the Rand Merchant Bank Limited loan in Calgro M3 Land (Pty) Ltd:

- Hightrade-Invest 60 (Pty) Ltd
- Ridgewood Estate (Pty) Ltd
- Tres Jolie Ext 24 (Pty) Ltd
- CM3 Witkoppen Ext 131 (Pty) Ltd
- Business Venture Investments No 1221 (Pty) Ltd
- Clidet No 1014 (Pty) Ltd

National Housing Finance Corporation

The company guarantees the shortfalls or cost overruns incurred.

Yield-X Bond

The company provided guarantees for the repayment of this loan.

First National Bank Limited - Fleurhof Ext 2 (Pty) Ltd

The company binds itself in favour of the bank as surety and co-principal (other co-principal is a subsidiary of the company) debtor for the due performance by the Fleurhof Ext 2 (Pty) Ltd and its obligations to the bank.

Shareholding in Fleurhof Ext 2 (Pty) Ltd is provided as security for this loan.

General

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 approximates their carrying value.

	Group			Company		
Figures in Rand	**2011**	2010	2009	**2011**	2010	2009
23 Finance lease obligations						
Minimum lease payments due						
- within one year	**1 170 202**	1 849 193	1 546 020	**-**	-	-
- in second to fifth year inclusive	**1 003 521**	2 077 387	2 191 644	**-**	-	-
	2 173 723	3 926 580	3 737 664	**-**	-	-
Less: future finance charges	**(153 341)**	(386 628)	(690 150)	**-**	-	-
Present value of minimum lease payments	**2 020 382**	3 539 952	3 047 514	**-**	-	-
Present value of minimum lease payments due						
- within one year	**1 036 271**	1 541 148	1 204 642	**-**	-	-
- in second to fifth year inclusive	**984 111**	1 998 804	1 842 872	**-**	-	-
	2 020 282	3 539 952	3 047 514	**-**	-	-
Non-current liabilities	**984 111**	1 998 804	1 842 872	**-**	-	-
Current liabilities	**1 036 271**	1 541 148	1 204 642	**-**	-	-
	2 020 382	3 539 952	3 047 514	**-**	-	-
It is group policy to lease certain equipment under finance leases. The average lease term is 3 -5 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.						
24 Trade and other payables						
Trade payables	**35 234 125**	33 049 225	61 746 914	**182 723**	258 252	84 369
Retention creditors	**850 819**	-	-	**-**	-	-
Accrued expenses	**2 669 734**	-	-	**-**	-	-
Value Added Tax	**5 177 609**	6 342 643	2 398 501	**-**	-	37 500
Accrual for leave pay	**237 796**	460 728	623 908	**-**	-	-
Deposits received	**159 000**	10 000	10 000	**-**	-	-
	44 329 083	39 862 596	64 779 323	**182 723**	258 252	121 869
Financial instruments	**38 913 678**	33 049 225	61 746 914	**182 723**	258 252	84 369
Non-financial instruments	**5 415 405**	6 813 371	3 032 409	**-**	-	37 500
	44 329 083	39 862 596	64 779 323	**182 723**	258 252	121 869
Trade and other payables are unsecured, and are repayable within a period of twelve months. The carrying amounts of trade and other payables approximate their fair value.						
25 Revenue						
Sale of developed land	**38 973 684**	15 682 278	9 263 404	**-**	-	-
Rendering of services	**9 578 042**	1 881 364	17 141 163	**-**	-	-
Construction contracts	**233 297 641**	171 161 942	206 649 623	**-**	-	-
	281 849 367	188 725 584	233 054 190	**-**	-	-
26 Cost of sales						
Sale of developed land						
Development of land	**40 514 338**	21 641 721	11 122 167	**-**	-	-
Rendering of services						
Professional fees	**7 250 032**	166 951	12 785 592	**-**	-	-
Construction contracts						
Construction costs	**199 060 704**	139 249 636	158 297 230	**-**	-	-
	246 825 073	161 058 308	182 204 989	**-**	-	-

