integrated annual report 2014

BUILDING LEGACIES CHANGING LIVES

Calgro M3 Holdings is a residential developer specialising in integrated developments aimed at the entry-level consumer. The company is based in Gauteng. It has a national footprint with a R17 billion project pipeline. Calgro M3 has three divisions: Calgro M3 Developments, Calgro M3 Land and Calgro M3 Project Management. Together, they provide the Group with a key differentiator: the capability to fulfil delivery across the full residential development cycle, from conceptualisation to hand-over to the end-user.

We are pleased to publish the seventh Calgro M3 Holdings Integrated Annual Report, compiled and presented in line with the requirements of the King Code and Report on Governance for South Africa ("King III").

This report is addressed to our stakeholders, including our public and private sector partners, our clients, the communities in which we do business, our suppliers and analysts. For purposes of the Integrated Report, material resources and stakeholders have been identified, as indicated on pages 46 - 51.




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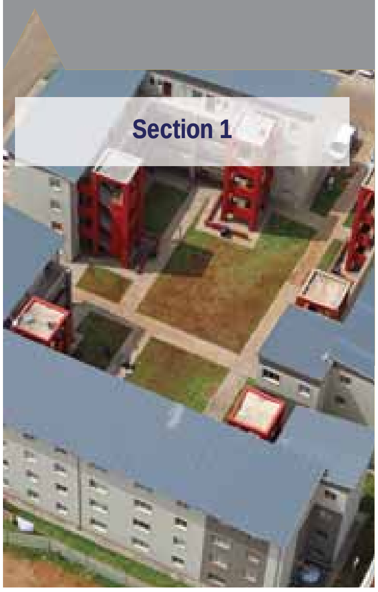
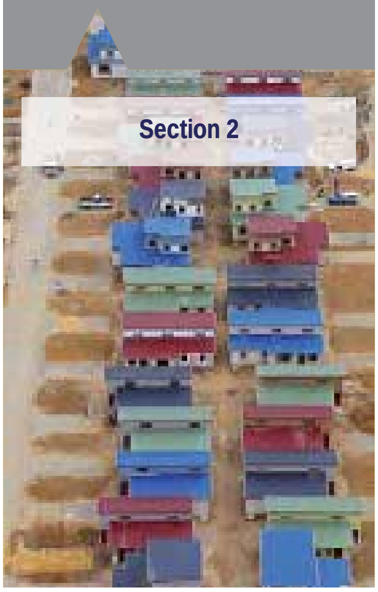
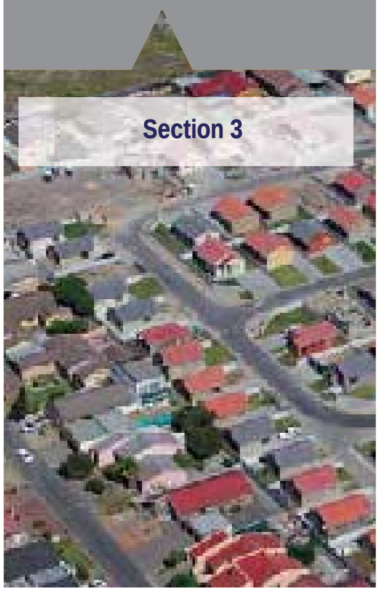
Group overview



Our approach



Financials



About this Report

Scope, Boundary and Assurance

The Calgro M3 Integrated Annual Report for the 12 months to 28 February 2014 provides a review of the financial, social, environmental and governance performance of Calgro M3 Holdings and its subsidiaries. Through the use of an integrated reporting format, and application of globally recognised governance and sustainability reporting frameworks, this report aims to offer stakeholders a clear view of how Calgro M3's strategy, governance, performance and prospects - in the context of its external environment - lead to the creation of value over the short, medium and long term.

Calgro M3 has acted in good faith and has made every reasonable effort to ensure the accuracy and completeness of the information contained in this report, including all information that may be defined as "forward-looking statements".

Information presented covers all operating entities of the Group, including all subsidiaries, associated companies and joint ventures, unless otherwise indicated. All information is presented on the same basis as the Group's 2013 Integrated Annual Report in terms of the entities covered, the measurement methods applied and timeframes used. The information provided covers all material matters relating to business strategy, risks and areas of critical importance to our stakeholders.

The integrity of the integrated annual report was overseen by the board in conjunction with the Audit Committee. This was achieved by setting up appropriate teams, structures and processes to undertake the integrated reporting process and then performing a thorough review of the resulting document.

This report comprises:

- **The Calgro M3 Integrated Report** that provides a review of the Group and its financial, social, environmental and governance performance - pages 2 to 92.
- **Annual financial statements** for the Calgro M3 Group and **Calgro M3** Holdings Limited - page 94. These financial statements are prepared and presented in accordance with International Financial Reporting Standards (IFRS) and the Companies Act 71 of 2008 (as amended) in South Africa.

The report is guided by:

- **King Code of Governance Principles for South Africa ("King III").**
- **Global Reporting Initiative (GRI)** G3.1 Sustainability Reporting Guidelines including, where possible, the Construction and Real Estate Sector Supplement. The content of this report is self-declared at GRI level C. The scope of reporting on sustainability issues and performance is specific to Calgro M3 only and does not refer to any subcontractor, joint venture or partnership, unless specifically stated. The GRI table can be found on page 173.
- **JSE Listings Requirements.**
- **Companies Act 71 of 2008 (as amended)**

Calgro M3's strategy, governance, performance and prospects - in the context of its external environment - lead to the creation of value over the short, medium and long term

Feedback

We aim to provide to all of our stakeholders a balanced, clear and transparent understanding of our business and of how we sustainably create value. Our hope is that this report addresses their interests and key areas of concern, and that it serves to strengthen our current and future relationships with all of the stakeholders who play an important part in seeing Calgro M3 succeed into the future. Stakeholders are invited to actively participate by sending their questions, comments and concerns to: info@calgrom3.com.

Materiality

Only material information is presented in this report.

Materiality has been determined by taking both quantitative and qualitative aspects into account:

- **For financial information**, materiality is based on whether the item is of such significance that it could affect financial decisions made by financial capital providers to the Group (current and potential). Both the amount and nature of an item is considered.
- **For non-financial information and the identification of resources and stakeholders,** materiality is based on whether an item, resource or stakeholder is of such significance that it can prevent the Group from achieving its Return on Equity target (30%) over the short, medium and long term.

The determination of materiality necessarily requires judgment to be exercised.

- Calgro M3's external communication philosophy is based on achieving full alignment between internal and external financial reporting in respect of both content and format of reporting. The only exception is the exclusion of detailed information that will prejudice Calgro M3's competitive position in the market.

Independent Assurance

PricewaterhouseCoopers (PwC) has been engaged to provide independent assurance on the following aspects of this report:

- Audit opinion on the annual financial statements (page104).

Forward-looking Statements

Forward-looking statements may be identified by words such as *"believe", "anticipate", "expect", "plan", "estimate", "intend", "project", "target", "predict" and "hope"*. By their nature, forward-looking statements are inherently predictive, speculative and involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future, involve known and unknown risks, uncertainties and other facts or factors which may cause the actual results, performance or achievements of the Group or its sector to be materially different from any results, performance or achievement expressed or implied by such forward-looking statements.

Forward-looking statements are not guarantees of future performance and are based on assumptions regarding the Group's present and future business strategies and the environments in which it operates now and in the future. No assurance can be given that forward-looking statements will prove to be correct and undue reliance should not be placed on such statements.

Calgro M3 does not undertake to update any forward-looking statements contained in this document and does not assume responsibility for any loss or damage whatsoever and howsoever arising as a result of the reliance by any party thereon.

Board responsibility

Board Responsibility Statement for the Integrated Annual Report

The board of directors acknowledges its responsibility to ensure the integrity of the Integrated Report and has evaluated its preparation and presentation accordingly. In the opinion of the board, this Integrated Report has been prepared to addresses the material matters pertaining to the long-term sustainability of the Group and presents fairly the integrated performance of the Calgro M3 Group and the impacts thereof.

CHAIRPERSON CEO

Group Overview

Setting new standards for sustainable integrated residential developments

Integrated development SPECIALIST

Calgro M3 has been prominent in the delivery of the South African dream of providing homes to the nation. We have always held a long-term view and focused on our ability to adapt to the demands and challenges of the environment in which we operate. Today, in a dynamically changing world, we see an evolving set of social, economic, political and environmental imperatives that require our skilful response. For us at Calgro M3, sustainable business practice means recognising our broader responsibilities as an organisation in society.

As a market leader in the integrated development segment of the residential market we continuously strive to enhance our product offering, setting new standards with regard to sustainable integrated developments to the benefit of all stakeholders, including the communities we operate in.

Our turnkey approach is underpinned by our One Team strategy which provides differentiation in the integrated residential development market, enabling Calgro M3 to exercise tighter control of cost, quality, execution and risk.

To become the residential developer of choice for government, financial institutions, funding partners and prospective home owners through sustainable delivery of quality integrated developments.

Vision

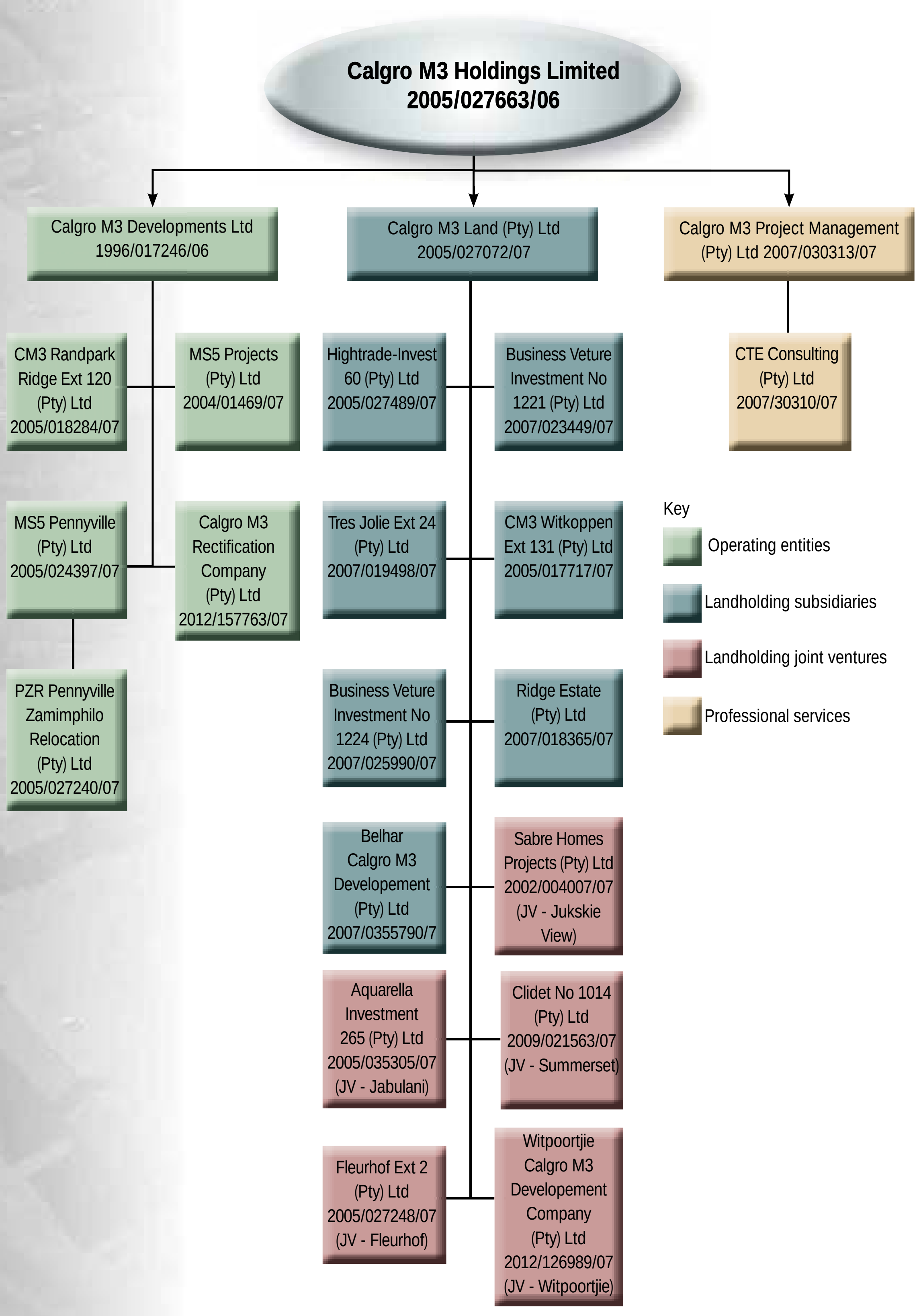
Calgro M3 will be the residential developer of choice in select markets through consistent delivery of homes of the highest quality.

Mission

Calgro M3 is committed to:

- **Superior building quality and the highest service standards;**
- **Sustainable returns to our shareholders;**
- **Broad Based Black Economic Empowerment;**
- **Creating employment opportunities and rewarding personnel; and**
- **Developing mutually beneficial relationships with all our stakeholders.**

GROUP STRUCTURE



CALGRO M3'S CORE BUSINESS

Calgro M3 is a residential property developer specialising in integrated developments aimed at the entry level consumer.

The Group follows a turnkey approach, being the land owner, developer and contractor, owning the town planning practice and doing the marketing of developments in-house.

A hands-on, flexible business model with an agile response to changing market dynamics is key to our competitiveness

The Group's turnkey approach reduces its dependence on external parties and limits the number of role players needing to make profit in the value chain. This enables the Group to enter the market with a well-priced product without compromising quality. This approach also provides the Group with the flexibility to control the pace of development to meet changing market drivers.

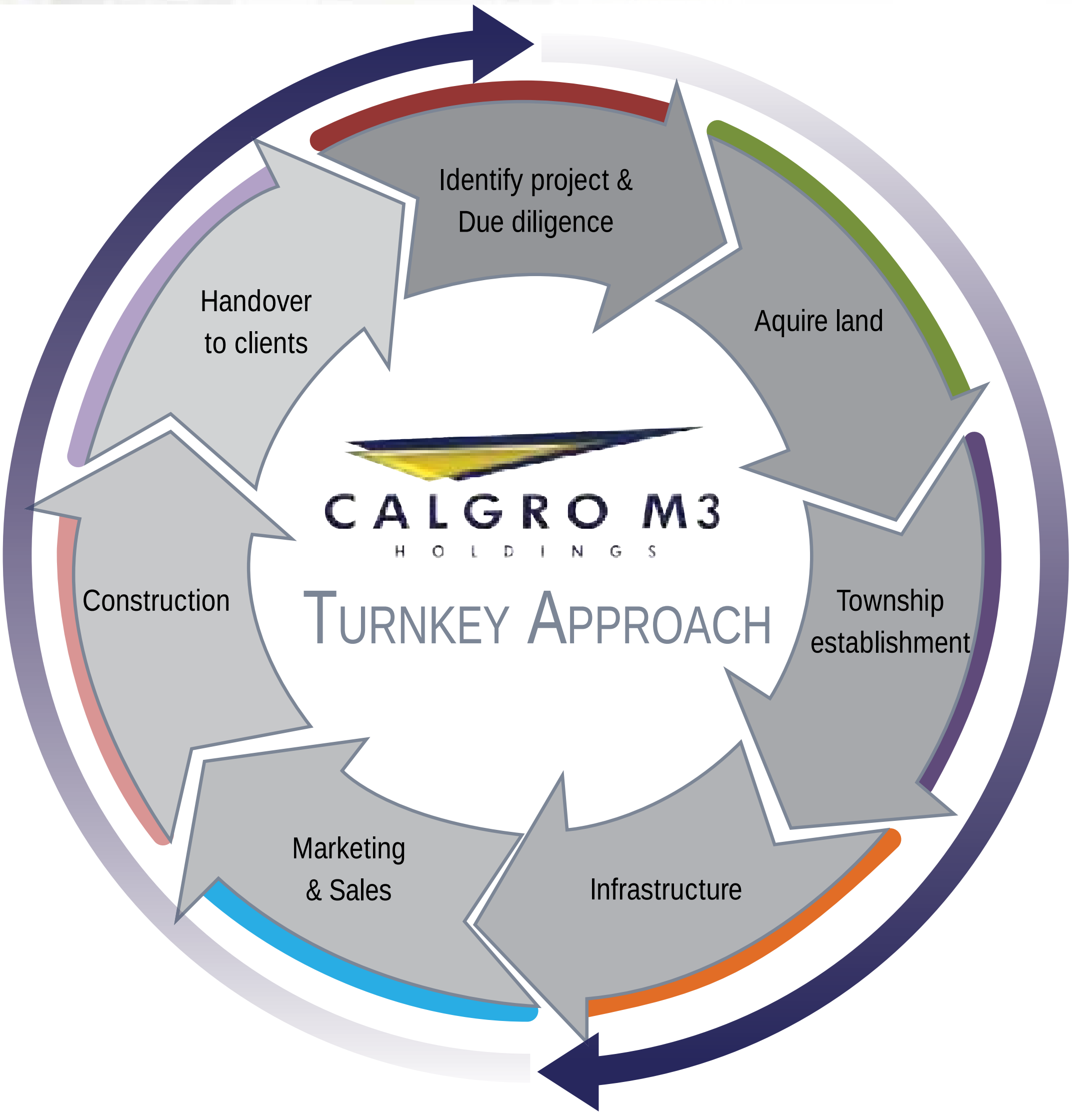
Identify projects	Due diligence	Acquire land	Township establishment	Infrastructure	Marketing & Sales	Construction	Handover
A suitable property and target market is identified.	**Internal due diligence determines the viability and feasibility of a project.**	**The Group acquires the land parcel, secures development funding.**	**Town planning and architecture is done in-house.**	**Installation of roads, stormwater, water, sewer and electrical infrastructure.**	**Residential units on serviced stands are marketed and sold to clients.**	**Construction is done in-house. Internal capacity is supplemented through use of subcontractors.**	**The handover of completed units to clients is done in-house.**
	Informed: Identify the target market, environmental issues and funding requirements with the help of specialists and studies. **Risk:** The Group is not hesitant to incur cost to ensure the land can be developed prior to acquisition.	**Control:** Land ownership enables the Group to control the development process and partner with the private and/or public sector. **Approach:** A Land Availability Agreement will suffice if the Group is able to develop the land in partnership with, not on behalf of partners.	**Timelines:** Town planning processes dictate development programmes. Our approach ensures project timelines are determined in-house. **Leading practices:** Specialists such as urban designers add value, ensuring that leading practices and trends are considered. Lessons learnt are applied. **Un-zoned:** The Group prefers the acquisition of un-zoned land so it can zone parcels of land in line with project requirements.	**Tendered out:** Infrastructure is installated by third parties. **Ownership:** Acquisition of a civil engineering firm has been considered but opportunities cost cannot yet be justified.	**Critical:** This capability is core to Calgro M3's business and crucial to its success.	**Ambition:** The Group has no ambition to increase its construction capacity, preferring to subcontract construction and rather increase its project management capabilities. **Risk:** The Group does not construct units on risk; it only commences construction once third-party funding is secured.	**Quality assurance:** This aspect receives high priority, ensuring client satisfaction and protecting against reputational risk associated with bad workmanship.

Investigate target market, enviromental issues, funding requirements.

Land ownership enables control of the development process & choice of partners.

Town planning and architecture is done in-house.

We control the development timelines.



Installation of roads, stormwater, water, sewer and electrical infrastructure is tendered out.

Residential units on serviced stands are marketed and sold to clients.

This capability is core to our business and crucial to its success.

Construction of units is done in-house.

Internal capacity is supplemented by the appointment of subcontractors.

The hand-over of completed units to clients is done in-house.

Quality assurance receives high priority.

Awards and Accomplishments

Setting new standards in integrated residential development

Housing Project of the Year 2013

The Southern African Housing Foundation "Housing Project of the Year 2013" was awarded to Calgro M3 Developments for the Fleurhof project, setting new standards in integrated housing developments.

Social Housing project

The Govan Mbeki Award 2013 for "the best Social Housing project" awarded to Fleurhof Views.

Annual Report Awards 2013

Calgro M3 Holdings received a merit award in the Chartered Secretaries Southern Africa and JSE Limited **Annual Report Awards 2013 for "The Benchmark for Integrated Reporting 2013".**

Adding value:

Taking energy efficient heating to the next level: To complement the use of heat pumps and induction geysers, the Group launched a project aimed at the low-income residential market that makes use of a gas reticulation for water heating and cooking.

Calgro M3 again created in excess of 5 000 job opportunities on its sites in the period under review. This is in line with government's job creation drive and despite difficult trading conditions. (Calculation and research described on page 55).

Zero Fatalities

The Group was again fatality free on all construction sites.