		Group			Company	
Figures in Rand	**2011**	2010	2009	**2011**	2010	2009
27 Other income						
Bond commissions	**41 894**	439 794	326 175	**-**	-	-
Gain on cancellation of put option	**-**	-	17 034 936	**-**	-	-
Insurance refunds	**694 606**	-	38 541	**-**	-	-
Management fees	**1 000 002**	1 109 612	-	**1 320 000**	1 632 652	2 238 027
Rental income	**469 998**	83 352	108 649	**-**	-	-
Reversal of write-down of inventory	**1 542 969**	-	-	**-**	-	-
Other income	**403 683**	150 916	-	**-**	-	-
	4 153 152	1 783 674	17 508 301	**1 320 000**	1 632 652	2 238 027
Rental income received relates to investment properties as stated in note 6.						
28 Expense by nature						
Administrative expenses						
Advertising	**2 317 633**	623 217	2 287 635	**534 889**	-	5 200
Auditors remuneration	**1 703 536**	2 092 145	2 881 849	**-**	-	-
Bad debts	**1 789 653**	-	-	**-**	-	-
Computer expenses	**633 457**	692 807	597 670	**-**	-	-
Deficit on disposal of property, plant and equipment	**180 549**	3 388	-	**-**	-	-
Depreciation on property, plant and equipment and amortisation on computer software	**2 150 494**	2 900 270	2 579 016	**-**	-	-
Donations	**20 743**	26 275	507 121	**-**	(250)	34 311
Directors fees - non-executive	**500 000**	-	-	**500 000**	-	-
Employee benefit expenses						-
Salaries and wages	**11 445 448**	9 998 360	11 930 610	**-**	-	-
Post retirement benefits	**-**	1 358 510	1 721 398	**-**	-	-
Fines, penalties and interest	**1 282 359**	1 344 218	604 280	**-**	1 239	-
Insurance	**622 663**	508 868	971 088	**-**	-	-
Lease rentals on operating leases	**2 873 379**	3 069 067	3 527 531	**-**	-	-
Legal fees	**242 176**	885 125	449 536	**-**	10 302	36 260
Profit on share appreciation scheme revalued	**-**	-	(963 141)			-
Motor vehicle expenses	**469 755**	469 314	384 898	**-**	-	-
Printing and stationery	**470 211**	468 633	661 790	**3 668**	25 120	-
Professional fees	**440 709**	314 410	2 222 878	**161 505**	(40 000)	94 333
Project management fees			920 673			-
Telephone and fax	**1 467 291**	852 372	1 204 549	**-**	-	-
Reimbursment expenses	**-**	-	-	**-**	-	-
Sundry expenses	**1 628 939**	2 880 541	3 771 355	**214 884**	1 370 263	1 255 761
Other expenses						
Social corporate responsibilities	**1 373 173**	-	-	**-**	-	-
Impairment of goodwill	**-**	-	14 713 978	**-**	-	-
Write-down of inventory	**145 904**	13 064 993	6 503 247	**-**	-	-
Write-down of prepayments	**7 723 455**	-	-	**-**	-	-
Impairment of staff loans	**66 751**	-	2 487 440	**-**	-	-
Movement in inventory	**31 447 064**	-	-	**-**	-	-
Movement in construction contracts	**(8 428 585)**	-	-	**-**	-	-
Land infrastructure costs	**7 250 032**	-	-	**-**	-	-
Construction costs	**207 489 289**	-	-	**-**	-	-
Land development costs	**9 067 274**	-	-	**-**	-	-
Cost of construction and land sales	**-**	161 058 308	182 204 989	**-**	-	-
Total cost of sales, administration expenses and other expenses	**286 373 351**	202 610 821	242 170 390	**1 414 946**	1 366 674	1 425 865

	Group			Company		
Figures in Rand	**2011**	2010	2009	**2011**	2010	2009
29 Profit on sale of investment						
Refer to note 10 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 effect 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	**335 711**	4 539 780	962 188	**-**	21 279	21 790
Related parties	**2 677 883**	-	-	**20 410 240**	14 271 163	-
Interest-bearing borrowings	**-**	6 427	-	**-**	-	1 031 812
	3 013 594	4 546 207	962 188	**20 410 240**	14 292 442	1 053 602
31 Finance cost						
Bank	**3 110 802**	5 499 371	979 211	**1 647 473**	1 471 451	813 463
Discounting adjustment	**-**	-	488 681	**-**	-	-
Trade payables	**-**	50 290	-	**-**	-	-
Interest-bearing borrowings	**564 118**	-	-	**18 528 766**	12 539 978	-
	3 674 920	5 549 661	1 467 892	**20 176 239**	14 011 429	813 463
32 Taxation						
Major components of the tax expense						
Current tax						
Local income tax - current year	**3 061 219**	6 698 613	5 917 203	**38 935**	156 389	304 251
Adjustment in respect of prior years	**(8 034)**	-	-	**-**	-	-
	3 053 185	6 698 613	5 917 203	**38 935**	156 389	304 251
Deferred						
Current year	**(4 698 008)**	(5 986 939)	(4 053 258)	**-**	-	-
	(4 698 008)	(5 986 939)	(4 053 258)	**-**	-	-
	(1 644 823)	711 674	1 863 945	**38 935**	156 389	304 251
Reconciliation of tax expense	**%**	%	%	**%**	%	%
Applicable tax rate	**28.00**	28.00	28.00%	**28.00**	28.00	28.00
Non-deductable expenses	**2.17**	3.84	56.19%	**-**	0.59	0.91
Non-taxable income	**(3.60)**	-	-	**-**	-	-
Share of profit/(loss) of associates/ joint ventures - net of tax	**(29.89)**	-	-	**-**	-	-
Capital gains tax	**-**	(25.33)	-	**-**	-	-
Utilisation of previously unrecognised tax losses	**(5.39)**	-	-	**-**	-	-
SETA allowances	**(3.15)**	-	-	**-**	-	-
Tax losses for which no deferred income tax asset was recognised	**1.10**	(2.12)	(60.56)	**-**	-	-
Effective tax rate	**(10.75)**	4.39	23.63	**28.00**	28.59	28.91

	Group			Company		
Figures in Rand	**2011**	2010	2009	**2011**	2010	2009
33 AUDITORS' REMUNERATION						
Fees	**1 703 536**	2 092 145	2 603 308	**-**	-	-
Prior year under provision	**-**	-	278 541	**-**	-	-
	1 703 536	2 092 145	2 603 308	**-**	-	-
34 SHARE-BASED PAYMENTS						
Outstanding rights						
Number of rights with an exercise price of R3.75						4 704 000

Information on options granted

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%; and
- Method of valuation - Black Scholes.

No expense was incurred in the 2011, 2010 or 2009 financial year. Because of non-market vesting conditions in that it 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. The options expire in November 2012.

	Group			Company		
Figures in Rand	**2011**	2010	2009	**2011**	2010	2009
35 CASH (USED IN)/GENERATED FROM OPERATIONS						
Profit before taxation	**15 310 618**	16 199 783	7 886 397	**139 055**	546 992	1 052 301
Adjustments for:						
Bad debts	**1 789 653**	-	-	**-**	-	-
Depreciation	**2 089 926**	2 530 359	2 059 702	**-**	-	-
Loss on sale of assets	**178 978**	3 388	-	**-**	-	-
Finance income	**(3 013 594)**	(4 546 207)	(962 188)	**(20 410 240)**	(14 292 442)	(1 053 602)
Finance cost	**3 674 920**	5 549 661	1 467 892	**20 176 239**	14 011 429	813 463
Amortisation of intangible assets	**60 568**	369 911	519 314	**-**	-	-
Impairments	**-**	-	14 713 978	**-**	-	-
Write-down of prepayments	**7 723 455**	-	-	**-**	-	-
Gain on put & call cancellation	**-**	-	(17 034 936)	**-**	-	-
Share based payments	**-**	-	(963 141)	**-**	-	-
Profit on sale of subsidiary	**-**	(29 304 800)	-	**-**	-	-
Unrealised profit from associate	**-**	5 725 864	-	**-**	-	-
Share of profit/(loss) of associates/ joint ventures						
Net of tax	**(16 342 776)**	-	-	**-**	-	-
Changes in working capital:						
Inventories	**47 572 934**	(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	**(1 962 937)**	3 939 677	36 315 938	**30 291**	(40 174)	-
Prepayments	**(301 707)**	(1 341 770)	29 592 612	**-**	-	-
Construction contracts	**(7 966 858)**	32 171 596	26 610 775	**-**	-	-
Trade and other payables	**4 466 485**	(24 916 726)	(3 127 555)	**(75 529)**	136 382	121 870
	53 279 664	2 519 750	68 474 479	**(140 184)**	362 187	934 032