Pipeline Increase

- **Awarded the R812 million Otjomuise** project in Windhoek, Namibia, signalling the Group's cautious expansion outside South African borders.
- **Awarded the R225 million** second phase of the successfully implemented **Jabulani Hostels project** 18 months after completion of the first phase.
- Commenced installation of infrastructure on the **R735 million Witpoortjie project** aimed at the affordable housing market.
- Commenced construction on the newly acquired **R145 million Sagewood project** after completing the installation of infrastructure.
- Agreement concluded to develop the **Kwa Nobuhle project** at a value of **R3.992 billion**.

Financial

Strengthening the balance sheet to align with, and accommodate the Group's next growth phase

Promising growth
– on solid foundations

Financial Highlights

Combined revenue including joint ventures	↑	5.39%
Earnings per share: 2014: 83.16 vs 2013: 71.84	↑	15.76%
Headline earnings: 2014: 83.16 vs 2013: 71.84	↑	15.76%

Non-Financial Highlights

Green homes*

Number of energy conserving homes built: 2014 – 860; 2013 – 300

Social investment

Corporate Social Investment (CSI) spend: 2014 – R4.1 million; 2013 - R1.5 million

Development and empowerment

Numbers of subcontractors through business development and mentoring programmes: 2014 – 55; 2013 – 107

Another 5 000 jobs created in the reporting period

* 'Green' defined as including: LED lighting, solar powered geysers, gas appliances, fully insulated ceilings, aerated shower heads, grey water recycling, rain water harvesting and/or recycling systems

- **The Group commenced its structured reduction** in exposure to finance based joint ventures partners by completing one joint venture project, agreeing to repurchase the shareholding in another project and starting repayment of capital injected. Fleurhof is expected to start exctracting its profit from the joint venture in cash in the next period under review.
- **The Group extended its capital market bond programme** with R252 million and settled secured debt and debt backed by Group surety of R458 million.
- **Calgro M3 walked away from the Clayville project in Ekurhuleni,** taking a financial write-down of R5.7 million but in doing so protected the Group from a potentially distressed project with capital commitments of R200 million. This demonstrates the Group's drive towards maintaining long-term shareholders wealth;
- **Investing R121 million into new projects** in the period under review created the platform for the Group's next growth phase, which will start generating revenue in the next period under review.

Strategy

The Group's strategy is to maximise value creation for shareholders by remaining the preferred development partner for the private and public sector through delivery of quality affordable products.

This approach requires a "hands-on" and flexible business model that can react to market demand on short notice and cater for the changing needs of clients and development partners.

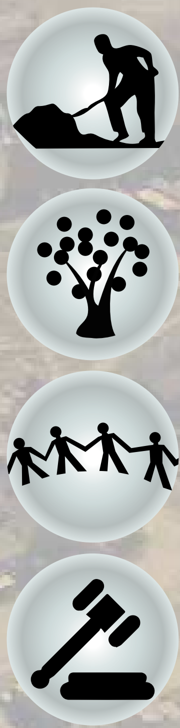
Building stong communities is integral to our business success

Human capital management

Environmental and social

Communities

Corporate governance



Placing purpose on an equal footing with profit

Calgro M3 is committed to service excellence and the production of quality homes through:

- Providing superior building quality
- Providing the highest standards of service
- Delivering, sustainable returns to shareholders
- Implementing Broad-Based Black Economic Empowerment
- Creating employment opportunities while developing and rewarding personnel
- Developing mutually beneficial relationships with government, financial institutions and suppliers

Integrated development is our stated speciality.

The central focus of integrated developments is the creation of an environment that supports the wellbeing and development of strong communities. In planning, building and executing our developments we take into account the needs, interests and concerns of our stakeholders, ensuring multiple forums for engagement (*see Understanding our Stakeholders on page 48*) that facilitates ongoing two-way communication.

We don't just focus on infrastructure and the physical environment; we help build people and communities by providing them with the tools to prosper. For insight into how we are doing this (*see Our Economic Sustainability page 54, Our Communities page 67, and Human Capital Management page 76).*

Sustainable business growth is an integral part of the Group's business strategy.

Every facet of our business is underpinned by the principles of social, economic and environmental sustainability. These principles form the backbone of the business policies that guide our decisions across all aspects of our business, from **human capital management (see page 70)** to our response to **environmental and social issues (pages 57 and 60).** Within our **corporate governance framework (see pages 81**), these principles are well entrenched. Identified individuals and committees are accountable for protecting the interests of stakeholders and ensuring the Group conducts itself in accordance with the principles it has selected to govern its actions.

How we do business – making sustainable decisions in:

- Human capital management (see page 70)
- Response to environmental and social issues (pages 54, 57 and 60)
- The communities we work in (page 67)
- Corporate governance (see pages 81)

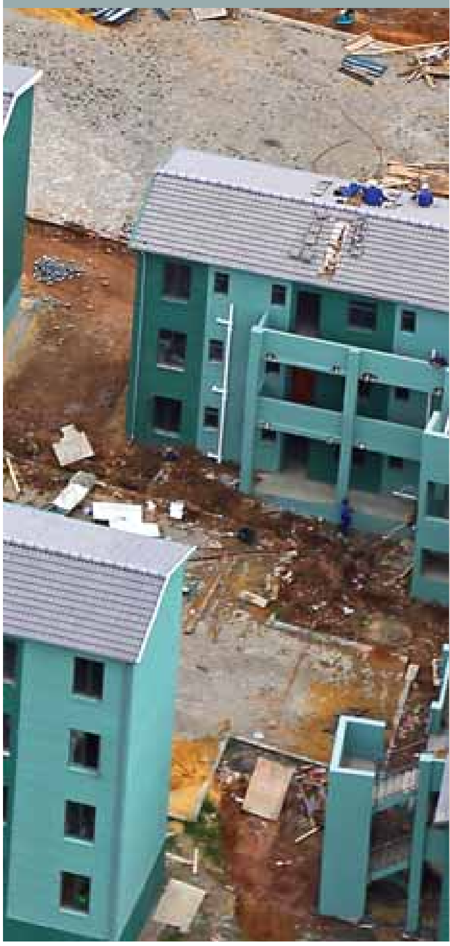
At the heart of our business: Our people

Strategic Priorities

Calgro M3's strategic priorities across the short, medium and long-term

Strategic Priorities	Medium-term Strategy (3-5 years)	Long-term Strategy (6 years+)
■ Ensure we remain focused on being the residential developer of choice in select markets ■ Ensure that superior building quality is maintained ■ Improve the Group BBBEE rating ■ Create employment opportunities ■ Continue building solid stakeholder relationships ■ Ensure operational stability and economic performance ■ Sustain our growth ■ Reduce and contain the environmental impact of our operations	■ Minimum 80% exposure in integrated developments, maximum 20% exposure in the mid to high segment of the market ■ Principle of landowner retained with land availability agreements negotiated on our terms ■ Shareholding in projects maximised while taking associated risks into account ■ Marketing capacity scaled to keep pace with the Group's ability to deliver serviced stands ■ Internal construction capacity complemented by the appointment of reputable subcontractors while maintaining quality refining integrated development principles ■ Continuously improving product offering and refining integrated development principles ■ Maintain an unsecured balance sheet ■ Retain and grow existing management team	■ Establish Calgro M3 as the preferred partner to private sector and public sector with regard to integrated developments ■ Assist government in eradicating the housing backlog and improve the general quality of life for all South African ■ Create a strong proven brand ■ Differentiate through quality

An evolving set of social, economic, political and environmental imperatives requires our skilful response



Operating Environment

The Group is operating in an environment that receives support from both the public and private sector. Support from the public sector is based on the dire need for housing and the lack of service delivery, which has resulted in service delivery protests at record levels. Support from the private sector is experienced in the form of a newly signed Financial Services Charter (FSC) entered into between government and the Financial Institutions committing finance to this market segment.

As the market we cater for is not driven by investment but rather the need for housing, the interest rate cycle does not severely affect this market. When interest rates are increased, it will result in a client who qualifed for a $60m^2$ house previously, buying a $56m^2$ house, instead, based on affordability.

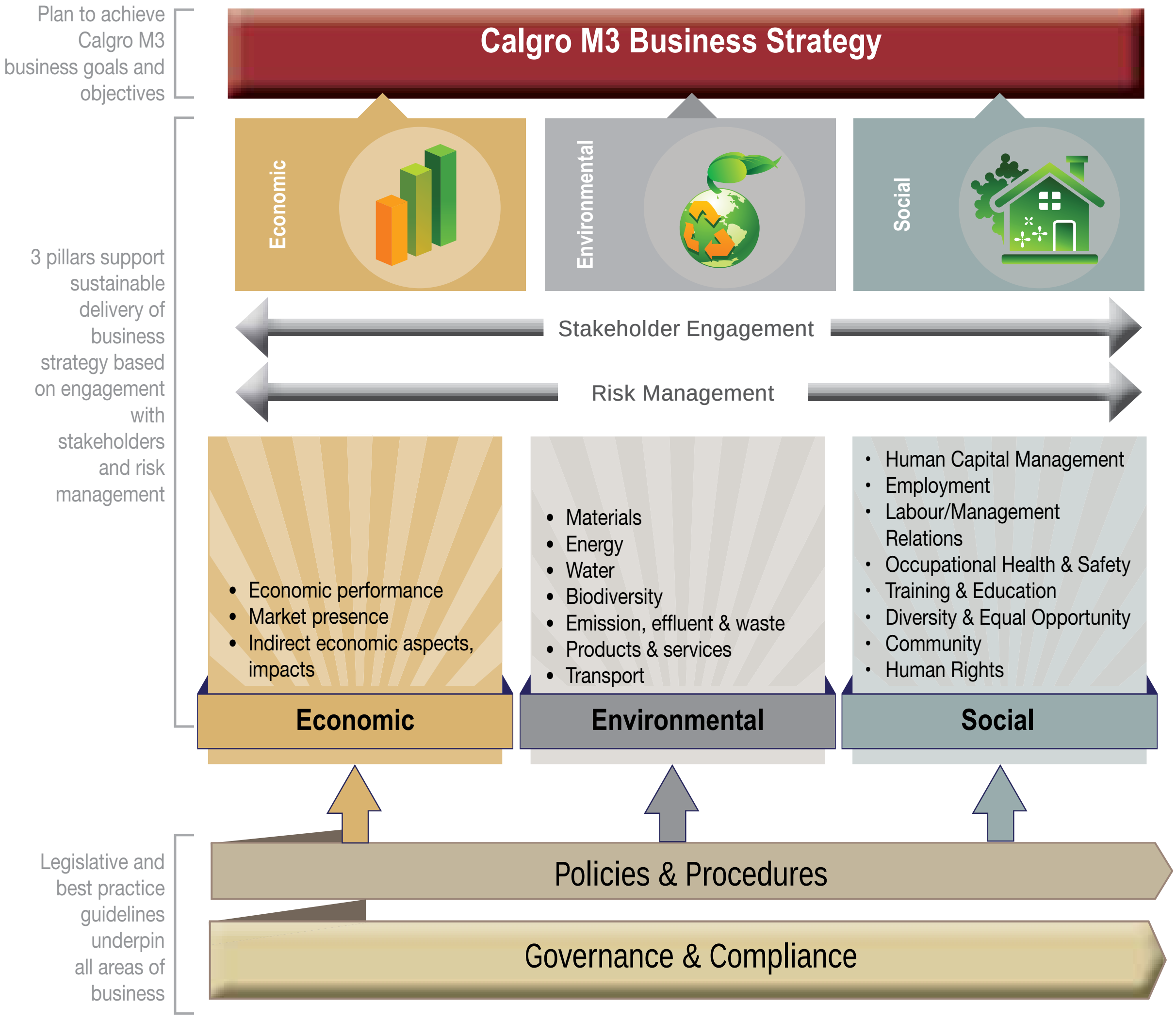
An evolving set of social, economic, political and environmental imperatives requires our skilful response.

Competition and Market Share

As predicted over the last couple of years, new entrants are entering this segment of the market. In Gauteng, various new projects of scale are in the planning process. In 2014, we expect to see these projects brought to market by the entry of traditionally civil engineering contractors into this segment.

The Group is confident that its turnkey approach, lessons learnet with regard to the implementation of projects at scale, and experience with densification will serve it well as competitive activity increases.

Barriers to entry, dictated by the lack of finance available for land acquisition and the financial requirement to implement projects of scale, are likely to also result in a cautious approach by new entrants that do not have the necessary experience in this market segment.



Marketing

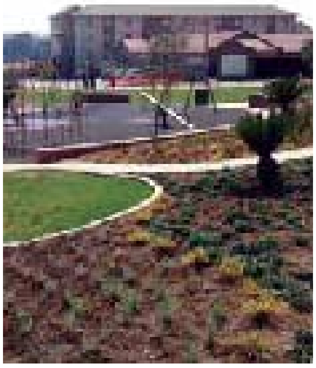
The Group's marketing strategy is driven by market demand and our exposure to various market segments is continuously monitored and adjusted to cater for demand.

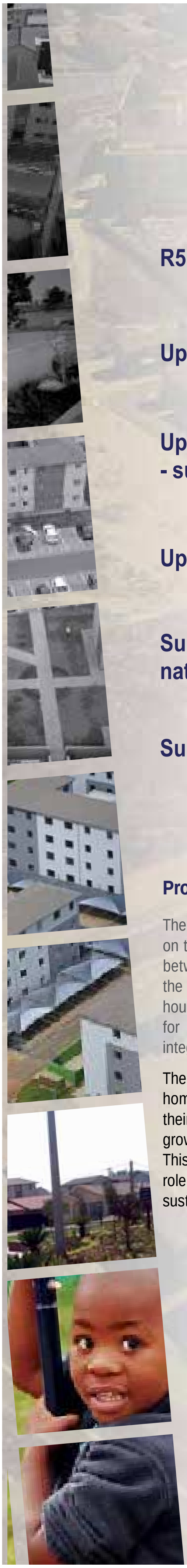
A careful balance between public and private sector exposure is maintained taking into account Public Sector cycles of emphasis on delivery of subsidised housing, which results in higher exposure to fully subsidised units, and its drive for delivery of bonded properties which helps satisfy government's need for the tax base to be increased.

Our Markets and Products

Our turnkey approach and our experience will serve us well as market activity increases through 2014

The integrated development concept offers consumers options with regards to tenure, catering for ownership and rentals. The various housing typologies offered, cater for a wide income bracket, targeting individuals earning a combined monthly income of under R3 500, a combined monthly income of R3 500 to R7 500, a combined monthly income of under R15 000, and income brackets above R15 000 per month. All these segments of the market combine to create a stable community within these integrated projects.



R551 000 up to R3 000 000+	**Mid to High Income Housing Segment** Income earners R20 000+
Up to R550 000	**Affordable Housing Segment** Income earners R15 500+
Up to R300 000 - subject to change	**GAP & FLISP Housing Segment** Income earners up to R15 000 pm. Move to the next market segment depending on increased income levels
Up to R300 000	**Social Housing (Subsidised Rentals) Segment** Income earners below R7 500 pm. Move to the next market segment if monthly earnings exceed R7 500
Subsidy as per national CRU policy	**CRU (Subsidised Rentals) Segment** Income earners below R7 500 pm. Move to the next market segment if monthly earnings exceed R7 500
Subsidy of the day	**BNG Housing (Fully subsidised) Segment** Income earners below R3 500 pm. Move to the next market segment if monthly earnings exceed R3 500

Housing the Nation

Product Definition

The Integrated Development Model is based on the principle of seamlessly bridging the gap between the subsidised market segment and the affordable market segment by providing housing, schooling, community facilities, etc., for all levels of income earners within one integrated township.

The integrated development model offers homeowners a platform to improve and upscale their property according to their future financial growth whilst remaining in the same community. This enhances social upliftment by retaining role models in the community leading to more sustainable integrated suburbs.

Housing Types:

- **Mid to High Income Housing –** Full and sectional title residential units aimed at home owners in the bonded market.
- **Affordable Housing –** Full and sectional title residential units aimed at home owners in the bonded market.
- **GAP -** Grassroots Affordable Peoples' Homes cater for people excluded from the subsidised programme but with incomes too low to qualify for traditional affordable homes.
- **FLISP -** Finance Linked Individual Subsidy Programme. The product was introduced when the affordability level of R3 500 pm income to qualify for subsidised housing was removed, allowing people previously disqualified based on income, to qualify for a partly subsidised home.
- **Social Housing** - Social Housing is a rental or co-operative housing option, subsidised rentals owned by section 21 social housing institutes.
- **CRU Housing** – The Community Residential Unit programme comprises subsidised rental units owned by the public sector.
- **BNG Subsidised Housing** – Breaking New Ground housing policy, providing fully subsidised units to qualifying South Africans (updated version of the Reconstruction and Development Programme (RDP housing)).

What drives Calgro M3?

Pre-empting and mitigating
current and future risks

South Africa has an overwhelming housing backlog. Mixed-income integrated residential developments that incorporate socio-structures such as health, education, municipal and sport facilities, provide a solution to the development of sustainable communities. This is Calgro M3's primary market. Calgro M3's minimum exposure to this market is set at 80%. Its interest in the mid to high income residential market is capped at 20%.

Statistics:

- South Africa's BNG housing backlog is estimated at 2.1 million houses. Government wants to eradicate this backlog by 2030 and has introduced a number of new subsidy models to acheive this (FLISP, GAP, CRU, etc.).
- About four million South African households fall in to the 'gap' market where there is demand for homes of R300 000 to R550 000. Estimates put the shortage in the market at 600 000 units, growing by 100 000 units a year.

Vision

Calgro M3's vision is to be the residential developer of choice in select markets by consistently delivering homes of the highest quality.

Calgro M3

Investment Proposition:

- Strong financial position
- Integrated turnkey residential development capability
- 18-year track record – quality outputs, stable growth
- Experienced management team
- Committed to sustainable business growth
- Focused on meeting financial, social, environmental targets

Our Values

We don't just build houses,
we build communities
– the two are inseparable
in our definition of
success

Clear Strategy

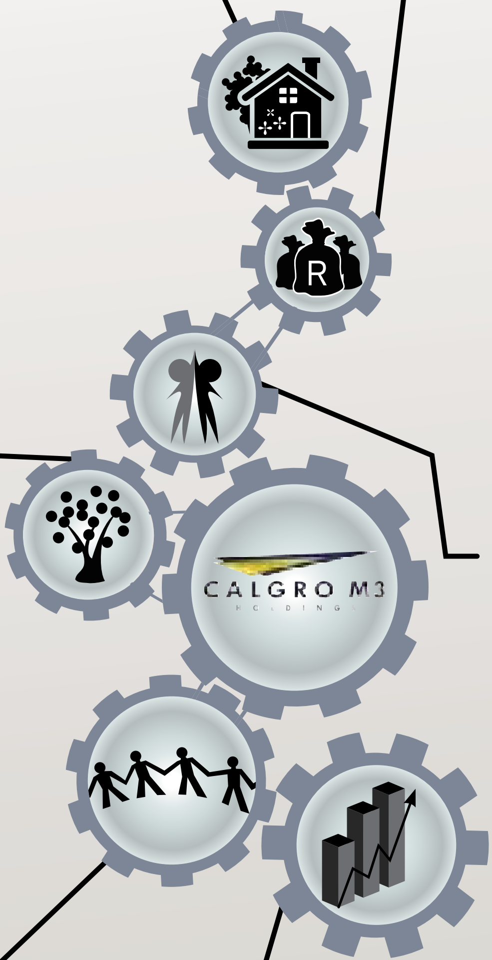
We are committed to high quality outcomes across all phases of our projects – from concept to construction of top structures. We strive to continuously raise the bar, applying what we learn on every project to improve the next and building a culture of achievement.

Presence and Quality

Calgro is a market leader in integrated development, providing integrated innovative solutions in all aspects of property development and associated professional services.

We have recently entered the Namibian market.

Our leading brand is well entrenched.



Our Environment

We are aware of our impact on the environment and strive to minimise our impact in every development. We invest in eco-friendly energy and water solutions and rehabilitate and support long-term environmental stewardship.

Relationships/Partnerships

We strive to be engaged and responsive, strengthening our business networks and our relationships with all stakeholders.

People

We strive to create a working environment that is non-discriminatory, safe and healthy, respectful of human dignity and fully supportive of human rights. We embrace transformation and diversity. We respect the rights and needs, and actively support the interests of the communities our developments may have a direct or indirect impact on.