	Group			Company		
Figures in Rand	**2011**	2010	2009	**2011**	2010	2009
36 Tax paid						
Balance at beginning of the year	**(14 244 940)**	(8 103 644)	(2 404 137)	**(84 360)**	(315 511)	(11 260)
Current tax for the year	**(3 061 219)**	(6 698 613)	(5 917 203)	**(38 935)**	(156 389)	(304 251)
Balance at end of the year	**5 541 573**	14 244 940	8 103 644	**(17 382)**	84 360	315 511
	(11 764 587)	(557 317)	(217 696)	**(140 677)**	(387 540)	-
37 Commitments						
Operating leases – as lessee (expense)						
Minimum lease payments due						
- within one year	**3 573 259**	3 097 697	2 841 924	**-**	-	-
- in second to fifth year inclusive	**2 150 501**	6 076 030	9 173 727	**-**	-	-
	5 723 760	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 Randpark Ridge Ext 120 (Pty) Ltd
- CM3 Hightrade-Invest 60 (Pty) Ltd
- Business Venture Investments No 1221 (Pty) Ltd
- Business Venture Investments No 1244 (Pty) Ltd
- CTE Consulting (Pty) Ltd
- PZR Pennyville Zamimphilo Relocations (Pty) Ltd
- Ridgewood Estate (Pty) Ltd
- Tres Jolie Ext 24 (Pty) Ltd
- PZR Fleurhof (Pty) Ltd

For intercompany balances with group companies refer to note 11.

Directors of holding company:

- BP Malherbe - Executive
- FJ Steyn - Executive
- WJ Lategan - Executive
- DN Steyn - Executive
- PF Radebe - Non-executive
- RN Wesselo - Non-executive
- H Ntene - Independent non-executive
- J Gibbon - Independent non-executive
- R Patmore - Indepenent non-executive

Directors and senior management of subsidiaries:

- HB Malherbe
- CT Le Roux

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

Associates/joint ventures:

- Fleurhof Ext 2 (Pty) Ltd
- Aquarella Investments 265 (Pty) Ltd
- Clidet No 1014 (Pty) Ltd
- Sabre Homes Projects (Pty) Ltd

	Group			Company		
Figures in Rand	**2011**	2010	2009	**2011**	2010	2009
38 RELATED PARTIES CONTINUED						
Related party transactions						
Administration fees received from related parties						
Calgro M3 Developments (Pty) Ltd	**-**	-	-	**1 320 000**	1 247 020	587 405
Calgro M3 Land (Pty) Ltd	**-**	-	-	**-**	385 632	25 000
Fleurhof Ext 2 (Pty) Ltd	**-**	979 612	-	**-**	-	578 106
PZR Pennyville (Pty) Ltd	**-**	-	-	**-**	-	1 047 516
	-	979 612	-	**1 320 000**	1 632 652	2 238 027
Finance income received from related parties						
Calgro M3 Land (Pty) Ltd	**-**	-	-	**20 410 240**	14 271 163	591 244
CTE Consulting (Pty) Ltd			-			35 925
Calgro M3 Developments (Pty) Ltd			-			404 643
Fleurhof Ext 2 (Pty) Ltd	**1 880 509**	-	-	**-**	-	-
Clidet No 1014 (Pty) Ltd	**793 707**	-	-	**-**	-	-
Aquarella Investments 265 (Pty) Ltd	**3 667**	-	-	**-**	-	-
	2 677 883	-	-	**20 410 240**	14 271 163	1 031 812
Finance costs paid to related parties						
Calgro M3 Developments (Pty) Ltd	**-**	-	-	**18 399 813**	12 428 384	-
CTE Consulting (Pty) Ltd	**-**	-	-	**128 953**	111 594	-
			-	**18 528 766**	12 539 978	-
Loans to associates/joint ventures						
Fleurhof Ext 2 (Pty) Ltd	**(2 695 046)**	15 424 445	-	**-**	-	-
Clidet No 1014 (Pty) Ltd	**10 994 221**	-	-	**-**	-	-
Aquarella Investments 265 (Pty) Ltd	**(600)**	-	-	**-**	-	-
	8 298 575	15 424 445	-			-
Receivables/(payables) from/(to) associates/joint ventures						
Fleurhof Ext 2 (Pty) Ltd	**1 606 784**	(235 917)	-	**-**	-	-
Aquarella Investments 265 (Pty) Ltd	**59 713**	(15 672)	-	**-**	-	-
Clidet No 1014 (Pty) Ltd	**52 192**	-	-	**-**	-	-
Sabre Homes Projects (Pty) Ltd	**849 025**	-	-	**-**	-	-
	2 567 714	(251 589)	-	**-**	-	-
Contract revenue received from associates/joint ventures						
Fleurhof Ext 2 (Pty) Ltd	**118 215 981**	-	-	**-**	-	-
Aquarella Investments 265 (Pty) Ltd	**281 000**	-	-	**-**	-	-
Clidet No 1014 (Pty) Ltd	**543 058**	-	-	**-**	-	-
Sabre Homes Projects (Pty) Ltd	**83 000**	-	-	**-**	-	-
	119 123 039	-	-	**-**	-	-
Sale of developed land revenue received from associates/joint ventures						
Clidet No 1014 (Pty) Ltd	**30 000 000**	-	-	**-**	-	-
	30 000 000	-	-	**-**	-	-
Other income received from associates/joint ventures						
Sabre Homes Projects (Pty) Ltd	**1 000 002**	-	-	**-**	-	-
	1 000 002	-	-	**-**	-	-
Receivables from related parties						
BPM Family Trust	**-**	-	140 502	**-**	-	-
Hendrik Brand Trust	**-**	-	118 000	**-**	-	-
FJS Trust	**-**	-	128 563	**-**	-	-
DNS Trust	**-**	-	83 343	**-**	-	-
	-	-	470 408	**-**	-	-