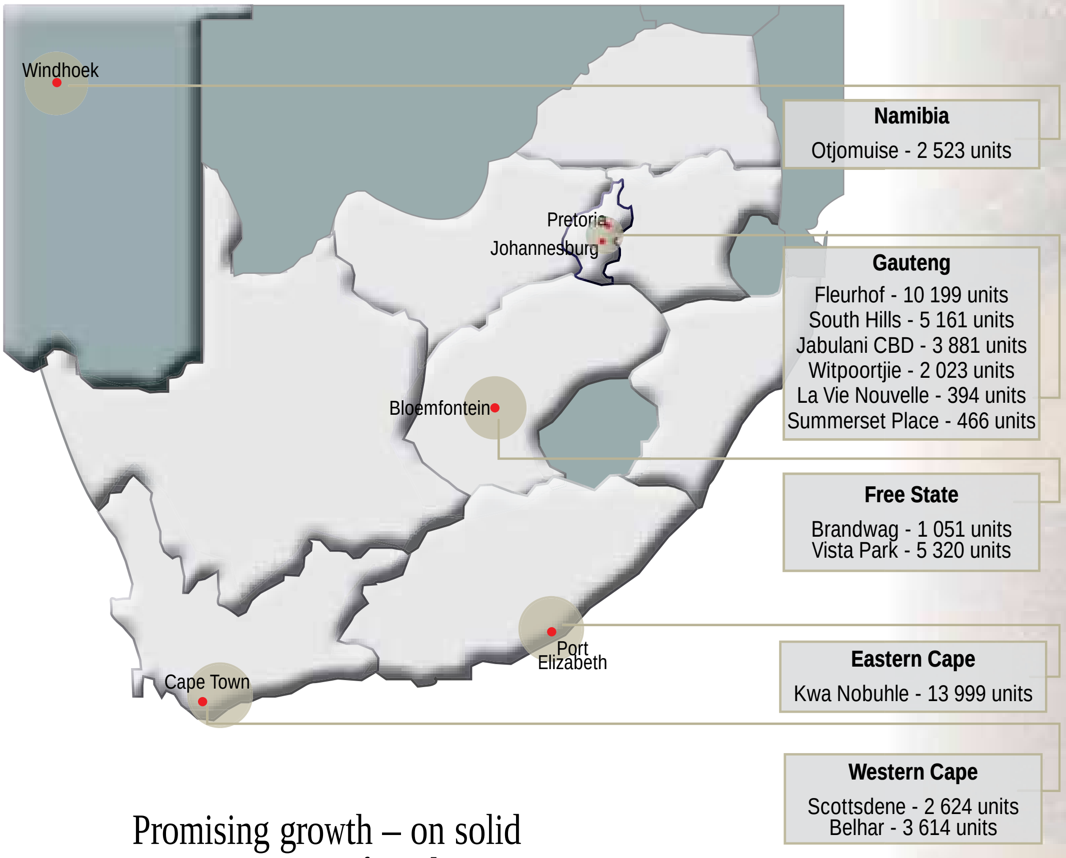
Securing Shareholder Wealth through Profitable Growth

We are committed to stable growth and creating value for our business and our stakeholders. Management has built solid foundations by successfully implementing growth strategies in various market segments.

We continue to expand in growth markets.

CALGRO M3
HOLDINGS

Geographic Footprint



Promising growth – on solid foundations

Developing sustainable integrated communities

KEY RISK EXPOSURE

Strategic and Operational Risk Management

Our robust strategic and operational risk management processes ensure that we have the best chance at pre-empting and mitigating current and future risks to the Group.

Key risks to the strategy, finances, operations and reputation of the Group, and our responses to them, are identified as follows:

Risk	Risk Category	Mitigation Strategies	Company Specific Actions
Retention of staff	Operational	■ Market related remuneration ■ In-house training ■ Defined career paths ■ Transparent succession planning	■ Short term incentive scheme ■ Share appreciation rights scheme implemented ■ Imbalance in salaries has been rectified ■ Key personnel identified and incentivised
Cash flow/liquidity	Operational and Financial	■ Cash retained on balance sheet (war chest)	■ Single point cash flow control ■ Strict budgets and budget approvals ■ Capital expenditure planning ■ Provisional arrangements made for loan facilities
Uncontrollable growth	Strategic and Financial	■ Strict board and stakeholder supervision and advice	■ Reviews cash flows and controls monthly ■ All new projects approved by EXCO with the support of MANCO ■ Continuous capacity building
Capacity	Operational	■ Management capacity increased by strategic appointments and skills transfer ■ Marketing capacity to be expanded to ensure that construction capacity can be utilised ■ Construction capacity to be maintained and supplemented when required by use of subcontractors	■ Senior management monitor and report back to the board during strategic sessions ■ MANCO structure established to enhance and fast track skills transfer ■ Construction capacity supplemented by external contractors
BBBEE compliance	Strategic	■ Management implemented structures to ensure new appointments will increase representation of all ethnic groups	■ Management is actively investigating the acquisition of an existing Group to increase Calgro M3's black management component ■ Investigation of a share transaction to protect and increase BBBEE shareholding is on-going
Reputational damage because of sub-standard work	Reputational	■ All quality monitoring is in-house ■ Maintain relationship with NHBRC as watchdog for the industry ■ Appointment of outside contractors if and when necessary	■ Good internal controls ■ Excellent quality controls ■ A contractor has been interviewed and appointed on a turnkey, project specific basis
The Competition	Operational	■ Management to attend seminars and industry events to keep up to date with what the rest of the market is doing ■ Manage relationships with banks to find out what the rest of the market is doing	■ Senior management responsibility
Credit lines (by funders and providers of credit)	Financial	■ Strict credit control ■ Credit guarantee insurance ■ Active communication with suppliers	■ Active credit monitoring ■ Manage relationships with financial institutions and suppliers
Labour unrest	Operational	■ Site specific measures introduced ■ Timeous communication with labour and their representatives to address issues that may spark labour unrest ■ Swift reaction time	■ Regular communication with labour and their representatives ■ Enforcement of safety measures ■ Employment of sufficient security ■ Interaction with the SAPS

Our Projects

Scottsdene

- CoCT tender awarded to Calgro M3
- Public Private Partnership
- Situated in the Kraaifontein area
- Infrastructure completed including the upgrade to the Scottsdene/ Wallacedene Taxi Rank and the Wallacedene Attenuation Pond
- Integrated Project based on government's BNG (Breaking New Ground) principles
  - 2 885 residential opportunities:
  - BNG units (Fully subsidised)
  - CRU (Community Residential Units)
  - Social Housing
  - GAP Housing
  - Affordable Housing
- In excess of 1 500 units under construction or completed

Otjomuise, Windhoek, Namibia

- Tender awarded to Calgro M3 joint venture
- Public Private Partnership
- First project outside South African borders
- Integrated development
- Phase 1 infrastructure completed
  - 2 523 residential opportunities:
  - Freestanding family units
  - Multi-storey walk-up units
- Construction to commence in May 2014

Summerset Place - Midrand

- Sectional title affordable development
- Phase 1 infrastructure completed
  - 466 residential opportunities:
  - Freestanding simplex family units
  - Multi-storey walk-up family units
- Phase 1 construction completed
- Energy efficiency measures such as gas reticulation for cooking and geysers as well as rainwater harvesting implemented

La Vie Nouvelle

- Retirement and Lifestyle Estate
- 401 Sectional Title Ownership units
  - Freestanding simplex and muti-storey units
  - 51 assisted living units
  - 31 bed frail care facility
- Phase 1 infrastructure completed
- Boundary wall and entrance gate to complex completed
- In excess of 30 units sold to date of which 11 units are under construction nearing completion
- Environment friendly project with aspects such as rainwater harvesting, gas reticulation for cooking and geysers, insulation, etc.
- Fibre Optic network
- Wetland rehabilitation

Jabulani Hostels phase 2

- Calgro M3 awarded contract on 21 February 2014
- Hostel redevelopment project in Soweto consisting of 620 family units
- Calgro M3 successfully developed and completed the Jabulani Hostels phase 1
- Calgro M3 to construct infrastructure and top-structures (turnkey developer)
- Construction to commence in May 2014
- Unit typologies consisting of 512 BNG (fully subsidsed) and 108 CRU (subsidised rental) units
- High density multi-storey walk-up units
- CoJ Rea Vaya Bus Rapid Transport System to link Jabulani with Joburg CBD

Fleurhof

- Public Private Partnership
- Integrating Florida and Meadowlands (Soweto)
- Integrated Project based on government's BNG (Breaking New Ground) principles
  - 10 199 residential opportunities:
  - 2 904 BNG units (fully subsidised)
  - 2 103 Social Housing units (subsidised rental)
  - 3 058 GAP/FLISP Housing units
  - 2 134 Affordable Housing units
- First school was opened and operational
- First crèche was opened and operational
- Civil and electrical infrastructure for 1 904 units were recently completed ready for construction of top-structures to commence
- 2 344 Units have been completed to date with another 1 353 units under construction
- In 2014, construction will commence on the bulk water pipeline, water reservoir, extension of Fleurhof Drive, Fleurhof Sub-station and the Fleurhof Drive bridge

South Hills

- CoJ tender awarded to Standard Bank with Calgro M3 appointed as Implementing Agent
- 6km from Joburg CBD
- Project based on government's BNG (Breaking New Ground) principles
  - 5 161 residential opportunities:
  - 1 750 BNG units (fully subsidised)
  - 915 Social Housing units (subsidised rental)
  - 915 GAP/FLISP Housing units
  - 1 581 Affordable Housing units
- Construction of bulk, link and internal infrastructure expected to commence June 2014

Vista Park Ext 3

- Mangaung tender awarded to Calgro M3 as turnkey developer
- Project based on government's BNG (Breaking New Ground) principles
  - 5 320 residential opportunities:
  - 1 596 BNG units (fully subsidised)
  - 1 500 Social Housing units (subsidised rental)
  - 1 045 GAP/FLISP Housing units
  - 1 179 Affordable Housing units
- A state of the art hospital to be constructed within the project (not part of Calgro M3 scope of works)
- Environmental Impact Assessment approval expected by mid-2014
- Township Establishment approval expected by mid-2014

Witpoortjie Ext 52 & 57

- Affordable Housing development
- 2 023 residential opportunities:
  - 344 GAP/FLISP Housing units
  - 1 679 Affordable Housing units
- Construction of bulk, link and internal infrastructure in progress
- Construction of top-structures expected to commence July 2014
- Situated on Main Reef Road, Witpoortjie

Belhar CBD

- Construction of phase 1 consisting of 627 Social Housing units to commence June 2014
- Environmental Impact Assessment approval expected by mid-2014 for Phase 2
- Township Establishment approval expected by mid-2014 for Phase 2
- Situated adjacent to the University of the Western Cape and the Cape Peninsula University of Technology
  - 3 614 residential opportunities:
  - 1 254 Social Housing units (subsidised rental)
  - 2 325 GAP Housing and Student accommodation units
  - 35 affordable Housing units
- Phase 1 internal and bulk infrastructure completed

Juksei View Ext 17 & 18

- Located on Allandale Road in Midrand
- 5km from N1 Motorway
- Construction completed with the exception of 5 units not transferred
- 715 Leasehold Affordable Housing units
- Security Estate with 24 hour access control
- Upper end of Affordable Housing market
- Construction of bulk, link and internal infrastructure in progress

Jabulani CBD

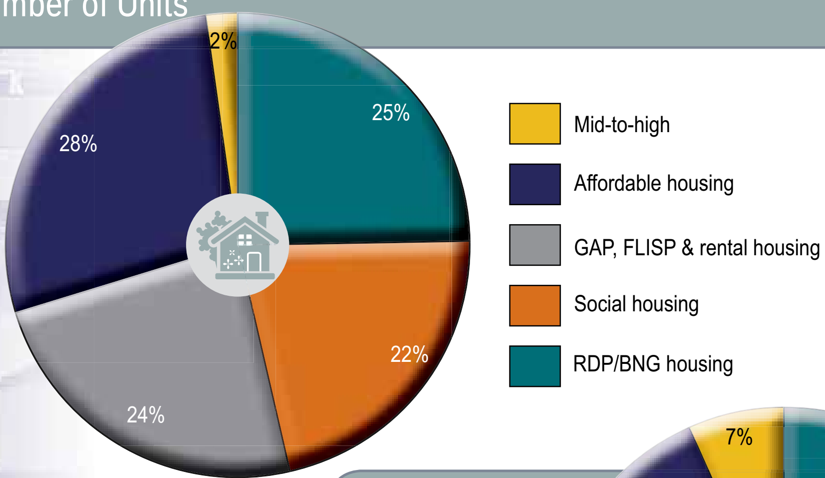
- Located in Soweto adjacent the highly successful Jabulani Mall
- A world class Performing Arts theatre and newly built hospital as part of Jabulani precinct
- Oppertunities
  - 3 881 multi-storey residential units
  - 1 260 Social Housing units
  - 2 621 GAP, FLISP and Bonded units
- CoJ Rea Vaya Bus Rapid Transport System to link Jabulani CBD with Joburg CBD
- 1 201 units completed to date

CoCT: City of Cape Town
CoJ: City of Johannesburg

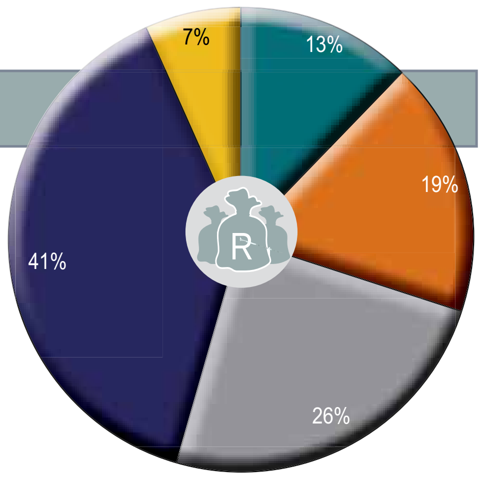
Projects in the pipeline

Project	Total no of units in project	RDP/BNG Housing	Social Housing	GAP, FLISP & Rental Housing	Affordable Housing	Mid to high
Fleurhof – Johannesburg	10 199	2 904	2 103	3 058	2 134	0
Jabulani CBD – Soweto	3 881	0	1 260	2 621	0	0
Scottsdene – Cape Town	2 885	549	1 141	724	471	0
Brandwag – Bloemfontein	1 051	0	1 051	0	0	0
Witpoortjie – Johannesburg	2 023	0	344	0	1 679	0
Belhar - Cape Town	3 614	0	1 254	2 325	35	0
South Hills – Johannesburg	5 161	1 750	915	915	1 581	0
Vista Park Ext 3 – Bloemfontein	5 320	1 596	1 500	1 045	1 179	0
Namibia - Otjomuise	2 523	0	0	0	2 523	0
Maitland – Cape Town	136	0	0	136	0	0
Summerset Place – Midrand	466	0	0	0	466	0
Kwa Nobuhle – Port Elizabeth	13 999	7 000	2 333	2 333	2 333	0
La Vie Nouvelle - Fourways	401	0	0	0	0	401
Mid to high portfolio	6 24	0	0	0	0	624
Total	**55 315**	**13 799**	**11 901**	**13 157**	**15 440**	**1 018**

By Number of Units



By Revenue



CALGRO M3
HOLDINGS

DIRECTORATE

Pumla Fundiswa Radebe (58)**

BA

Chairperson

In addition to a BA degree in Social Sciences, Pumla holds a certificate in Municipal Management from the University of Johannesburg. She is currently a 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, chairperson of the Universal Services and Access Agency of South Africa and chairperson of the Independent Development Trust. She has more than 20 years experience at local and regional government level. Pumla was appointed as non-executive chairman to the Calgro M3 board in June 2007.

Ben Pierre Malherbe (48)

BSc (QS), MBA

Chief Executive Officer

Ben Pierre obtained a BSc (Quantity Surveying) from the University of the Free State and went on to obtain an honours degree in business administration and an MBA from the Stellenbosch School of Business. In 2001, together with his brother Brand and the Steyn brothers they formed Calgro M3. In 2005, Ben Pierre was appointed as a director of Calgro M3. He was appointed COO of Calgro M3 in 2007 and appointed CEO in January 2009.

Mduduzi (Mdu) Edward Gama (45)^**

PhD (Finance)

Non-executive Director

Mdu holds a PhD (Finance) and various management qualifications from SA, US and UK universities. Mdu is CEO of Resultant Finance (Proprietary) Limited, a non-executive director of Mustek Limited. He is a founder, director and significant shareholder of various companies. Mdu was appointed to the board of Calgro M3 on 10 January 2012.

John Braidwood Gibbon (73)^ **

CA(SA)

Non-executive Director

John is a chartered accountant by profession and a retired partner of PricewaterhouseCoopers. A past president of the Port Elizabeth Chamber of Commerce, he has held non-executive directorships on the boards of several companies, some of which were JSE listed, and he chaired several of their Audit and Risk Committees. John was appointed as a non-executive director to the board of Calgro M3 on 1 November 2008.

Willem Jakobus (Wikus) Lategan (33)

CA(SA)

Financial Director

Formerly Audit Manager at ARC, Wikus joined Calgro M3 as Financial Director in August 2008. He has considerable experience in group structures to ensure operation, tax and compliance optimisation, control, reviews and reports, VAT and PAYE audits and the technical treatment of public companies' financial statements, corporate governance and SENS reports.

Hatla Ntene (59)

BSc (QS)

Currently an executive of Mvua Property Partners, Hatla obtained his BSc (Quantity Surveying) from the University of Dublin. He became the empowerment partner of Farrow Laing Ntene in 2006, where he served for five years. He was also the property executive manager of Propnet (Transnet's property division) for three years. He was appointed as a non-executive director to the board of Calgro M3 in 2007.

Ralph Bruce Patmore (62)^**

BCom, MBL (SBL)

Non-executive Director, Lead Independent Director

Ralph brings a valuable 10 years of experience from his former position as CEO of Iliad. He also has a wealth of industrial manufacturing experience from his time as a director of Everite and later as a director of Group Five. He has held several other directorships, including those in subsidiaries within the Unihold and Malbak groups, prior to his appointment as CEO of Iliad. Ralph is a non-executive director of Sentula Mining Limited, ARB Holdings LImited and Mustek Limited. Ralph was appointed as non-executive director to the Calgro M3 board on 18 January 2011.

Deon Noel Steyn (47)

BSc (QS)

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. After four years at Farrow Laing & Partners he started CALC Quantity surveyors and specialised in the development of medical centres and project management in the affordable housing market sector. Together with his brother Derek, he founded Calgro Homes in 1995. He was appointed COO to Calgro M3 in December 2009.

Frederik (Derek) Johannes Steyn (51)

BSc (QS)

Business Development Director

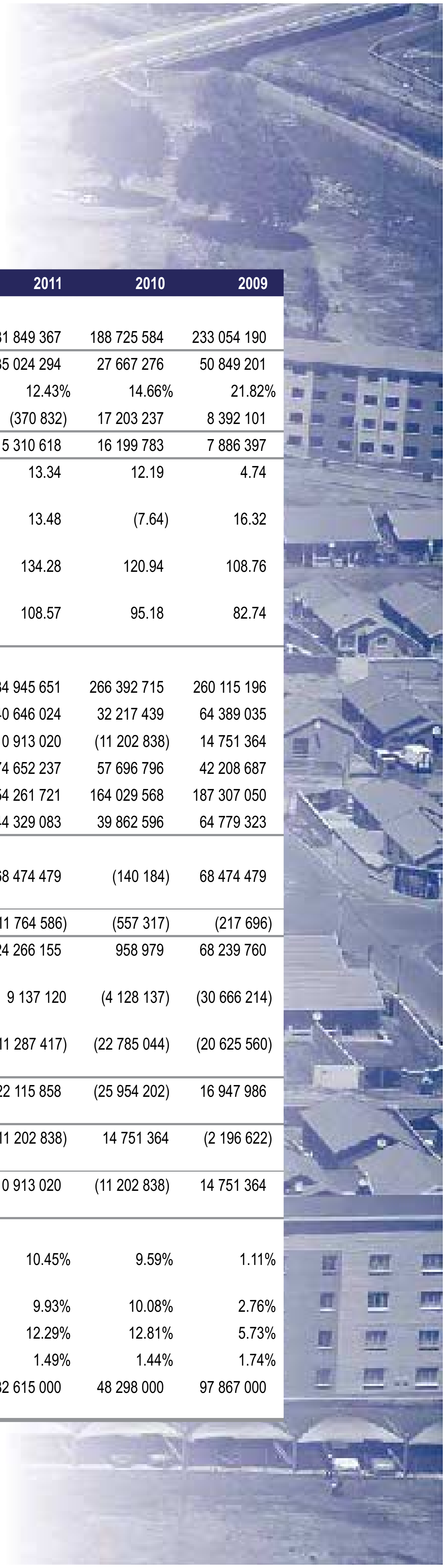
Derek obtained his BSc (Quantity Surveying) from the University of Orange Free State. After five years at Eskom, he became project manager for Safrich, specialising in the affordable housing market sector. Together with his brother Deon, he founded Calgro Homes in 1995. Derek is a specialist in land acquisitions, new projects and is responsible for the Group's marketing and business development. He was appointed to the Calgro M3 board on 5 August 2005.

^ Audit and Risk Committee

** Remuneration committee

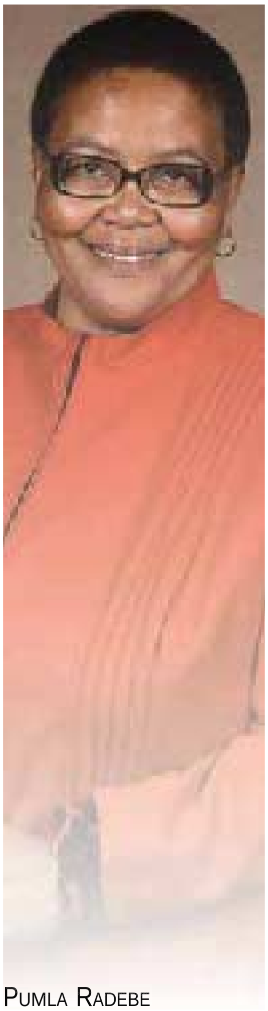
CALGRO M3 HOLDINGS

FIVE YEAR FINANCIAL REVIEW



	2014	2013	2012	2011	2010	2009
Group income statement						
Revenue	**784 942 989**	798 394 052	514 913 160	281 849 367	188 725 584	233 054 190
Gross profit	**112 989 404**	147 958 530	79 514 647	35 024 294	27 667 276	50 849 201
Gross profit %	**14.39%**	18.53%	15.44%	12.43%	14.66%	21.82%
Operating profit	**52 850 634**	89 373 753	43 218 758	(370 832)	17 203 237	8 392 101
Profit before tax	**115 214 661**	117 240 277	77 935 723	15 310 618	16 199 783	7 886 397
Basic earnings per share (cents)	**83.16**	71.84	51.44	13.34	12.19	4.74
Headline earnings per share (cents)	**83.16**	71.84	51.44	13.48	(7.64)	16.32
Net asset value per share (cents)	**340.72**	257.56	185.72	134.28	120.94	108.76
Tangible net asset value per share (cents)	**314.77**	231.75	159.82	108.57	95.18	82.74
Group balance sheet						
Inventories	**385 826 228**	264 579 692	249 305 202	234 945 651	266 392 715	260 115 196
Construction contracts	**179 486 749**	139 250 724	85 459 296	40 646 024	32 217 439	64 389 035
Net cash position	**62 892 583**	198 342 958	103 690 964	10 913 020	(11 202 838)	14 751 364
Retained income	**337 031 142**	231 335 823	140 032 285	74 652 237	57 696 796	42 208 687
Borrowings	**470 929 440**	299 889 542	225 111 270	154 261 721	164 029 568	187 307 050
Trade and other payables	**156 056 986**	153 155 913	113 541 488	44 329 083	39 862 596	64 779 323
Group cash flows						
Cash (utilised in)/generated from operations	**(252 754 959)**	49 486 223	69 829 415	68 474 479	(140 184)	68 474 479
Tax paid	**(5 183 498)**	(16 553 902)	(11 634 136)	(11 764 586)	(557 317)	(217 696)
Net cash (utilised in)/from operating activities	**(291 953 186)**	12 585 354	39 276 482	24 266 155	958 979	68 239 760
Net cash (invested in)/from investing activities	**(16 090 602)**	8 268 506	(16 243 150)	9 137 120	(4 128 137)	(30 666 214)
Net cash from financing activities	**172 593 413**	73 798 134	69 744 612	(11 287 417)	(22 785 044)	(20 625 560)
Net (decrease)/increase in cash and cash equivalents	**(135 450 375)**	94 651 994	92 777 944	22 115 858	(25 954 202)	16 947 986
Cash and cash equivalents at the beginning of the year	**198 342 958**	103 690 964	10 913 020	(11 202 838)	14 751 364	(2 196 622)
Cash and cash equivalents and bank overdraft	**62 892 583**	198 342 958	103 690 964	10 913 020	(11 202 838)	14 751 364
Financial ratios						
Return on average shareholders' funds	**27.80%**	32.41%	31.00%	10.45%	9.59%	1.11%
Return on net assets	**39.14%**	44.45%	26.83%	9.93%	10.08%	2.76%
Return on net tangible assets	**26.42%**	31.00%	31.25%	12.29%	12.81%	5.73%
Current ratio	**1.43%**	1.44%	1.44%	1.49%	1.44%	1.74%
Market capitalisation at year end - ordinary shares	**874 448 000**	653 294 000	546 530 000	82 615 000	48 298 000	97 867 000

FOREWORD FROM THE CHAIRPERSON



PUMLA RADEBE

As Chairperson for Calgro M3, I take great pleasure in celebrating the milestones the Group has achieved in the period under review.

Calgro M3's increasing maturity is reflected in the decisiveness with which it has moved away from projects that introduce uncertainty and potential long term risk to shareholders, while the continued growth of its secured pipeline highlights the success of the integrated development concept and the advantages its turnkey business model presents.

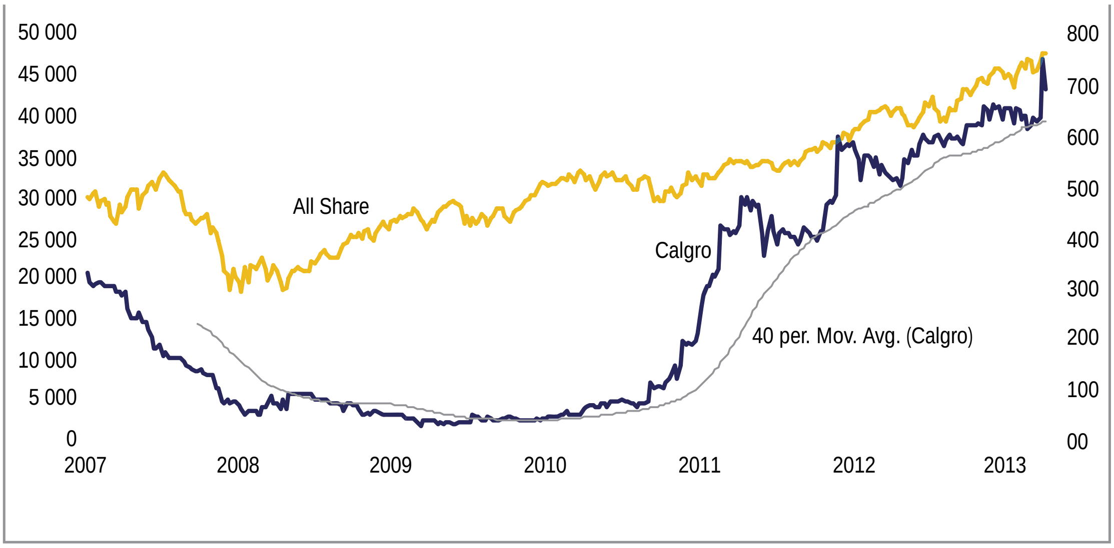
As the Group enters new territory outside South Africa's borders, it remains focused on stable sustainable growth at home despite the continuation of challenging conditions in the construction and development sector.

In creating value for the business, Calgro M3 strives to create value for all stakeholders. Its commitment to quality outputs, to the wellbeing of its workforce and to wealth creation and the development of communities is the foundation on which the business is built. Calgro M3's strategy could not succeed without the strong partnerships which it has forged in the public and private sectors.

I acknowledge and appreciate the tireless efforts of each board member and employee of Calgro M3 in the Group's success. I would also like to recognise and thank Calgro M3's suppliers, clients, its business and industry partners, advisors, government and community forum members and shareholders for their continued support and partnership.

PF Radebe
Chairperson
9 May 2014

Share Performance



Annual return - from 2008 to 2014	
Calgro	19.9%
All Share	7.50%
Small Caps	7.87%
Alt X	-17.65%

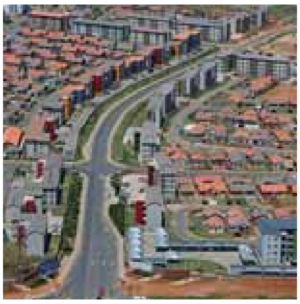
Summary

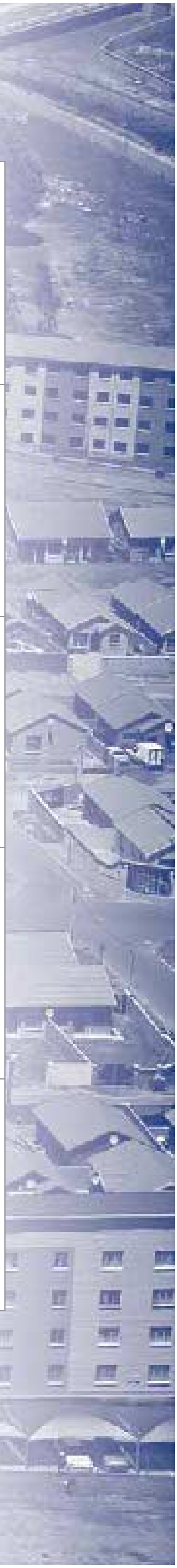
Price % Change

	Calgro	% Change	All share	% Change	Small Caps	% Change	Alt X	% Change
2/29/2008	240	-	30 674	-	32 155	-	1 839	-
2/28/2009	77	-67.92	18 465	-39.80	20 956	-34.83	694	-62.28
2/28/2010	38	-50.65	26 765	44.95	28 124	34.20	385	-44.49
2/28/2011	65	71.05	31 966	19.43	31 821	13.15	342	-11.13
2/29/2012	419	544.62	34 261	7.18	35 015	10.04	528	54.20
2/28/2013	515	22.91	39 658	15.75	44 001	25.66	522	-1.09
2/28/2014	688	33.59	47 329	19.34	50 659	15.13	573	9.91

TIMELINE – CALGRO M3 HOLDINGS - 1995-2014

 *Derek Steyn and Deon Steyn*	**1995** **Calgro established by Derek Steyn and Deon Steyn, later joined by brother Douw Steyn.**
 *Brand Malherbe and Ben Pierre Malherbe*	**2000** **M3 Developments established by Ben Pierre Malherbe and Brand Malherbe.**
CALGRO M3	**2001** **The Steyn brothers - Derek, Deon, and Douw - joined forces with the Malherbe brothers to take on a residential development in Gauteng.** **Calgro M3 Developments is born.**
	**2002** **The Group completes its first 1 000 houses aimed at the affordable market, diversifies into mid to high income residential market.**
	**2007** **Calgro M3 Holdings lists on the AltX board of the JSE as a developer specialising in the mid to high income segment of the market.**

	**2008** Embarks on its first integrated residential project of 2 800 units, namely Pennyville Ext 1.
	**2009** Group breaks ground on the R2.65 billion, 9 600-unit Fleurhof integrated development.
	**2010** Pennyville completed. Secured Jabulani CBD project of 3 881 units of R1.1 billion. Awarded Jabulani hostels redevelopment first phase of 500 units.
	**2011** Group breaks ground on the 1051-unit Brandwag social housing project in Bloemfontein, the first project outside Gauteng. Calgro M3 offices opened in the Western Cape. R989 million, 2 885-unit Scottsdene integrated project commences.
	**2012** Calgro M3 lists on the JSE Main Board. Secured the second project in Western Cape, the Belhar project, estimated turnover R1.2 billion.



2013

R746 million, 3 451-unit Boitekong project in North West Province awarded.

Agreement signed for R3.9 billion, 13 999 units Kwa Nobuhle in the Eastern Cape Province.

Completion of first phase of Jabulani hostel development.

Environmental approval to proceed with R1.3 billion, 5 161-unit South Hills development.

Jukskei View sold out.

Installing infrastructure on the R499 million, 401-unit La Vie Nouvelle Retirement and Lifestyle Estate.

Commenced installation of infrastructure on the R735 million Witpoortjie project aimed at the affordable housing market.

Commenced construction on the newly acquired R145 million Sagewood project after completing the installation of infrastructure.

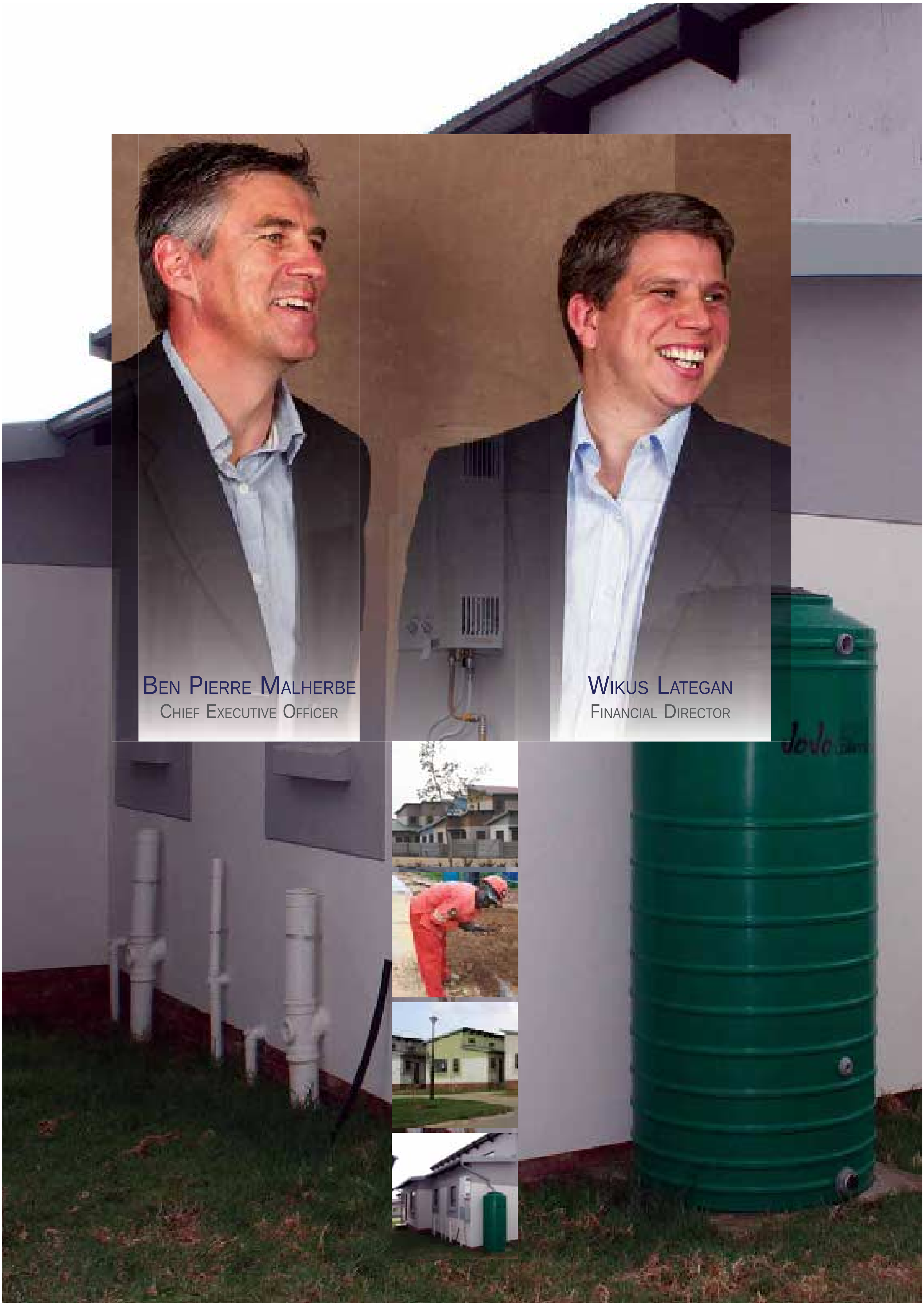
Current progress on projects detailed on pages 20 - 22.

2014

Award of the R812 million, 2 523-unit Otjomuise project in Namibia, signalling the Group's cautious expansion outside the South African borders.

Awarded R225 million second phase of Jabulani project.

Commences construction on R800 million Witpoortjie and R145 million Sagewood projects.



Ben Pierre Malherbe
Chief Executive Officer

Wikus Lategan
Financial Director

Chief Executive Officer and Financial Director's Report

During the financial year, the Group's focus was set on strengthening and consolidating the balance sheet, thereby paving the way for the next growth phase

During the past year, the Group experienced a higher than expected exposure to its public sector clients as a result of government's drive towards infrastructure development coupled with adequate funding available in this segment of the market. The Group's accelerated installation of infrastructure created long-term shareholder wealth, setting the platform for sustained growth over the next 24 months. This however resulted in cash flow pressure as well as placing the margin under pressure.

The pipeline of projects was again extended when the Group was appointed to implement its integrated development concept in Namibia, signalling the Group's first venture beyond the South African borders.

Disappointingly, the Jabulani CBD project reported a sizable construction loss, largely as a result of construction activities being suspended when Eskom's commitment to supply power to the project could not be honoured, delaying the handover of units.

From a financial perspective, the year under review was an exciting but challenging one for the Group. During the financial year the Group's focus was set on strengthening and consolidating the balance sheet, thereby paving the way for the next growth phase.

Introduction and Strategic Overview

The Group will remain focused and will not stray from its core business: providing residential property opportunities aimed at entry-level consumers; specialising in the integrated development market segment; and maintaining its presence in the mid to high segment of the market.

The Group was able to grow the secured pipeline, despite walking away from contracts not ready for implementation, to a healthy R17 billion. Management is of the opinion that R10 billion of this secured pipeline can be rolled out in the next five to six years. The Group was also able to diversify its exposure even further by venturing into Namibia. This venture, aimed at establishing the Group's integrated housing concept based on densification, gained traction when the Group was appointed to develop the Otjomuise project in Windhoek, Namibia. This not only de-risks the Group's exposure to subsidised housing in South Africa, but also creates a platform for growth into Africa. This growth into Africa will commence once strategy allows and the Group proves its ability to operate beyond South Africa's borders.

The strategic decision, of making use of internal construction only, taken during 2011, brought the Group to a stage where internal construction capacity levels have been reached, resulting in the Group looking beyond the existing structures to complement construction capacity. The Group will not deviate from its strategy of turnkey developer, but will complement existing construction capacity by making use of bigger reputable external subcontractors. This will allow the Group to grow without being distracted from its core focus.

The Group was able to grow the secured pipeline, to a healthy R17 billion.

R10 billion of this secured pipeline is expected to be rolled out in the next five to six years.

Lessons learnt on the Fleurhof project will be implemented on new projects.

Densification leads to more affordable products.

Our ability to move between private and public sector is key to our success.

The principle of land owner developer (or development with full proxy from the land owner) will allow the Group to navigate the market conditions, which are currently severely affected by violent strike activity and protests over poor service delivery. Although disruptive, these influences lead to delays rather than construction losses as selling prices are determined only once land has been re-zoned and infrastructure installed. This is in total contrast to tendering on projects and committing to pricing years ahead of delivery, as in the case of mega construction projects.

The variable costing model (which provides a calculated and healthy balance between in-house and contracted labour and equipment) will remain in place, assisting the Group to adhere to cost controls while retaining loyal employees.

The Group was able to settle all secured debt, which could be utilised only on the projects it was secured against, during the period under review. This provides the cash flow flexibility required in the integrated residential development environment.

The Group's most significant achievements during the year include:

- Creating in excess of 5 000 job opportunities on sites in line with government's drive of job creation in difficult trading conditions;
- The Group again being fatality free on all construction sites;
- Fleurhof being awarded the Housing Project of the Year by the South African Housing Foundation, setting new standards in integrated housing developments;
- Fleurhof Views being awarded the Govan Mbeki Award 2013 for the best Social Housing project;
- Calgro M3 Holdings receiving a merit award for "The benchmark for integrated reporting 2013" from the Chartered Secretaries South Africa in association with Johannesburg Stock Exchange and Link Marketing Services;
- Calgro M3 being awarded the R812 million Otjomuise project in Windhoek, Namibia, signalling the Group's cautious expansion beyond South Africa's borders;
- Calgro M3 being awarded the R225 million second phase of the successful Jabulani Hostels project 18 months after the completion of the first phase;
- Handover of the first CRU and BNG units to the City of Cape Town on the Scottsdene project - the first CRU units to be constructed in 40 years for the City of Cape Town;
- Handover of the first phase of the R97 million social housing project constructed for the City of Johannesburg to its Social Housing Institute, Joshco;
- Withdrawing from the Boitekong project in the North West province in an amicable way when it became clear that financial closure could not be reached with the Rustenburg Municipality;
- Completing the first units constructed on the La Vie Nouvelle Retirement and Lifestyle Estate project, to enable occupation and transfer in the new financial year;
- Commencing the installation of infrastructure on the R750 million Witpoortjie project aimed at the affordable housing market;
- Taking energy efficient water heating to the next level on low income residential developments with the use of heat pumps and induction geysers, and using gas reticulation for both water heating and cooking;
- Commencing its reduction in exposure to finance based joint venture partners by
    - completing the Jukskei View joint venture project;
    - agreeing to repurchase the shareholding in the Summerset project; and
    - repayment of capital on the Fleurhof project that will enable the Group to extract its profit in cash within the next period under review.