39 Contingent asset

There are no contingent assets in the current year.

In the February 2010 year, a subsidiary company 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 transactions. In the current year SARS have issued their decision and the amount has been accounted for in revenues.

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 R3 520 000 (2010 - R5 289 999. 2009 - 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.

Figures in Rand	2011	2010	2009
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.			
Profit attributable to equity holders of the company	**16 955 441**	15 488 109	6 022 452
Weighted average number of ordinary shares in issue	**127 100 000**	127 100 000	127 100 000
Basic earnings per share (cents)	**13.34**	12.19	4.74
(b) Diluted			
Profit attributable to equity holders of the company	**16 955 441**	15 488 109	6 022 452
Share option (income)/expense	**-**	-	(963 141)
Profit used to determine diluted earnings per share	**16 955 441**	15 488 109	5 059 311
Weighted average number of ordinary shares in issue	**127 100 000**	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**	127 100 000	133 208 000
Diluted earning per share (cents)	**13.34**	12.19	3.80
(c) Headline			
Profit attributable to equity holders of the company	**16 955 441**	15 488 109	6 022 452
Profit on disposal of subsidiary (net of tax)	**-**	(25 202 128)	-
Loss on disposal of property, plant and equipment	**178 978**	-	-
Impairment of goodwill	**-**	-	14 713 978
Profit/(loss) used to determine headline earnings per share	**17 134 419**	(9 714 019)	20 736 430
Weighted average number of ordinary shares in issue	**127 100 000**	127 100 000	127 100 000
Headline earnings per share (cents)	**13.48**	(7.64)	16.32
(d) Net asset value per share			
Total assets	**393 421 768**	397 547 845	571 136 120
Less: total liabilities	**(222 747 810)**	(243 829 328)	(432 905 712)
Net assets	**170 673 958**	153 718 517	138 230 408
Weighted average number of ordinary shares in issue	**127 100 000**	127 100 000	127 100 000
Net asset value per share (cents)	**134.3**	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	Total
Group 2011		
Loans to associates/joint ventures	**10 994 221**	**10 994 221**
Loans and receivables	**5 756 677**	**5 756 677**
Trade and other receivables	**12 205 418**	**12 205 418**
Cash and cash equivalents	**14 954 110**	**14 954 110**
	43 910 426	**43 910 426**
Group 2010		
Loans to associates/joint ventures	15 424 445	15 424 445
Loans and receivables	7 895 007	7 895 007
Trade and other receivables	7 388 983	7 388 983
Cash and cash equivalents	6 059 304	6 059 304
	36 767 739	36 767 739
Group 2009		
Loans to associates/joint ventures	-	-
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	Total
Company 2011		
Loans to group companies	**143 332 530**	**143 332 530**
Cash and cash equivalents	**330**	**330**
	143 332 860	**143 332 860**
Company 2010		
Loans to group companies	162 239 591	162 239 591
Cash and cash equivalents	330	330
	162 239 921	162 239 921
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 - designated	Total
Group 2011			
Borrowings	**154 261 721**	**-**	**154 261 721**
Loans from associates/joint ventures	**2 695 646**	**-**	**2 695 646**
Finance lease obligations	**2 020 382**	**-**	**2 020 382**
Trade payables	**38 913 678**	**-**	**38 913 678**
Bank overdraft	**4 041 090**	**-**	**4 041 090**
	201 932 518	**-**	**201 932 518**
Group 2010			
Borrowings	158 844 291	5 185 277	164 029 568
Loans from associates/joint ventures	-	-	-
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	16 546 255	217 880 887
Group 2009			
Borrowings	200 760 795	16 546 255	217 307 050
Loans from associates/joint ventures	-	-	-
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
	281 397 549	16 546 255	297 943 804