The year was, however, not only filled with good news. Construction losses accounted for during the last six months of the previous reporting period on the Jabulani CBD project continued into this period, resulting in substantial losses. The availability of power to the project, the major cause of the delays, has been resolved and units were handed over to new owners late in the year under review. Valuable lessons have been learnt on the project and management will endeavour to take lessons learnt forward to ensure that these issues do not recur.

Certain critical delivery milestones were not achieved that resulted in the Group not being able to transfer already constructed units to end-users on two projects. This resulted in liquidity constraints and the set of results not reflecting the efforts of management and staff in the year under review.

Operational Review

The year under review saw an increase in public sector activities due to the availability of funding for service delivery and infrastructure spend, fuelled by the 2014 elections. This resulted in an unnaturally high exposure to infrastructure spending which negatively affected the operating margin and cash flow. This will, however, allow the Group to maintain its growth during the next 24 months. The level of exposure to the public sector during the period under review will be balanced in the year ahead when increased development will be aimed at the private sector. The Group was able to maintain its risk spread by diversifying its exposure in Gauteng, Free State and the Western Cape provinces by being awarded a project in Namibia. This followed the delay of the Group's planned venture into the North West Province as a result of administrative difficulties experienced by the Municipality of Rustenburg. The resulting delay in financial closure placed pressure on the project's financial model, resulting in the Group's withdrawal from the project.

With the principle of integrated residential projects now clearly established in the South African market, the Group was appointed to introduce this concept into the Namibian market, setting the stage for future expansion into Africa as and when the growth strategy allows.

Internal construction capacity was reached in line with strategic targets set in 2011, and late 2013 saw the appointment of external contractors to construct 143 sectional title units in the Sagewood project. The appointment of external contractors was extended when an external contractor was appointed to construct 500 social housing units in the Scottsdene project in the Western Cape. The balance between internal and external contractors will be managed during the year ahead while the monitoring of construction quality will be maintained to ensure it remains at the highest level. This principle of utilising external contractors will be maintained and carried forward into the newly awarded Otjomuise project in Namibia where a partnership agreement was entered into with a local construction company.




The recovery of the mid-to-high income residential segment of the market resulted in the Group constructing its first units aimed at this market segment since completion of the 22–On-Campbell project in Craigavon during 2009. With infrastructure completed for the first phase of the La Vie Nouvelle Retirement and Lifestyle Estate project in Fourways, the Group reached sufficient sales to commence with the construction of units sold. As undertaken in the previous report, unsecured debt raised during the period under review allowed the Group to settle all secured debt associated to this market segment. The Group will bring more land parcels "landbanked" to market in this recovering market segment.

Infrastructure for the first phase of the R268 million Sagewood project in Midrand, which is aimed at the affordable market, was installed and construction of top structures was well underway at financial year-end. This project could, however, not be accounted for in the set of results as clearance for transfer was not obtained by the end of February.

The Group also invested a further R121 million into new projects

Financial Overview

The Group settled R458 million of debt and joint venture debt and successfully raised R252 million of unsecured three and four-year maturity bonds on the corporate capital market. The debt was settled by utilising a combination of these new bonds, cash previously on hand and cash generated from operations. In addition to the above, the Group also invested a further R121 million into new projects that will start generating cash profits in the next financial year. These elements are considered an important catalyst for the next growth phase.

Material capital commitment in future projects, the anticipation of the next growth phase and the losses on the Jabulani CBD project as a result of substantial delays, again highlighted the need for sound internal controls, policies, procedures and financial discipline. Cost control came under the microscope, and will remain a priority for the Group. The Group remains focused on controlling day-to-day costs while delivering a number of strategic initiatives that will reduce costs materially.

The Group continues to actively manage its developments and operations to maximise value creation through the generation of cash and profits, reducing costs where possible while providing a market-leading home and lifestyle to our clients.

Total external valuations of the Group's land portfolio now amount to in excess of R1.3 billion, carried at cost of R550 million. This already takes into account a reduction of joint venture partner interests.

Income Statement

Revenue generated by the joint ventures managed by Calgro M3 increased by 14.9% to R685 million. The rest of the Group's revenue decreased by 1.7% to R785 million, resulting in the Group's profit after tax increasing by 15.76% to R106 million. Solid operating performance from the Fleurhof project boosted the Group's share of profits from joint ventures to R66 million after tax. De-gearing this project in the year under review will enable the Group to extract development profit in cash starting in the new financial year. Once-off construction losses on the Jabulani CBD project of R28 million in the current year did, however, put a damper on what would have been an exceptional year for the Group. The losses occurred due to electricity delays that amounted to millions in holding costs, security costs, breakages, vandalism, theft, construction escalation and additional costs relating to supplying power to units that were already occupied by third-party clients.

Results for the year were further affected by labour unrest on the Scottsdene project in the Western Cape. This resulted in a decision to outsource construction on this project to minimise this risk in future.

The following non-recurring items adversely affected the Group's performance:

- A non-cash write-down of R5.7 million relating to cost spend on the Clayville project in previous years where the Group made a decision to withdraw from the project based on the Group's risk based approach;
- Selling the balance of the stands in the Mabopane project at a loss of R3.9 million brings an end to a project where delays were caused when municipal boundaries moved between Tshwane and the North West Province some four years ago.

Gross profit margin decreased in line with expectation to 14.4% from 18.5% due to the focus on installation of services (generally at lower margins) during the 2014 financial year. This decrease was exaggerated by the non-recurring loss on the Jabulani CBD project.

Margins will be lower in the first part of the project, and will increase over the life of the project resulting in a cumulative much higher margin.

Underlying operating costs as a percentage of sales were broadly flat year on year. Operating expensive increased by 6.7% compared to group revenue, including joint ventures increasing by 5.38%, reflecting investment in capacity to ensure the implementation of projects.

The operating margin for the Group, calculated in conjunction with the share of profits from the joint ventures, gives a more realistic reflection of the movement in operating margin year to year, the reason being that Calgro M3 takes responsibility for operational management and related operating cost of the joint ventures. These joint ventures are all financial joint ventures as previously stated and therefore do not have overheads.

Calculation of combined operating margins	2014	2013
Combined operating profit including joint ventures	144 741	130 216
Operating profit as per statement of comprehensive income	52 851	89 374
Share of profits from joint ventures - pre tax	91 890	40 842
Share of profit from joint ventures - post tax	66 161	29 406
Tax	25 729	11 436
Combined revenue including joint venture revenue	1 469 555	1 394 455
Group consolidated revenue	784 943	798 394
Joint venture revenue	684 612	596 061
Combined operating margin	9.85%	9.34%

The effective tax rate remains low as the Group generates a material portion of its post-tax profit from joint ventures where the Group is responsible for all operations. Except for one joint venture, the Group's joint ventures are all finance based, where the Group was forced to sell off equity stakes to funding partners during the stormy economic environment of 2008/2009. It is not the intention of the Group to do this type of joint venture in the future as the Group has built sufficient capacity and balance sheet strength to finance its own projects.

Inventory, Construction Contracts and Trade and Receivables

The Group continues to expand and grow, and again made a sizable capital inventory investment of R121 million in new projects (La Vie Nouvelle, Sagewood and Belhar) that will start generating revenue and cash inflows in the new financial year.

Capital Commitments

Property development is capital or "capex" intensive by nature with large capital commitments required during the first 50% of the project, after which the project starts generating cash.

The fast-tracking of existing projects (Fleurhof, Jabulani and Witpoortjie) and debt settlement in joint venture projects amounting to R87 million and R125 million respectively, resulted in timing differences between cost incurred on infrastructure and construction and the funds receivable from those projects, which largely contributed to an increase of R215 million in construction contracts and trade and other receivables. The majority of these funds were received after year-end.

As the Group continues to roll out its pipeline and build its pipeline beyond the medium term of five years, this type of capital investment will be required on an annual basis. The Group's ability to adapt to the changing market conditions remains a key focus element for the board, enabling the Group to utilise cash where returns can be maximised.

Return on capital was 27%, 3% below management expectation of 30%, as a result of non-recurring expenses and losses.

The Group is a residential property developer with various support services to maximise shareholders' long-term wealth. Management is not focused on short-term gains and is therefore not hesitant to withdraw from a project if the long-term risk cannot be sufficiently mitigated, even if significant amounts of money were spent on the due diligence process. The Group's model of acquisition of un-zoned land yields a higher return once zoned even though this is more time consuming. Through strategic decision making, careful planning, market analysis, and optimal timing, financial returns will ultimately be realised by the shareholders.

Cash Flow

Cash on hand at year end was R63 million, a decrease from R198 million the previous year. The main reason for this decrease can be attributed to investments in new projects and consolidation of debt.

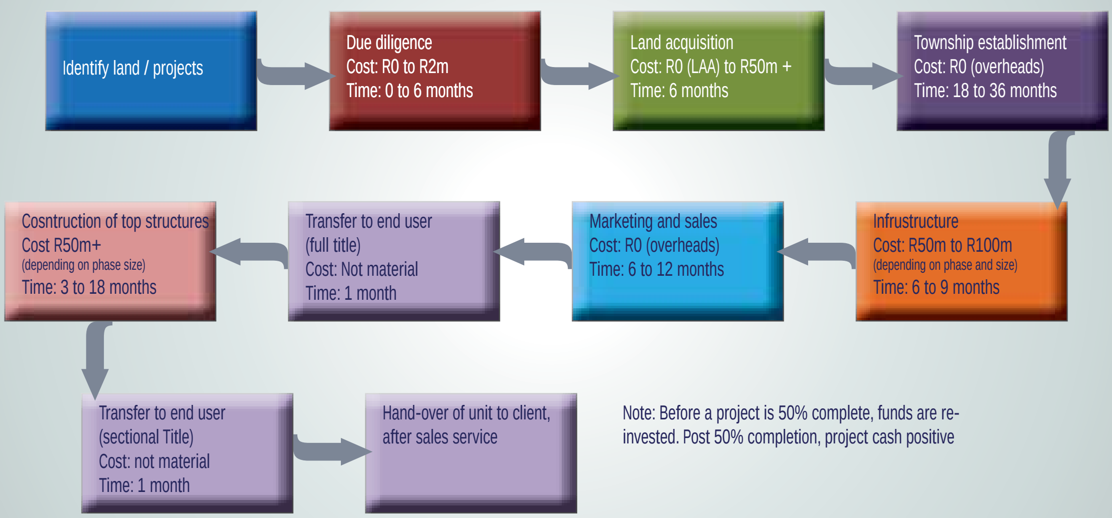
Liquidity constraints due to delayed payments from two of our major clients at year-end were resolved and R138 million was received post year-end, without any associated expenses. The emphasis on recovering debtors timeously was again reiterated by this.

It has to be noted that working capital will be supplemented by the inflow of cash generated from projects and will reduce the need to raise working capital to roll out the pipeline.

A significant amount of cash remains tied up in the Group's property development pipeline portfolio comprising of land held for both mid to high and integrated residential purposes.

Despite interest shown in the Group's mid to high residential developments, this market segment is still recovering from the effect of the global crisis during 2008/2009. Market conditions remain difficult and sales have been slow.

Business model with typical lines and capital commitments per phase



Please find below a table illustrating the effect on cash generated from operations as a result of:

- the settling of the Finance Joint Venture partner capital;
- investment in new projects, that will start generating cash in the new financial year; and
- the fast tracking of the Scottsdene and Fleurhof projects infrastructure to fast track delivery and the roll out of top structures in the next 24 months.

Explanatory consolidated statement of cash flow 2014	Group	Fleurhof debt settlement	Investment in new projects	Fast track current projects	Pre investment cash flow
Cash (utilised in)/generated from operations	**(253 755)**	125 230	121 908	87 097	81 480
Interest received	**2 004**				2 004
Interest paid	**(36 018)**				(36 018)
Tax paid	**(5 183)**				(5 183)
Net cash (utilised in)/from operating activities	**(291 953)**	125 230	121 908	87 097	42 282

Earnings per Share

Basic and headline earnings increased 15.76% to 83,16 cents per share.

Group Debt Levels

Debt and surety levels reduced by R206 million and all secured debt has now been fully settled, including the removal of Group sureties. The Group will endeavour to keep the balance sheet unsecured, increasing management's flexibility to maximise return on capital, dealing with cash flow peaks on projects and striving to decrease risk for equity holders as debt providers now share the goal of maximising the balance sheet in a capital-intense, highly geared environment.

Total interest bearing debt on the balance sheet increased to R471 million from R300 million, with net finance costs increasing to R3.8 million. Debt in the joint ventures decreased by R379 million, enabling the Group to fast-track the cash flow cycle.

The maturing notes under the commercial bond programme were all successfully refinanced. The outstanding notes will be re-financed or settled as they fall due, as cash generated from operations will be positively influenced by the Fleurhof, Sagewood, Brandwag, Jabulani Hostels and Scottsdene projects that are all expected to run cash positive in the new financial year.

As the Group's business cycle is longer than one year, all debt is reflected as "current" in order to balance operating assets and operating liabilities better.

Share Appreciation Rights

During the year under review, the Group expensed R12.5 million in respect of the new share appreciation rights scheme. The scheme was put in place as a long-term incentive to align middle and senior management focus to that of the shareholders. Refer to note 34 of the financial statements for more information on this scheme.

Dividends

Management firmly believes that available cash should be retained to fund growth in the Group. Cash retention is important when the strategy is to invest in future projects and reduce reliance on project finance. The board of directors has, due to the challenging economic climate and tough trading conditions, resolved not to declare a dividend for this reporting period.

The Group will endeavour to keep the balance sheet unsecured, increasing management's flexibility to maximise return on capital

The Group's ability to implement the Fleurhof project is opening doors for growth

Prospects

Investment in infrastructure has been identified by the South African government as key to the support of the country's medium- and long-term economic and social objectives. Protests over poor service delivery, which increased to record levels during 2012 and 2013, combined with social unrest and violent strike action, led to government's renewed commitment to large-scale infrastructure investment programmes. This bodes well for the integrated housing sector. Human settlement remains a key focus area for the South African Government and the integrated development concept is now well established as demonstrated by the successfully implemented Fleurhof project. The "Housing Development Award of the year 2013" to Fleurhof, set new standards with regard to integrated developments.

Unlike the uncertainty in the civil engineering sector, the integrated development segment of the market is healthy. It is currently experiencing renewed activity, with new entrants into this market space including a number of civil engineering contractors. With development margins well above the margins currently achieved in the civil engineering sector, this market segment offers great opportunities within the South African borders at a time when most South African civil contractors are complementing their order books with work into Africa. The Group is, however, of the opinion that the turnkey approach of being landowner, town planner, developer, marketing agent and contractor will serve it well and give it an advantage, allowing it to provide housing to FLISP, Social Housing and entry-level GAP housing consumers.

The size of the market segment, driven by the dire need for housing, will enable this market segment to grow for years into the foreseeable future. Management is of the opinion that sufficient work opportunities exist within the borders of South Africa, taking into consideration all new entrants. The Group recognises the immense growth opportunities within South Africa's borders and will again ensure controlled growth by only venturing into new provinces when comfortable that existing operations in provinces where we currently do business are fully operational and self-sustaining. The venture into Namibia was justified by spreading the Group's risk to subsidised housing in South Africa. This strategic venture to establish our integrated development concept in Namibia is currently opening doors into Africa. However, the Group will initially limit its growth into Africa based on a cautious approach to diversifying its exposure to subsidised housing in South Africa, and to ensure that these new markets are understood. Only time will tell what value lessons learnt in the rest of Africa will hold for the Group.

The secured pipeline of integrated development projects will allow Calgro M3, in line with our evolving public-private partnership policy, to assist government in its endeavour to eradicate the housing shortage, applying lessons learnt with regards to the implementation of projects of scale and higher density. It is management's objective to continually grow the pipeline beyond the next five years while containing increases in overheads so that the full benefits of the growth expected from the pipeline are realised.

Statements contained in this report, regarding the prospects of the group, have not been reviewed or audited by the group's external auditors.

Sustainability

Our commitment to embedding sustainability into every facet of our business, as a responsible corporate citizen, and to deliver sustainable human settlements was taken to the next level when a project aimed at the affordable housing segment that included rainwater harvesting on all units and gas reticulation supplying gas for water heating and cooking to all units, was launched during the year under review in Midrand. We embraced the green building concept, aiming to supply energy-efficient buildings and lower our carbon footprint. Please see pages 60 to 66 for more details on this.

Occupational Health and Safety (OH&S)

The Group is delighted to report that from an OH&S perspective the Group was again fatality free despite growth in activity and employees. Although no serious injuries occurred in the work place, the injuries sustained are viewed in a serious light and the Group will endeavour to continuously aim at achieving its target of zero harm in the workplace.

Board of directors

The Group was able to retain the services of all executive and non-executive directors of the Board.

Appreciation

The year behind us was by no means easy and without the support and dedication of our senior executive team, senior management and loyal staff our success would not have been possible.

We would like to thank every Calgro M3 employee whose continuous commitment and dedication contributed to the success of Calgro M3.

In conclusion, we would like to, on behalf of our fellow executive directors, express our deep appreciation to our board for their support and guidance. We would also like to thank our stakeholders, financial and development partners, suppliers and government for their continued support.

The Group is healthy and although the results did not reflect the effort that went into the last 12 months under review, a platform was again set to sustain growth over the next period under review.

BP Malherbe
9 May 2014

WJ Lategan

Management Message

From the Divisional Directors' Committee

We find ourselves operating in a strictly regulated environment where best business practices, audits, regulations, legislation, JSE Listing Requirements and King III compliance are the order of the day. At Calgro M3 we endorse and welcome this regulated approach in the spirit of: "If your word is good enough, why not put your name to it?"

The divisional directors embrace the responsibility of overseeing the daily operations of the company. We ensure that functional activities are optimised, maximising benefits from this vital component of the cash conversion cycle to unlock benefit for all stakeholders.

As a Group, however, we measure ourselves not only in terms of the bottom line or even a "triple" bottom line – we recognise the need to measure our performance against "quintuple" bottom line elements.

Obviously, and primarily, our activities should deliver fair profit – this is the bottom line. In line with triple bottom line principles, we constantly strive to introduce more environmentally friendly, cost effective and sustainable housing solutions, as well as add value to the country's economy in a meaningful way through the direct and indirect creation of jobs.

There are two more sets of criteria we gauge ourselves against, however:

We ask ourselves:

- How satisfied are our clients with having engaged with us?
- Have I executed my duties in a responsible manner today?

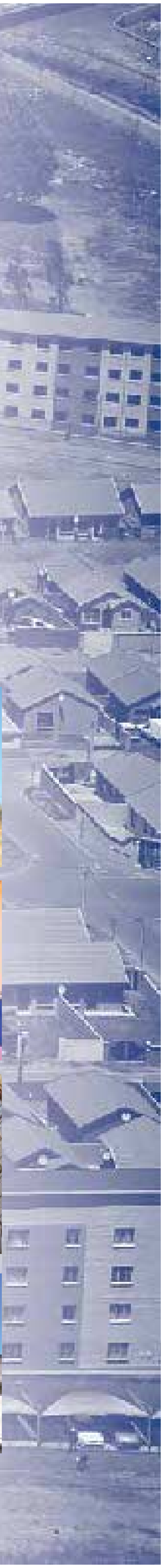
Clients are the lifeblood of Calgro M3's business. The value that our clients receive does not depend solely on the quality of our end product; it is based on the whole Calgro M3 experience. That experience is defined by the Group's drive to consistently deliver exceptional quality in all our interactions. It is built into our processes and has become a part of our culture. It is the culmination of all the vision, passion and effort of a large number of committed people within Calgro M3 over a period of time. Our focus is on ensuring that the "Calgro M3 experience" never disappoints.

We want to make a difference and the nature of the products we deliver makes that possible.

The overwhelming majority of the houses produced by Calgro M3 are for first-time homeowners for whom the responsibility of home ownership can be overwhelming. We believe we are defined not by the largest single product we produce every year, but by the satisfaction of the new owner of the smallest unit we have built … and whether we have made a difference in that person's life.

Although we produce a high volume of housing units, we remain vigilant about quality. We also remain committed to learning how we can improve our products - and enhance our clients' lifestyle - on a daily basis.

Looking ahead to 2015, we re-affirm, by virtue of our signatures below, our commitment, individually and collectively, to our own quintuple bottom line.



In pursuit of exceptional quality – the Calgro M3 experience

Our Integrated Approach

Building a sustainable business

As our business grows, so does our potential to deliver positive impact. As developers of integrated mixed-use residential developments in a country where historical inequity has created a huge shortfall in housing, where unemployment is high, skills development is urgent and empowerment is vital for the next generation to participate in an increasingly digital and globalised economic milieu, our role is an important one. Our business has huge potential to grow. If we are successful, we also have immense potential to deliver significant positive social and developmental impact.

Immense opportunity for growth but also for positive social and developmental impact

Underpinning our core business imperatives – ensuring stable business growth, maximising profit for our shareholders and delivering value to our stakeholders – is the principle of sustainability. We are keenly aware that the value we create for the business is inexorably tied to the value we create for our stakeholders: our investors, partners, suppliers, our workforce, our clients, the communities and the lives we impact through our developments. Without the partnership of our stakeholders, we cannot hope to succeed.

We build the future together

We measure our success not by the bricks and mortar developments we establish, but the ability of the communities that populate these residential developments to thrive.

- In every phase of our operations – from entry to exit – our focus is on putting in place the foundations that facilitate the future success, wellbeing and prosperity of these communities.
- We engage with stakeholders to understand their challenges and needs, incorporating their inputs into our outputs.
- We employ design principles and energy and water solutions that are affordable, eco-friendly and durable; we create employment, encourage skills development and support entrepreneurship.
- We invest in the development of shared public spaces for the community and in social, educational, sport and recreational facilities.
- We take care of the environment, rehabilitating and protecting the natural surrounds, and preserving it for future generations.

We do this without taking our eye off the ball in terms of creating business value.

While our growth has been relatively rapid, opportunity and risk have been carefully managed.

Our short term focus is on driving consistent quality outputs, ensuring excellence in management of our operations and capital, balancing our risk exposure, and nurturing our relationships with financers, investors and partners. Operational excellence, coupled with strong leadership and organisational excellence provide the groundwork for stable growth. However, adding value – to the business and our stakeholders – is what will ensure the sustainability of the business.

The maturity of the Group is growing as we continue to formalise, improve and implement processes, policies and procedures that enable us to better manage and govern our business, live our values and improve the many interactions we have with our stakeholders. This maturity will not only assist us to move forward with confidence, but with greater agility.

Our management approach is hands-on and our business model places emphasis on flexibility. This provides us with the capability to react rapidly to market demand and cater to the changing needs of clients, development partners and other stakeholders.

Our Stakeholders

Engaging stakeholders to build the future together

We define our stakeholders as any individual, group or organisation that is interested in, impacted by, or involved with us. They may include our shareholders, investors, employees and subcontractors, suppliers, consumers, communities, joint venture and other partnering organisations, government departments, governing bodies, trade unions, NGOs, industry and related industry specialists, academic institutions and media institutions.

The company adopts the **precautionary** approach through planning and thorough analysis prior to embarking on any development projects or external initiatives. Our social and environmental impact assessments as well as robust risk management processes and systems help ensure the sustainability of our developments.

We engage with a wide variety of stakeholder groups. Channels for engagement and dialogue are opened via formal and informal meetings, forums, surveys, briefings and one-on-one reviews.

> Hands-on, flexible business model – an agile response to changing market dynamics is key to our competitiveness

Possibly one of the areas in which we add most value is in engaging the local community wherever developments are done. Our policy is to employ at least 50% of the workforce from the local community. To do so, we have created onsite community chaired labour desks at all projects. They assist in appointment of the local workforce but also provide an innovative means to ensure continual hands-on stakeholder engagement, community involvement and buy-in, and to monitor and enforce compliance. These labour desks also manage on-the-job training, coaching and mentoring to further empower individuals and support the development of our growing list of subcontractors.

At the end of the period under review, the Group had 272 subcontractors, compared to 220 and 181 in 2013 and 2012. In partnership with the Department of Labour and SARS, Calgro M3 has further implemented an empowerment training programme to assist subcontractors to understand their rights and effectively manage their obligations. The 2014 financial year saw another 55 subcontractors complete this programme compared to 34 and 15 in the two previous years.

We are proud to be partnering entrepreneurial every-day South Africans within their local communities. In helping to grow these small businesses and, indirectly, the community, we strengthen Calgro M3, adding valuable resources to our value chain.

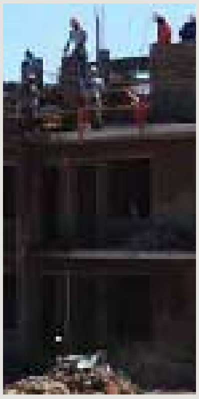
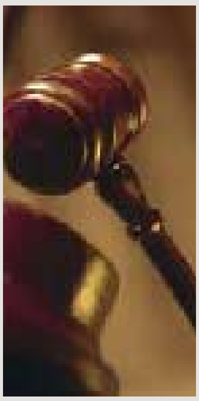
We value stakeholder engagement and feedback as it serves to:

- highlight potential risk areas which may negatively affect the company;
- allow the company to remain competitive and aware of market trends and innovations;
- better understand the macro-economic climate, socio-political and cultural dynamics, and streamline or refine our strategy and plans where necessary to accommodate these factors;
- obtain valuable feedback on the delivery of our developments in terms of quality;
- act as input for continuous business improvement processes and promote continual learning;
- allow the general public opportunities to learn about integrated developments and improve partnerships, which may drive further participation;
- build trusting, committed and solid relationships;
- proactively manage the Calgro M3 brand and improve its visibility in the industry;
- ensure governance, compliance and best practice processes are in place to stabilise the company and to support further controlled and sustained growth;
- ensure the company's growth, development, short and medium-term success and long-term sustainability; and
- give community members, trade unions and employees a voice to ensure their concerns are taken into account in the decision-making process.

Material Issues

To identify material issues, Calgro M3 took into consideration:

- shareholders' expectations and concerns;
- the Group's key strategies, policies and values;
- relevant legal and regulatory requirements; and
- industry and sector challenges.

Material issue	Impact	Response	Strategic goal
Skills 	Skills shortages negatively impact effective, efficient operations. Achievement of Black Economic Empowerment and transformation objectives. Need for professional mid-management cadre in property development.	Skills development, subcontractor incubator programme. Internal mentoring at management and executive levels. We create relationships with professional companies capable of supporting our expansion and able to grow alongside the Group. Human capital management policies to ensure succession and availability of resources to facilitate Group growth. Our target across the group is to employ 50% of our on-site workforce from local communities.	Page 70
Energy 	Energy prices continue to rise, impacting development costs. Higher energy prices impact affordability for residential clients. Power outages impact productivity, and lifestyle.	Saving energy and reducing carbon footprint. Use of alternative energy solutions supports the future sustainability of developments.	Page 60
Legislation 	Acceptance of the integrated housing model by authorities.	Relationship building, delivering on our partnerships with the public sector, and proving the effectiveness of integrated development, we build awareness and acceptance.	Pages 48, 54

Social Impact 	Strikes and activism can impact projects' delivery and profitability. Community acceptance.	Stakeholder engagement. Ethical conduct. Corporate social investment to strengthen ties with the community. Community development. Actively encouraging community involvement.	Pages 48, 57, 67 and 69
Health and Safety 	Ensuring a safe and healthy work environment	Enforce safety and health practices. Ensuring a safe work environment. HIV/AIDS policy introduced to support non-discrimination.	Pages 73, 75 and 79
Water 	Construction is a heavy user of water in a country where the scarcity of water is a matter of concern. Water is an increasingly scarce resource. Costs can impact affordability and sustainability of developments.	We are committed to implementing effective water conservation, harvesting and management systems wherever possible within developments.	Page 63

Understanding our Stakeholders

	Material issues	Our response
Workforce People are our key resource, making our employees, subcontractors and the unions that represent them a key stakeholder group. Our goal is to attract, develop, motivate and retain a sustainable workforce with the skills, flexibility and diversity to meet the company's current and future business needs. We take active steps to become an employer of choice **How we engage** Staff communications Briefings, forums and meetings Management road shows and project launches Informal socials and suggestion boxes HR policy and procedure, including inductions and performance reviews Union meetings and bargaining council membership meetings	Fair work practice	■ Open communication, fair management practices ■ Partner with unions to address labour issues
	Safety	■ We follow strict OH&S processes which are independently audited
	Incentives and bonuses	■ We endeavour to pay market-related or above rates
	Growth and development	■ We offer skills development opportunities ■ Incubator process for subcontractors
	Transformation	■ Transformation of the workforce
	Succession planning	■ HR and Corporate Governance policies support succession planning
	HIV/AIDS	■ We hold monthly sessions on HIV/AIDS and offer support

	Material issues	Our response
Customers Consistent engagement with, and addressing the issues of our customers – the end-users of our products (residents) and government, our RDP housing client – are a vital part of our turnkey business model. **How we engage** Meetings Written communication Marketing campaigns Site visits Project updates Community forums Marketing surveys	Value for money	■ Our turnkey approach drives the affordability of end products
	Quality	■ The quality of workmanship is constantly reviewed and formally verified ■ After sales service ensures client satisfaction
	On-time delivery	■ Our turnkey approach means we do not rely on external suppliers ■ We have strong project management capabilities
	Integrated, fit-for-purpose design addressing the needs of residents, the community and the environment	■ Town planning is informed by design specialists, environmental plans and engagement with the community
	Anti-competitive behaviour	■ Policies and guidelines ensure rights are protected and that undue influence is not brought to bear.

	Material issues	Our response
Government – local, provincial, national We partner with government to build communities, building, growing and maintaining valuable relationships with the local, provincial and national government authorities, including the Departments of Health, Education and Social Services. **How we engage** Written communications On-site and face-to-face meetings Steering committee meetings Co-facilitation of public participation forums Partnering for training Partnering to address specific issues	Statutory and legal compliance	■ Transparency and compliance with various Acts, policies, procedures and guidelines
	Local economic development and delivery on transformation and equity, health and safety, HIV/AIDS awareness and education agendas	■ Partnering to address employment creation and enterprise development ■ The Group also addresses social integration, transformation and equity, health and safety, HIV/AIDS awareness and education

Shareholders | Investors | Analysts | Media

We build trust and confidence through clear communication of our strategy, through sustained and controlled growth, by providing a holistic and transparent view of the company and its operations, and by showing a consistent return on investments.

How we engage

Regular presentations
Meetings
Investor relations
Newsletters, press releases
Road shows (twice a year)
Annual General Meeting
Annual company reports and published results
Feedback emails
Ad hoc telephonic dialogues

Material issues	Our response
Growth and sustained returns on investment	■ Clear business strategy, stable growth
Appropriate response to macro-economy and socio-economic environment	■ Good business practices, sound governance, policies, procedures and structures facilitate agile response and adaptability
Succession planning and talent retention	■ Leadership succession planning ■ HCM policies

Environmental agencies | Interest groups

Our responsibility to the environment extends beyond legal and regulatory requirements. Reducing our environmental impact and continually improving our environmental performance are integral to our business strategy and operating methods. Key stakeholders in this segment include environmental organisations, public interest and peer groups, as well as industry partners interested in, impacting or impacted by environmental issues.

How we engage

Meetings
Conferences
Launches

Material issues	Our response
Compliance with Acts and guidelines to protect and conserve the environment	■ Environmental plans are approved for every development ■ Independent environmental specialists monitor and manage compliance at every development
Transparency and disclosure of information	■ We adhere to and communicate compliance ■ We resolve issues as a priority and communicate outcomes
Product stewardship	■ We take measures to ensure that we minimise the environmental impact of our developments ■ Protection of endangered or threatened species

Suppliers | Service providers | Specialist

We consider our suppliers and service providers as partners in our One Team approach to delivery. Open and regular communication creates trust and stimulates collaboration, providing growth opportunities in a mutually respectful and beneficial way.

How we engage

Economic interest presentations
Meetings
Face-to-face engagements
Emails
Telephonic conversations
Industry conferences and functions

Material issues	Our response
On-time payment	Timeous payments
Growth opportunities	Favourable contract terms Preferential procurement
Clear understanding of company strategies and priorities	Engagement with professional teams ensures synergy in implementation and problem resolution
BEE compliance	Preference is given to local suppliers with a BEE rating if local suppliers are used

CALGRO M3 HOLDINGS

JSE and other regulatory bodies

We aim to comply fully with regulations and engage with regulatory bodies should there be gaps in our compliance for any reason.

How we engage
Meetings
Written communications
Presentations
Audits
Business associations

Material issues	Our response
Statutory and legal compliance: ■ Full transparent disclosure ■ Adherence to guidelines such as: King III, CSI, GRI, OSH Act ■ Good corporate citizenship	We aim to comply with all requirements

Financial institutions | Other lenders | Auditors

Securing finance for developments is vital to our operations, and therefore good relations are maintained with our financial partners. Our cash flow, growth, debt obligations and risk are proactively managed. We comply with regulatory requirements and apply stringent measures to ensure financial excellence. Our focus on remaining flexible and agile ensures rapid response to macro-economic issues, especially those that impact:

- the ability of end users to access finance;
- the affordability of products to end-users; and
- the Group's ability to deliver.

How we engage
Meetings
Emails
Presentations

Material issues	Our response
Sound financial management	■ World class financial management by a qualified team ■ Suitable governance structures to manage risk
Appropriate response to macro-economic environment	■ Focused, flexible, and pro-active
Access to, and disclosure of financial and related information	■ In accordance with Basel 3 and the new constraints on banks, we meet the disclosure and compliance requirements of banks
Liquidity	■ We strategically retain substantial cash resources
Comprehensive risk management and exposure levels Interest cover and gearing ratio	■ We have strengthened our balance sheet ■ Identify and mitigate risks through our Enterprise Risk Management systems and processes ■ Calgro M3's operation is based on three main market segments; focus can be moved between the segments as required

Joint ventures and other partners

Strong relationships with joint venture partners and maximization of value for all partners are vital to the success of our developments. We ensure clear lines of communication; we meet our commitments; and carefully manage risk.

How we engage
Face-to-face meetings
Progress reports
Updates
Launches
Business partner and industry forums
Co-facilitation sessions
Emails
Telephone calls

Material issues	Our response
Long-term value maximisation Joint growth and development opportunities	■ Skills and knowledge are shared and transferred ■ We co-manage risk using defined processes
Long-term financial sustainability and security	■ Appropriate reporting, financial strategies
Open and clear communication	■ Accurate, relevant, proactive communications are provided and mechanisms for on-going feedback and participation are in place
Full understanding of the Calgro M3's business model and their role within it	■ Clear strategic direction ■ Clear lines of accountability and ownership ■ Corporate cultural integration and alignment
Labour unrest and strike action	■ We proactively engage with the workforce and representative unions, with structures to facilitate rapid dispute resolution
Equitable income distribution	■ We encourage openness and transparency in our dealings and promote fair business practices

Communities in which we operate

Community participation and locally-based enterprise development is a critical component of our developments. We respect the rights and needs of communities and actively seek to support their interests, involving them from day one.

How we engage

Public participation forums
Presentations
Community outreach forums
Corporate social responsibility and investment projects
Launches
Daily project site and operations management meetings, which include labour desks headed by community voted leaders
Meetings with ward distributors and local councillors for areas in which developments are planned

Material issues	Our response
Land claims	■ Due diligence ■ Local councillor involvement
Destruction of cultural heritage sites, protecting biospheres and endangered species	■ Public participation in the environmental authorisation process ■ Strict compliance with an environmental management plan
Issues with delivery and quality of BNG housing	■ A formal focus throughout construction on verifying quality, backed up by after sales service
Employment, economic development	■ Local community involvement through establishment of labour desks ■ Skills and enterprise development
Non-delivery of municipal services	■ Town planning and interaction with local government and municipal services to plan infrastructure and service delivery ■ Alternative energy solutions make developments more affordable and sustainable
Socio-economic and related issues (HIV & Aids, crime, gangsterism, etc.)	■ We partner with businesses, NGOs and government to address key socio-economic issues within communities
Access to health and education facilities	■ Provision for these facilities is made in the town planning process
Corruption	■ We have zero tolerance for corruption
Positive and tangible contribution to broader interests within the community and society as a whole	■ Our CSI annual spend is directed at key community projects ■ Skills and enterprise development
Earning social license to operate	■ Actively engaging with and building communities ■ Environmental stewardship
Social and cultural integration of new development into existing communities and areas	■ We take the interests and needs of communities into consideration, actively pursuing the creation of integrated, thriving communities

UN Global Compact Principles

The Group is a signatory to the UN Global Compact (UNGC) which requires companies and their subsidiaries to embrace, support and enact, within their sphere of influence, a set of core values in the areas of human rights, labour standards, the environment and anti-corruption.

Human Rights

Principle 1:

Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2:

ensure that they are not complicit in human rights abuses.

Labour

Principle 3:

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4:

the elimination of all forms of forced and compulsory labour;

Principle 5:

the effective abolition of child labour; and

Principle 6:

the elimination of discrimination in respect of employment and occupation.

Environment

Principle 7:

Businesses should support a precautionary approach to environmental challenges;

Principle 8:

undertake initiatives to promote greater environmental responsibility; and

Principle 9:

encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

Principle 10:

Businesses should work against corruption in all its forms, including extortion and bribery.

OUR ECONOMIC SUSTAINABILITY

Flexibility within a strategic framework to respond optimally to market variables

While Calgro M3's financial performance is a fundamental measure of its sustainability, its economic impact on society and the flow of capital among its stakeholders provides insight into how the company contributes to the sustainability of the larger economic system.

Calgro M3's management approach to economic sustainability focuses on three areas:

- organisational and operational excellence to support and drive business performance;
- providing increasing value, including greater economic prosperity, to all stakeholders; and
- positioning the company for future growth.

Operational excellence is underpinned by corporate governance, risk management, and other business processes and policies that drive compliance, build capacity and help retain scarce skills, ensure measured business growth and guide decision-making. This provides the business with the flexibility it needs within a strategic framework to adapt and respond optimally to macro-economic and other market variables.

Wealth creation and ownership opportunities

The economic prosperity of the business is tied to the prosperity it creates for stakeholders. Consistent delivery against strategic objectives and steady growth instils investor confidence. For other stakeholders, especially those in the communities in which Calgro M3 works, wealth creation and ownership opportunities in the form of skills and enterprise development drive economic prosperity. The positive economic impacts on these communities, and up and down the construction value chain, can be considerable, creating a wave of positive activity and growth. Calgro M3's support of social, environmental and other aspects of sustainable development within the design, planning and execution of integrated developments further supports that economic activity and growth.

Positioning the company for future growth will see the Group open up multiple channels for the future economic prosperity of stakeholders. Regular engagement with stakeholders provides a good foundation, enabling ongoing sharing of ideas, problem solving and innovation. With streamlined internal functions, the company is able to leverage new opportunities and quickly operationalise innovation, increasing its competitiveness. Building an attractive growth path for our employees and subcontractors will assist the company to attract and retain talent, build capacity and strengthen its value chain. Partnerships with government are built on strong foundations and shared goals, namely providing socio-economic stability and growth for the people of South Africa.

Our Economic Value-added Goals:

Direct and indirect economic value generated from our operations for local communities

Property development and construction impacts a wide variety of businesses and industries up and down the value chain, including providers of finance, appraisers, insurance and real estate agents, suppliers of building materials and appliances, furniture and hardware stores. A lot of funds find their way into the local economy via the purchase of construction materials and payment of wages. Calgro M3's policy of local recruitment ensures a large proportion of local subcontractors and labourers make up the workforce at developments, further boosting the local economy. Local businesses also benefit from increased business with residents of the new units. This creates an upward spiral of growth and wealth creation.

Because we develop entire communities, rather than merely properties and because we spend considerable efforts in ensuring hand-overs are supported to encourage ownership once we move out, the opportunities for financial prosperity are there for all community members to take advantage of. The communities we develop and specifically the way we develop them, ensure a greater opportunity for wealth creation and sustained economic growth for all stakeholders.

Calgro M3's R17 billion pipeline could create 22 000 jobs

Low-cost housing impact

The housing construction sector in South Africa is one of the highest employment multipliers. Calgro M3's current pipeline of over R17 billion could, taking into account direct and indirect employment opportunities, create more than 22 000 jobs. Calculations are based on a 2012 study conducted by Professor Francois Viruly of the Department of Construction Economics and Management at the University of Cape Town into the social and economic impact of affordable housing developments. Residents of housing developments also gain improved access to education and employment, with a positive impact on safety and security.

Research: the social and economic impact of affordable housing developments

Research conducted by Professor Viruly was commissioned by International Housing Solutions (IHS), a joint venture partner to Calgo M3 on four developments. The research puts the man hours needed to build a 40m^2 house at 541 hours of skilled and 748.8 hours of unskilled work. This translates to 2.45 people employed continuously to complete a typical house in 13 weeks. The study estimates that an investment of R7.8 billion in affordable housing will **create 100 000 jobs, and an estimated additional 5 000 jobs will be created as a spin-off per annum** in perpetuity through the maintenance and management of housing units, the payment of rates and taxes, and the expenditure on goods and services by households directly related to the housing units.