Figures in Rand	Financial liabilities at amortised cost	Fair value through profit or loss - designated	Total
Company 2011			
Loans from group companies	**137 909 716**	**-**	**137 909 716**
Trade payables	**182 723**	**-**	**182 723**
Bank overdraft	**4 039 643**	**-**	**4 039 643**
	142 132 082	**-**	**142 132 082**
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
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

	Group			Company		
Figures in Rand	2010	2010	2010	2009	2009	2009
	Previously stated	Reclassification	Reclassified	Previously stated	Reclassification	Reclassified
45 Reclassification of consolidated statement of financial position						
Group						
Liabilities						
Non-current liabilities						
Borrowings	154 379 189	(150 209 189)	4 170 000	117 956 681	(113 786 681)	4 170 000
Rand Merchant bank		(90 864 921)			(90 478 843)	
ABSA		(3 357 793)				
National Housing Corporation		(6 836 475)				
Refihile Consulting Services(Pty) Ltd)					(15 057 958)	
BOE Bank Limited					(4 249 880)	
Nedbank Corporate		(45 000 000)				
Russel Lund		(4 150 000)			(4 0000 000)	
Current liabilities						
Borrowings	9 650 379	150 209 189	159 859 568	69 350 369	113 786 681	183 137 050
Rand Merchant bank		90 864 921			90 478 843	
ABSA		3 357 793				
National Housing Corporation		6 836 475				
Refihile Consulting Services(Pty) Ltd)					15 057 958	
BOE Bank Limited					4 249 880	
Nedbank Corporate		45 000 000				
Russel Lund		4 150 000			4 000 000	
Refer to note 22 for the terms and conditions of these loans.						
Company						
Liabilities						
Non-current liabilities						
Loans from group companies	144 276 118	(144 276 118)	-	-	-	-
Calgro M3 Developments (Pty) Ltd		(142 282 911)			-	
CTE Consulting (Pty) Ltd		(1 993 207)			-	
Current liabilities						
Loans from group companies	-	144 276 118	144 276 118	-	-	-
Calgro M3 Developments (Pty) Ltd		142 282 911			-	
CTE Consulting (Pty) Ltd		1 993 207			-	
Assets						
Non-current assets						
Loans to group companies	162 239 591	(162 239 591)	-	14 652 778	(14 652 778)	-
Calgro M3 Developments (Pty) Ltd					(5 663 354)	
CTE Consulting (Pty) Ltd					(514 925)	
Calgro M3 Land (Pty) Ltd		(162 239 591)			(8 474 499)	
Current assets						
Loans to group companies	-	162 239 591	162 239 591	-	14 652 778	14 652 778
Calgro M3 Developments (Pty) Ltd					5 663 354	
CTE Consulting (Pty) Ltd					514 925	
		162 239 591			8 474 499	
Refer to note 12 for the terms and conditions of these loans.						

NOTICE OF ANNUAL GENERAL MEETING

FOR THE YEAR ENDED 28 FEBRUARY 2011

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

Notice is hereby given to all members of Calgro M3 Holdings Limited ("the company") that the second annual general meeting ("AGM") of members will be held at 10:00 on Wednesday, 20 July 2011 in the boardroom, Calgro M3, 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 2011, 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 20 of the annual report)

3. **Ordinary resolution number three**
   To resolve that the re-appointment of H Ntene 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 20 of the annual report)

4. **Ordinary resolution number four**
   To resolve that the re-appointment of FJ Steyn 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 20 of the annual report)

5. **Ordinary resolution number five**
   To resolve that the appointment R Patmore as an non-executive director of the company, with effect from 18 January 2011, be hereby ratified

   (A brief CV appears on page 21 of the annual report)

6. **Ordinary resolution number six**
   To resolve that the appointment RN Wesselo as non-executive director of the company, with effect from 18 January 2011, be hereby ratified

   (A brief CV appears on page 21 of the annual report)

7. **Ordinary resolution number seven**
   To resolve that the re-appointment of Pricewaterhouse Coopers as auditors, and Lynn Loots being a member of PricewaterhouseCoopers Inc., as the individual designated auditor who will undertake the audit of the company for the ensuing year, 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.