CALGRO M3 HOLDINGS

Consistent quality drives client satisfaction and provides competitive advantage

Defining "local"

Each city or town in South Africa is broken down in wards with a local ward councillor appointed to take care of each ward on behalf of the municipality. In terms of its local employment policy, Calgro M3 gives preference to individuals residing in the ward in which the development takes place, thereafter to individuals residing in adjacent wards and then to individuals from other areas. In the case of the Fleurhof project, for example, the ward comprises the existing Fleurhof community, the adjacent Florida community and Lea Glen and Storm Mill industrial areas. The adjacent wards will include Meadowlands (Soweto). As a rough estimate, the ward and adjacent wards cover a 5 - 8km radius.

Quality Management

Maintaining consistent quality in terms of the products and services we deliver is critical to the ongoing success of the Group. It drives client satisfaction and provides a competitive advantage. It also removes the risk that sub-standard products pose to the workforce and end users.

To create a culture of quality and ensure we deliver the quality of work specified in building contracts, quality standards have been developed and implemented throughout the Group. Numerous site inspections assess quality of workmanship to ensure that our developments conform to specifications and plans. EXCO reviews quality control measures, legal requirements and appropriate training for staff, contractors and subcontractors on an ongoing basis. Concerning trends within the business relating to quality are addressed with remedies sought and applied.

Policy, practices and proportion of spending on locally-based suppliers at significant locations of operation

Sustainable upliftment of a community relies to a large degree on the development of skills and livelihoods among members of the community. This is the basis for the establishment of Calgro M3's policy on recruitment which requires that all efforts should be made to recruit, wherever possible, local labour, contractors and subcontractors. Community-chaired labour desks on all sites actively participate in local recruitment and placement, applying policies which enhance equal opportunity and fairness. Labour desk recruitment practices and procedures are further described in the **human capital management section of this report (page 70)**. At least 40% of all labour costs across all sites has traditionally been spent on local labour and suppliers of labour.

With regards to local suppliers, Calgro M3 has no formal policy. In any project there is a requirement to make use of local suppliers. However, this is managed on merit. A balance is struck between making use of local suppliers and buying in bulk to reduce pricing. End-users may not be penalised at the expense of local suppliers and there can be no compromise with regards to quality. In the case where material is sourced locally the empowerment rating will play a role in determining a supplier.

Corporate Social Investment (CSI)

As a responsible corporate citizen, Calgro M3 invests in social development initiatives that help uplift and empower. Calgro M3's investment in social initiatives is aligned to its philosophy of community development. We often support projects in the residential developments where we work, identifying opportunities where we can make a tangible difference by supporting the growth and development of individuals, nurture vulnerable or needy groups, or strengthen the community.

Adding value – to the business and our stakeholders – is what will ensure the sustainability of the business

- We align our CSI spend with Calgro M3's core capabilities, building health, sports, educational and public use infrastructure, as well as providing financial support where it is needed.
- We partner with specialist providers, including non-profit organisations to ensure appropriate skills are applied to execute initiatives.
- We monitor outcomes and manage investments to drive delivery of envisaged benefits.

Calgro M3's Corporate Social Investment spend for the period has risen to **R4.2 million**, from just over R1.5 million in 2013 a spend of R1 million, in 2012.

CALGRO M3 HOLDINGS

Our CSI Investments

Our investments extend from construction and financial support of crèches, to the development of shared public spaces, investment in skills development initiatives, support in the development of health facilities, the rehabilitation and stewardship of sensitive environmental areas, and partnering with organisations in initiatives that target social problems.

All our investments in areas of corporate social responsibility must comply with the company's Sponsorship and Donation Policy which favours investment in events, initiatives, organisations or institutions that are credible and have a proven track record in managing community initiatives and that meet the company's objectives – i.e., are consistent with its vision, reputation and objectives; addresses the company's target audience; and adds value to the company's business activities.

In all instances, Calgro M3's investment in chosen initiatives is voluntary and not mandated. Town planning regulations for integrated developments stipulate that land must be reserved for public use, and that developers may not raise any structures on or develope the land.

The Group is involved in the construction of various crèches, clinics, parks and community centres within its developments.

- **Financial assistance is provided to crèches** on an on-going basis to support educational programmes. Two crèches were built by Calgro M3 in the Fleurhof and Pennyville developments – the MES Kids Academy Crèche and Pre-school in Fleurhof Ext 2, and the Pennyville Creche - where 107 children are enrolled. Management agents have been appointed to implement and run educational programmes for these crèches. A third crèche is planned for 2014 and will be constructed at a cost of approximately R3 million. All crèches are constructed by the Group, to be retained and rented back to an operator at a minimal fee of R100 a year. This enables the operator to break even and invest funds received from the community towards education.

- **Calgro M3 develops active open space systems and parks** within development pockets as a critical part of establishing a sense of community. The company maintains these parks and open space systems for a period before handing maintenance over to residential committees to ensure the community understands the value of these parks. Examples of parks and open space systems are the Fleurhof park, the landscaping done at Scottsdene within fully subsidised housing pockets; and the establishment of open space systems at the La Vie Nouvelle development.

  The reason Fleurhof and South Hills have so much more green space is that as part of our integrated concept we earmark environmentally sensitive areas as parks, reducing impact on the environment. On a project like Jabulani where we are developing in a centralised business district, or city centre, development is driven by densification, resulting in less open spaces. A balance between densification and lifestyle needs to be achieved.

  At infill sites (as in the case of Scottsdene) we operate in a built-up environment with parks already included and add parks to enhance quality of living. This is not regulated or mandated but done to enhance the project.

Green space – building suburbs, not townships

The amount of "open" space or green areas we include in our developments makes all the difference – our aim is to build suburbs, not townships. We thus don't just leave open spaces, we landscape them, creating spaces the community can use for recreation, can take ownership of and be proud of. This is part of Calgro M3's vision and mission – to build homes and create a lifestyle, not just provide housing.

The following brief analysis provides insight into the extent of our efforts:

Development	Green space required by law	Green space provided
South Hills Residential 1 units: 1 581 Multi-storey units: 3 580	10 8684ha	112 8944ha
Fleurhof Residential 1 units: 2 134 Multi-storey units: 8 065	19 6146ha	114 000ha
Jabulani CBD Multi-storey units: 3 881	7 0344ha	11 4590ha
Scottsdene Residential 1 units: 1 020 Multi-storey: 1 865	0 (due to the fact that it is an in-fill development and separate park erven was not a tender, neither a town planning requirement)	1 1993ha (as part of each sectional scheme)

- Another CSI contribution is the **development of sporting facilities** in the fully subsidised housing portion of the Scottsdene development and for the Sagewood school adjacent to the Sagewood development in Midrand.

- **Skills development and training** is an important focus point in terms of the socio-economic contribution that Calgro M3 makes. Our Fleurhof and Jabulani Hostels projects placed an emphasis on training unskilled workers to become skilled construction workers in various industry trades. Approximately 80% of the labour used in the Jabulani Hostel Project came from the existing hostel community. See more about our skills development efforts on page 76.

- **Wetland rehabilitation** at the Fleurhof, South Hills and La Vie Nouvelle developments. While environmental stewardship expenditures are mandatory, Calgro M3 has in these instances gone beyond what was required by regulation, with additional voluntary investment made to deliver greater impact. Read more about our eco-responsibility and investments on page 65.

- **The preservation and restoration of heritage sites** receives the attention it deserves in partnership with the relevant statutory regulatory bodies. In the case of the Fleurhof project, a mine hostel was classified as having heritage value and a professional team, including heritage architects, were appointed to manage the re-development of the buildings. Regulatory guidelines required only that the administration buildings be saved, however Calgro M3 has redeveloped the complete hostel to preserve the building. Caution has been taken not to preserve the legacy of "old apartheid single sex hostels" and ensure incorporation of the structures into the integrated development.

- **Community education and health facilities.** All these facilities are provided for in the township approval processes and regulated. The municipality is however responsible for development of these facilities. In the case of the Fleurhof project, regulatory requirements proved to be cumbersome and timeframes long, resulting in the project donating land to the Department of Education to stimulate and fast track the development of a school to the benefit of those residing in the project.

Our Environment

Our responsibility to the environment extends beyond legal and regulatory requirements. Reducing our environmental impact and continually improving our environmental performance are integral to our business strategy and operating methods. Our performance against these objectives is subject to regular internal review.

Construction and development of land for residential purposes can be highly destructive. Our management approach to environmental sustainability is built upon a desire to leave behind something better than we started with. We use our sphere of influence to encourage our stakeholders to adopt the same principle. Our efforts are aimed at not only improving saleable properties and their surrounds, but at conservation and effective management of natural resources throughout all the phases of our operations. To this we add independent monitoring of our impact on the environment, investigation and proactive implementation of solutions.

We leave behind something better than we started with

Calgro M3 strives to:

- **capture, conserve and effectively manage water** on all of our projects and within our operating environments;
- **protect natural habitats** bordering, surrounding or within our development areas;
- **use greening initiatives** to proactively build up the environment and plant non-invasive trees on all of our sites which are suitable for and will enhance the local biosphere;
- **harness natural energy and minimise the use of energy** related to non-renewable resources wherever possible;
- **independently monitor our impact** on environments, seek recommendations and take steps to minimise our footprint and rectify areas of non- or partial compliance;
- **stay abreast of latest trends** and information in the global environmental sustainability landscape, specifically regarding construction and real estate development, and implement optimisation projects where relevant; and
- **actively engage stakeholders, industry partners and environmental regulatory bodies** to understand issues and implement proactive solutions.

Energy

Calgro M3 is considered a market leader in the development of affordable, "green", energy efficient buildings within integrated developments.

Application of **green building design principles** in all housing tenures and typologies developed in our integrated housing models translate to direct savings in terms of energy consumption. Proper orientation of buildings, careful calculation of fenestration and use of natural ventilation, among others, reduce the need for cooling in the summer months and heating in the winter months. Green building principles are being applied in all Calgro M3's integrated housing developments, including the Fleurhof, Jabulani, South Hills, Scottsdene and Belhar developments.

The Calgro M3 in-house architectural team has been specifically trained and accredited in terms of SANS 10400-XA and SANS 204, a standard for achieving energy efficiency in all types of buildings which has become part of the National Building Regulations.

Energy efficient solutions in integrated developments puts money back into pockets, and increases sustainability of developments

Other energy saving solutions include:

- **Insulation** of plumbing for hot water supply, and insulation of walls and ceilings to assist natural heating and more manageable room temperatures throughout the year.

- **Heat pumps** implemented to supply hot water to multi-storey developments contribute a 40% saving on electricity supply to each residential opportunity. A total of 818 Social Housing units have been equipped with heat pumps on the Fleurhof and Jabulani projects. Contracts for a further 969 Social Housing Units have been concluded to be equipped with heat pumps on the Fleurhof, Jabulani and Scottsdene projects. The bulk heat pumps that get installed on these projects provide an estimated 40 to 50% saving in terms of electrical consumption for each individual unit. Due to the specific installation, the consumption of water is also reduced as the need to run the hot water before hot water appears is significantly reduced. The major added benefit of the reduction in electrical consumption is that it reduces the amount spent on utilities by each tenant. This enables tenants to manage their finances better and increases their ability to keep to timely rental payments. This is a major benefit to the Social Housing Institutions as this helps to reduce their risks in a very price sensitive market.

- **Induction geysers:** Alternatives to Heat Pumps have also been investigated and individual induction geysers have been installed in 244 rental units in the Jabulani project. These induction geysers reduce the time to heat water to the required degree and therefore reduce the volume of hot water that needs to be maintained at any stage. This has the effect of reducing the electrical consumption of between 25 and 35% per unit. The benefit of individual meters is that every tenant has the opportunity to regulate their own electrical consumption according to their specific needs.

- **Solar geysers:** Through an agreement with Eskom, Calgro M3 was able to offer homeowners fitment of solar geysers at minimal cost (R400).

An evolving set of social, economic, political and environmental imperatives requires our skilful response

A total investment of R6 287 000 has been made in heat pumps and gas reticulation at Fluerhof, La Vie Nouvelle, Sagewood and Jabulani developments.

Calgro M3 leads the market in meeting the requirements of new building regulations (SANS10400) with regard to energy efficiency standards for buildings and specifically the use of renewable energy sources (e.g., solar water heating, energy efficient appliances).

- The cluster developments of Manyaleti, Cedar Crest, 22-on-Campbell, Silver Oaks, Sagewood, Summerset, Witpoortjie, La Vie Nouvelle and Southhills will make use of internal gas reticulation serviced from centrally positioned gas banks within each development. Gas is being used for water heating and cooking. Through these initiatives, Calgro M3 has reduced the electricity requirement from 5kVA per residential opportunity to less than 3kVA per residential opportunity, a saving of more than 30% on electricity consumption.
- At La Vie Nouvelle and Summerset Place the reticulated gas system comprises an underground bulk storage vessel that provides gas to the units via a gas pipeline which needs to adhere to rigorous regulations and certification. Equipped with a gas geyser, gas hob and in some instances gas heater connection points, which account for more than 70% of standard energy use, the estimated savings per household per month is 25%.

Initiatives to reduce indirect energy consumption and reductions achieved

Initiatives implemented in developments to reduce energy consumption include energy saving light sources, prepaid metering of water and electricity supply. Savings are dependent on the size of the residential unit, with estimates of a 10% saving on electricity through use of energy-efficient or renewable energy based products and services, and reductions in energy requirements.

Implementing effective water harvesting and management systems, educating, driving awareness

Water

Construction is a heavy user of water in a country where the scarcity of water is a matter of concern. In integrated developments, affordability of water for lower-income residents is also a concern. Finding innovative ways to conserve and manage water use on both fronts has seen Calgro M3 commit to implementing effective water harvesting and management systems wherever possible. Calgro M3 also endeavours to continuously educate the market on water saving initiatives and the implications for all projects and developments, including affordable housing.

Rain water harvesting has been incorporated at the Broadacres and Sagewood developments. Each unit built is fitted with a JoJo tank contributing positively to the capture and effective utilisation of rain water for and by community members.

- The rain water harvesting system implemented at the Broadacres retirement village project will provide water for extensive gardening use. Each unit is fitted with a 2 000 litre tank. South African based research reports show that households with gardens use, on average, a massive 46% of water to water gardens. Targeting gardens for water savings therefore has a great impact in terms of water conservation, especially on developments where gardens are important to the target market.

Providing relief to residents and assisting to conserve a precious natural resource in affordable housing developments

- Rain water harvesting systems (1 000 litre tanks) will also be installed at the Summerset development which is aimed at the affordable housing market. Calgro M3 partnered with large corporates to research and implement full-use systems at this development to assess the potential to utilise captured water for gardening, general cleaning and unit ablutions. In low-income households, an average of 73% of total water usage is used for toilets while mid- to high income households use on average 37% for this purpose. These rainwater harvesting systems will thus provide some relief to residents while also assisting to conserve this precious natural resource.

PRODUCTS AND SERVICES

Protecting the environment through the construction phase

Calgro M3 implements initiatives to mitigate the environmental impacts of its products and services. The extent of impact mitigation is managed through:

- formal implementation of an environmental plan for each project;
- implementation of ecological management plans where need is indicated;
- monitoring of compliance by an independent environmental control officer appointed at each development;
- a follow-up system to ensure red-flag issues are addressed; and
- development of innovative housing typologies that comply with new environmental and safety ratings.

To secure environmental authorisation for developments, Calgro M3 must compile an environmental management plan and sometimes also an ecological management plan to protect the environment during construction. This plan is based on environmental impact assessments. Calgro M3 appoints an independent environmental control officer at each development to ensure that all contractors and subcontractors comply with the provisions of the environmental management plan. All partial and non-compliance is reported monthly with red flags raised for high priority issues, and follow-ups made to ensure these issues are addressed.

- The environmental management plan not only deals with areas of high diversity in sensitive areas but also with construction related conditions, such as storage of hazardous materials, oil and gas.
- Good housekeeping regarding construction outputs, waste management as well as occupational health and safety is of key importance on all of our sites.
- We follow specific guidelines as set out by the National Environmental Management Act (NEMA) as well as the Department of Labour, to guide the various contractors in protecting the environment through the construction phase.

An ecological management plan was additionally required for Calgro M3's South Hills development, which included wetland rehabilitation.

Calgro M3 collaborates with municipalities to develop and plan each integrated housing development, taking into account the specific requirements and needs of each culture and community. The impact of alternative building methods and material are continuously investigated to ensure that the development of housing typologies – whether subsidised, partially subsidised, social housing or bonded - remain market leading and cost effective while complying with the requirements and provisions of the building regulations.

Calgro M3 is also leading the way in the **development of new high density multi-story housing typologies** within subsidy structures that comply with new environmental (energy efficiency) and safety regulations, namely SANS 10400-XA of the building regulations.

- The implementation of cost effective high density subsidised housing was successfully achieved through consultation with our team of professionals and engagement with local authorities in Cape Town and Johannesburg.
- This process is underway at the Jabulani, Fleurhof, and Scottsdene developments.

To drive compliance with environmental and safety regulations, Calgro M3's professional team and its engineers are actively involved with external agencies such as the National Home Builders Registration Council (NHBRC), a regulator body of the home building industry that sets minimum quality standard, assists to define quality for the industry and ensures quality standards are met within its own developments.

Biodiversity

Biodiversity is the variety of all life and natural processes, including diversity within species, between species and of ecosystems. In the context of the projects we deliver, Calgro M3 strives at all times to fully consider, carefully plan and ultimately integrate its developments into existing environments and communities, preserving biodiversity and accommodating ecological sensitivities.

In addition to the environmental and ecological management plans compiled, approved, implemented and monitored for compliance at each project site, landscaping is done at each development. Environmental impact assessors and landscaping companies assess the environments to be greened, identifying suitable indigenous and/or sustainable vegetation to be planted. In addition to active 'greening' of developments, the Group ensures one tree is planted per unit built.

Calgro M3 is working on integrated housing developments on various land parcels that have been identified as areas of high biodiversity. As construction poses a high risk to sensitive environments, the company has been challenged in its responsibility to protect the environment. Detailed design and planning which is grounded in thorough data analysis makes provision for environmental sustainability and integration in these developments.

- Independent environmental consultants have been appointed by Calgro M3 to make application for environmental authorisation. These authorisations are managed and enforced by implementation of environmental management plans by independent environmental control officers.

Among the developments under construction, the Fleurhof, South Hills and La Vie Nouvelle projects present good examples of Calgro M3's approach to biodiversity.

- The Fleurhof development is affected by a wetland and the Fleurhof Dam. This has resulted in .60% (91.6 hectares) of the total land for this development (which is owned by Calgro M3) being designated as a protected area due to its high value in biodiversity. Calgro M3 assisted in wetland redevelopment from the Florida Lake up to the Fleurhof Dam and is also doing rehabilitation downstream.
- The South Hills development in the southern suburbs of Johannesburg has been designed to accommodate the ecological sensitivities of a Red Data species, a Class 2 inverted ridge and wetlands. The sensitive elements being protected represent 55% (100.4 hectares) of the land parcel identified for development.
- Our conservation of wetland areas includes rehabilitation at the La Vie Nouvelle development (26.8 hectares) in Broadacres.

Management of watercourses is emphasised in all developments and are a requirement for granting of Water Use License applications (WULA) . Integrated development affected by these regulations are Fleurhof, South Hills, Witpoortjie, Kwa Nobuhle (Port Elizabeth) and the La Vie Nouvelle Retirement and Lifestyle Estate.

International Union for the Conservation of Nature (IUCN) - Red list species. Where environmental impact assessments identify eco sensitivities, recommendations are made to protect, conserve or relocate elements of high biodiversity.

- In the South Hills development, a specific Red Data plant was identified. This plant will be protected through the Environmental Authorisation and a subsequent environmental management plan. All efforts are made to study the future relocation of the Red Data plants to ensure their survival. A campaign to educate the local community on the nature of the plant will form part of the conservation of the environmentally sensitive areas within the development proposal.
- The Clayville Ext 50 development is affected by the Giant Bullfrog which has been identified as a protected species. All efforts are being made to protect the future existence of the Giant Bullfrog by implementing the necessary buffer zones and movement corridors along wetlands for cross-breeding purposes. An estimated 30% of the land parcel is earmarked for conservation purposes.

CALGRO M3
HOLDINGS

Emissions, Effluents and Waste

Waste Management

Waste management through recycling is estimated at 50% of total waste at development sites.

Partnering with local authorities, Calgro M3 makes provision in its developments for drop-off centres where residents can deposit biodegradable waste, recyclables and bulk waste which are not collected as part of the household waste collection services provided by municipalities. These centres are centrally located and easily accessible within walking distance within each development.