8. **Ordinary resolution number eight**
   To resolve that the fees paid to the directors of the company in respect of the year ended 28 February 2011, as set out in the annual financial statements on page 47, be approved.

9. **Ordinary resolution number nine**
   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 to pay its 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 2011. 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.

10. Ordinary resolution number ten

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".

11. Ordinary resolution number eleven

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);
- the shares which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such shares or rights that are convertible into a class of shares already In issue;
- 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/joint ventures.

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

12. 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 Limited'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;

i) the company and/or its subsidiaries will not repurchase its shares during any prohibited period as defined in paragraph 3.67 of the Listings Requirements unless they have in place a repurchase programme where the dates and quantities of securities to be traded during the relevant period are fixed (not subject to any variation) and full details of the programme have been disclosed in announcement on SENS prior to the commencement of the prohibited period; 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.

13. Special resolution number two

To resolve that the fees paid to the non executive directors of the company in respect of the financial year 28 February 2012, be approved. (Refer to note 5 of the directors' report).

14. 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 8 of the annual report
- Major shareholders: page 49 of the annual financial statements
- Directors' interests in securities: page 46 of the annual financial statements
- Share capital of the company: note 21 on page 88 of the notes to the annual financial statements
- Litigation: Calgro M3 is currently in litigation with a counter 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 8 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 2011.

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.

Voting and Proxies

Any shareholders wishing to attend the AGM who have already dematerialised their shares in Calgro M3, and such dematerialised shares are not recorded in the electronic sub-register of Calgro M3 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 M3 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 M3 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, 15 July 2011.

If you have already dematerialised your shares in Calgro M3:

- and such dematerialised shares are recorded in the electronic sub-register of Calgro M3 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 M3 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, 15 July 2011; or
- where such dematerialised shares are not recorded in the electronic sub-register of Calgro M3 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
W J Lategan
15 May 2011

FORM OF PROXY

FOR USE AT THE ANNUAL GENERAL MEETING OF THE COMPANY TO BE HELD AT 10:00 ON WEDENESDAY, 20 JULY 2011 IN THE BOARDROOM, CALGRO M3, 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 M3 ordinary shares registered in my/our name(s), in accordance with the following instructions:

	FOR	AGAINST	ABSTAIN
Ordinary resolution number one Adopt the annual financial statements for the year ended 28 February 2011			
Ordinary resolution number two Re-appointment of PF Radebe as chairperson			
Ordinary resolution number three Re-appointment of H Ntene as non-executive director			
Ordinary resolution number four Re-appointment of FJ Steyn as non-executive director			
Ordinary resolution number five Appointment of R Patmore as executive director			
Ordinary resolution number six Appointment of RN Wesselo as executive director			
Ordinary resolution number seven Re-appointment of PricewaterhouseCoopers Inc			
Ordinary resolution number eight Directors' fees			
Ordinary resolution number nine General payments of shareholders			
Ordinary resolution number ten Control of authorised but unissued shares			
Ordinary resolution number eleven General authority to issue shares for cash			
Special resolution number one General authority to repurchase shares			
Special resolution number two Payment to non-executive directors			

*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) 2011

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. recorded 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, 15 July 2011.

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

ADMINISTRATION AND OFFICES

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

Transfer secretaries
Computershare Investor Services

Business address
70 Marshall Street
Johannesburg
2001

Postal address
P O Box 61051
Marshalltown
2107

Bankers
First National Bank

Auditors
Pricewaterhouse Coopers Inc

Designated advisors
Grindrod Bank Limited

Secretary
WJ Lategan

SHAREHOLDERS' DIARY

Annual general meeting:	20 July 2011
Interim report:	November 2011
Financial year-end:	February 2012
Year-end results:	May 2012


CALGRO M3
HOLDINGS

www.calgrom3.com