- The South Hills, Pennyville Ext 5 (Hospital View), Boitekong, Kwa Nobuhle, Vista Park, Belhar, as well as the existing Fleurhof development, feature some of these facilities.

These waste centres, besides promoting recycling by end users and facilitating reduction of urban waste, assist in job creation, especially in the fully subsidised segment.

Encouraging recycling, creating jobs. Lowering the carbon footprint … and benefiting the bottom line

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Re-use of building rubble reduces the carbon footprint of developments. At Jabulani, over 10 000 cubic meters of building rubble has been recycled

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The Group makes every effort to re-use building rubble, to significant benefit of the environment but also the bottom line.

- On the Jabulani CBD project we have recycled in excess of 10 000 cubic meters of building rubble to date. The building rubble is being crushed into building sand and re-used during the construction process.
- On the Fleurhof project we have crushed in excess of 90 0000 cubic meters of rock that was excavated during the installation of civil infrastructure. The crushed material was re-used during the construction of bulk and link roads and used as fill material for the construction of engineered platforms catering for the construction of fully subsidised units.

In both cases, this reduced the need to have the material removed from site. It also decreased the overall requirement in terms of fuel consumption which lowered the carbon foot print of each project. An overall cost saving was also experienced due to these initiatives that contributed to the bottom line.

As part of its compliance commitments, Calgro M3 uses independent environmental control officers to conduct monthly audits on each of its sites to ensure adherence to its environmental management plan, which includes waste management.

Society - Our Communities

Local community engagement, impact assessments and development programmes are implemented at all of our projects and operations

Our Communities

- Impacting local communities positively, mitigating risk
- Communities are important contributors to our success
- We respect the rights and needs, and actively support the interests of communities
- Through education, training, enterprise and skills development, we leave a lasting legacy of upliftment

The projects Calgro M3 undertakes are typically multi-phase projects spread over a number of years. Entering into an existing community and setting up operations within that community for an extended period of time impacts that community in a number of ways, presenting opportunity but also elements of risk to the company.

Calgro M3 is in the business of building for communities. Respecting the rights, needs and actively seeking to support the interests of these communities are important contributors to our success, facilitating buy-in and ownership by the community of the completed developments.

Through due diligence, environmental assessments and engagement with stakeholders, we involve the community from day one:

- inviting public participation in town planning and environmental assessments, and involving local councillors in pre-development and implementation phases;
- employing local labour, supporting skills and enterprise development;
- partnering with business and the public sector on key social issues;
- investing in social development initiatives and facilities; and
- implementing policies, plans and approaches that ensure compliance and mitigate risks throughout the phases and cycles of the development.

For local communities, the potential positive impacts of our developments include job creation and the long term advantages of access to education and other public facilities, as well as the socio-economic opportunities and benefits that come with the development and strengthening of communities.

As a mechanism to mitigate risk to local communities, Calgro M3 assists in **developing the community** through education, training of non-skilled and skilled local workers, and by providing support to local small medium and micro enterprises (SMMEs) through training partners. This helps us to leave a lasting legacy of social and economic upliftment when the project draws to a close.

Policies and guidelines relating to our operations, decision-making and interactions with stakeholders encourage and facilitate community participation, **ensure rights are protected, that undue influence is not brought to bear, that social issues affecting communities are addressed, and that we comply with legal and regulatory requirements.**

- Labour policies address fair pay, freedom of association and non-discrimination, as well as health and safety to protect workers;
- Policies specify employment of site-specific labour for construction purposes, but also investment of time and resources in the development of skilled labour and professionals;
- Enforcement and regular review of Group quality standards ensure quality delivery of projects;
- Within the communities we work, we actively seek to partner government, big and small business and other industry partners in initiatives which target current social problems and their root causes, such as crime, unemployment, inequality, HIV/AIDS, poverty, skills shortages and corruption;
- We build and maintain solid relationships with trade unions and other representative bodies, and encourage regular two-way communication and engagement;
- Our investments in areas of corporate social responsibility (CSI) comply with Company guidelines (see our CSI initiatives on page 58);
- Mechanisms for engagement drive engagement with stakeholders (as discussed on page 48, Understanding our Stakeholders);
- Environmental Management and Occupational Health and Safety plans are approved for every project. Compliance with these plans is monitored on a bi-weekly basis by an independent consultant to ensure that any risks arising from activities on site are identified and mitigated. Reports are also submitted to the relevant authorities to monitor compliance on a monthly basis.

Calgro M3 establishes new communities through its developments. Clients must often relocate from areas other than the specific development area. The beneficiaries of the fully subsidised components of our developments are all voluntary relocations from areas characterised by informal settlements. Their relocation is managed and controlled by the Local and Provincial Authorities. The residents of the partially subsidised and bonded components of our integrated low-cost residential developments are also all voluntary relocations.

Zero Tolerance to Fraud and Corruption

Calgro M3 adopts a zero tolerance approach to fraud, corruption and theft in all of its activities. It is committed to preventing and detecting fraud and corruption, and maintaining the highest standards of honesty, integrity and ethical conduct. It's Fraud and Corruption Policy, introduced in this reporting period, ensures consistent and effective investigation, reporting and disclosure, and minimisation of fraud and corruption occurrences within the Group.

The objectives of the Company are to develop an anti-fraud and corruption culture and define management and employee responsibilities in this area.

This policy will reduce the opportunity for fraud and corruption by introducing preventative and detective measures into systems and processes, and ensuring that anti-fraud and corruption controls are considered and built into new systems and processes at the design stage.

- **Fraud and corruption risk will be assessed regularly** as part of the business's risk management process.
- **Risk awareness training** will be undertaken on a regular basis with staff in high-risk functions.
- **The vigilance of management and staff** is being increased through raising awareness of fraud and corruption risk throughout the Company.
- **Each department within Calgro M3 is responsible** for considering their exposure to fraud and corruption risk and introducing preventative controls into new and existing systems and processes, as well as for ensuring compliance with this policy throughout their operations.
- **It is the responsibility of all employees** to immediately report all allegations or incidents of fraud and corruption. The company has established a 24-hour 'Ethics Hotline' and has for this purpose engaged the services of Deloitte.

Actions taken in response to incidents of corruption:

During the year, the Group undertook various investigations against several stakeholders where information was forthcoming, and three staff members on different occasions were dismissed following disciplinary action.

New Fraud and Corruption Policy to raise awareness, minimise occurrence and ensure consistent and effective investigation, reporting and disclosure




Our Integrated Approach

Human capital management

Our human capital management framework is designed to attract, develop, motivate and retain a sustainable workforce with the skills, flexibility and diversity to meet the company's current and future business needs. Our human capital strategy encompasses attraction, retention and development of appropriate skills, as well as performance management, organisational transformation and competitive remuneration.

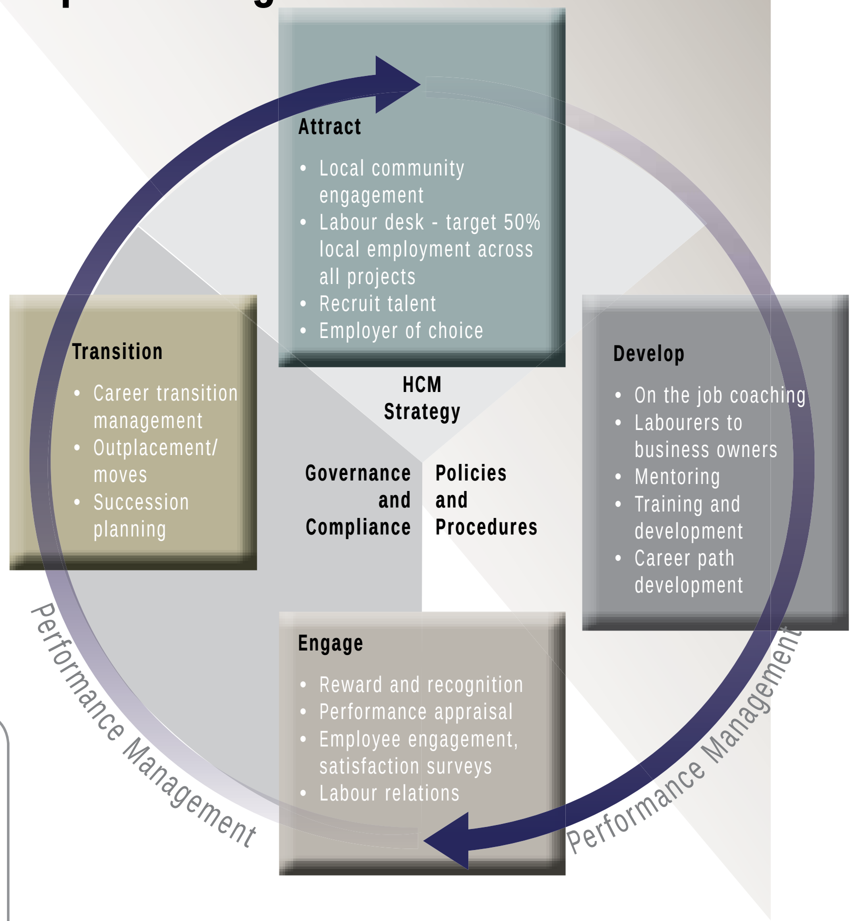
An HR Strategic Intervention aligns human capital management processes, selection criteria and decision-making to the Group's strategic direction at both corporate support and operational staff levels. The intervention, initiated in 2012 and 2013, is ongoing.

People are our key resource.

Effective human capital resource management is strategic to Group performance

Local recruitment and human capital management are prioritised at all development projects. This provides the Group with an effective and valuable on-site workforce, building positive links with communities and assisting to reduce skills shortages we might otherwise encounter at these often remote sites while also addressing unemployment in these areas.

Calgro M3 Human Capital Management



The Group continues to move forward with transformation at intra-company and workforce levels

HR Governance and Compliance

The Calgro M3 Group, as a responsible employer, complies with and enforces regulatory requirements and rules of various Acts and governing bodies, including the South African Constitution, the Labour Relations Act, the Employment Equity Act, the Skills Development Act and the Basic Conditions of Employment Act.

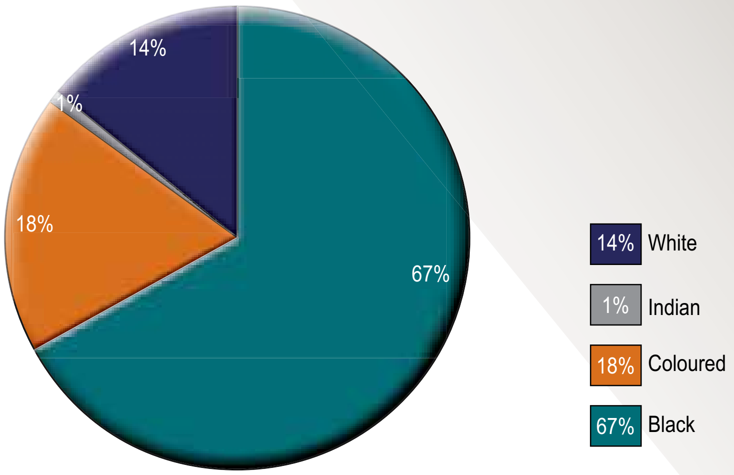
Transformation

The Group's 2013 growth allowed for an increase in numbers, providing an opportunity to improve intra-company transformation efforts. In 2014, the Group's BBBEE rating remains at Level 4.

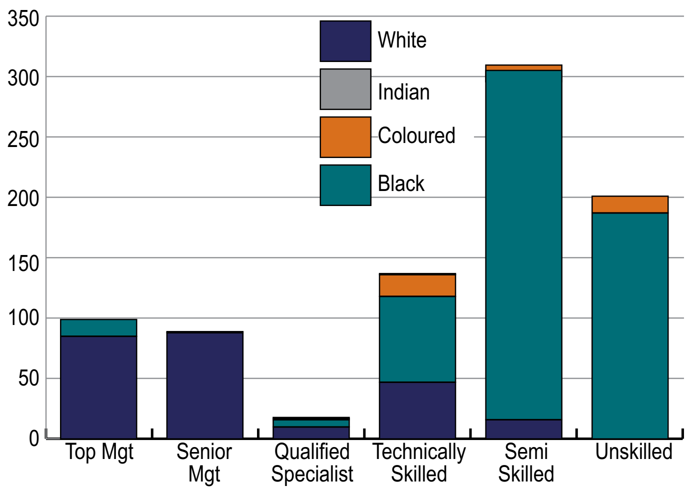
The Group is fully committed to the transformation of its workforce and aims to reflect the demographics of South African society. There is improvement in most categories. In the period under review, 14 BEE related people have been appointed in skilled technical or junior management positions, there has been one promotion to senior manager and appointment of one person in the "persons with disability" category.

Commitment to Transformation

Current workforce



Workforce Transformation



Employment Equity

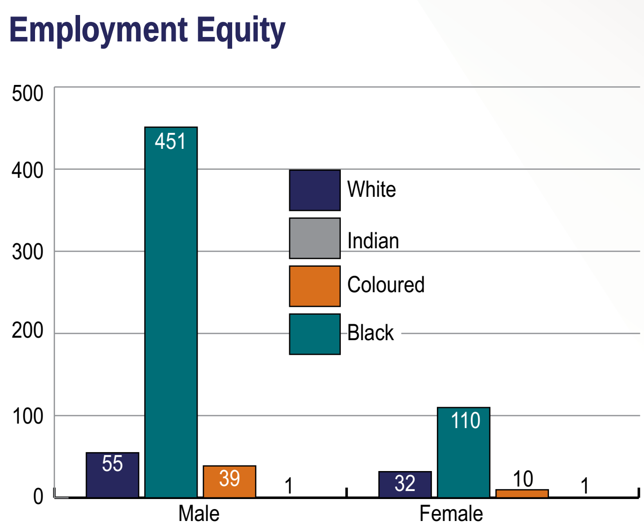
The Group remains committed to further deliver on its Employment Equity and transformation targets, particularly at middle and senior management levels. This will remain the Group's priority in 2014.

Employment Equity practices focus on attracting competent employees, skills retention and staff performance development. The Group's employment equity approach, in compliance with South African employment equity legislation, provides for equal opportunity and fair treatment in employment. The Group further emphasises diversity by continuing to maximise its talent pool, strengthening capacity and increasing innovation by introducing different ways of thinking.

Gender, whilst a factor in recruiting a diverse and representative workforce, is challenging in the historically male dominated construction industry. This is exacerbated by cultural trends within South African communities that discourage women from applying for jobs in this industry. The Group employs 117 females of a total of 526 employees (both permanent and temporary), or 25 percent of all employees, excluding agents.

Women make up 25% of all employees.

Employment equity and transformation at middle and senior management levels remain a priority



Protection of Rights

- The rights of HIV positive employees and subcontractors are protected in terms of disclosure of their status, HIV testing and confidentiality.
- The Group rejects child and forced labour practices and respects national culture, local laws and traditions.
- Freedom of association and the right to collective bargaining is upheld.
- The Group views all forms of discrimination in an extremely serious light and will not hesitate to take appropriate disciplinary action against offenders. No incidents of discrimination were reported for the period under review.

Health and Safety

The Group has once again successfully achieved zero serious injury, zero fatalities to employees and subcontractors in this reporting period. Effective management of health and safety is prioritised in all our operations with adherence to company policies and procedures regarding occupational health and safety an imperative.

The Group complies with the following Acts:

- Occupational Health and Safety Act 1993;
- Construction Regulations Act 2003;
- Compensation for Occupational Injuries and Diseases Act 1993; and
- National Environmental Management Act 107 of 1998.

The Group is registered with the Workmen's Compensation Fund, ensuring that injured employees receive the best medical care available.

Zero serious injuries, zero fatalities

50% of our suppliers have a Level 4 or better empowerment certificate.

50% benchmark for spend with black business owners

HR Policies and Procedures

Non-discrimination

The Group practices a policy of non-discrimination as stipulated in the respective establishment agreements signed with trade unions on our operations. We strive to recruit and retain the best people both on our projects and within our corporate support operations, and draw on talent from the populations of the areas we work in wherever possible.

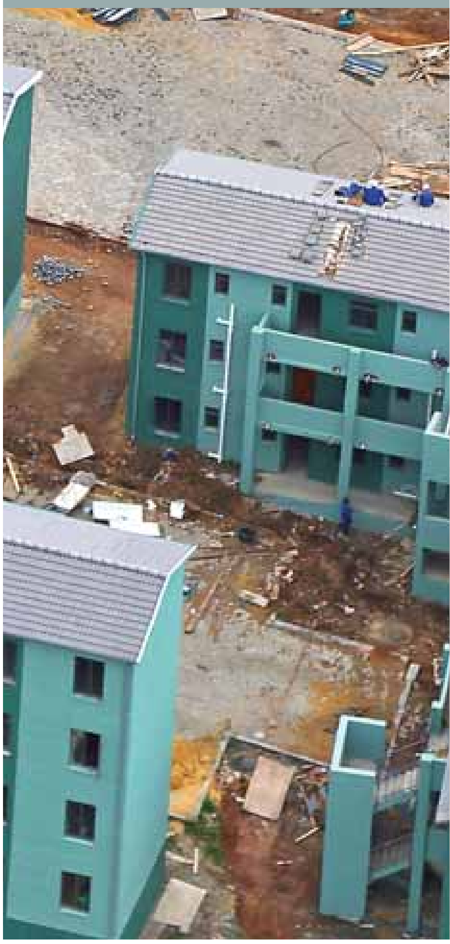
Preferential Procurement and Supply Chain Transformation

The Group prides itself on reaching a target of 50% of its suppliers having a Level 4 or better empowerment certificate in place. During the current year the Group maintained its 50% benchmark for spend with black business owners.

Empowerment of Local Communities

The Group's policy to recruit members of local communities has provided us with rewards, in terms of multiple individual success stories, as well as challenges, in terms of labour relations on certain projects.

We are committed to a quality business and reputation that values integrity, respect and truthfulness



Code of Conduct and Ethics

The Group's Code of Ethics and Conduct details the company's ethical and business conduct policies for employees. The Group is committed to a quality business and reputation that values integrity, respect and truthfulness, and a strong commitment to the highest ethical standards. These principles apply to employee interactions with clients, service providers, government and regulatory agencies, the general public and between the employees themselves. This Code applies to the Group, its board of directors and all its employees and agents. The Group's employees must be familiar with this Code and adhere to its guidelines.

The Group's success is dependent on the trust and confidence that is earned from employees, customers and shareholders. We gain credibility by adhering to our commitments, displaying honesty and integrity, and reaching company goals solely through honourable conduct.

This Code is not a comprehensive guide of all ethical issues that employees may face, but merely highlights specific issues. This policy may be modified or updated at any time. The Group welcomes employee suggestions on changes to this Code. The policy is supported by other Group policies, including a Fraud and Corruption Policy introduced in this reporting period (see page 69).

Good staff engagement and improved resolution of disputes pay off, with a single instance of strike action in the period

Grievance Management

In response to strike action in the Western Cape in 2013, the company introduced policies and procedures aimed at improving grievance management resolution times, including in-sourcing of key stakeholder engagements. As a result, average conflict resolution improved to 72 hours from 96 hours for 2012. For the financial period under review, the Group has only been affected by work stoppages at one site. At Scottsdene, strikes by disgruntled employees compelled the Group to stop doing its own construction, deferring the risk to third-party contractors. On the Group's many other sites, good staff engagement and improved resolution of disputes before industrial action have ensured good relations are maintained.

Health and Safety Policy

The Group is committed to providing a safe and healthy environment for all personnel. We strive to achieve zero injury, zero fatalities and zero loss of time through the effective management of health and safety in all our operations. Our robust Operational Health and Safety (OH&S) management system is based on the following three principles:

- **A "zero injury"** mindset. We believe that all fatalities, injuries and occupational diseases are preventable. We fully embrace the vision of zero injury and will exercise zero tolerance for any breach of the Group's OH&S standards and procedures. Each employee is responsible for correcting behaviour that could result in an injury and reporting such behaviour to the professional team.

- **No repeats.** All Health and Safety incidents need to be investigated to ensure that root causes are identified, and corrective and preventative measures are implemented. We share information and learn from incidents to avoid recurrences wherever possible. Risks are identified, communicated and rectified. Training on Occupational Health & Safety OH&S-related matters is of vital importance.

- **Simple, non-negotiable standards and procedures.** We have adopted the principles of OHSAS 18001 as the foundation of the Group's OH&S Management system. OHSAS 18001 is an international OH&S management system that commits to the prevention of injuries and occupational diseases; as well as continual improvement of performance and compliance with applicable legal requirements.

It is the responsibility of the Health and Safety Division and their on-site officers, construction management and supervisors to ensure that Health and Safety measures are implemented and adhered to.

Building communities … and a legacy of social and economic upliftment through education, training, enterprise and skills development




Human Capital Management Process

ATTRACT

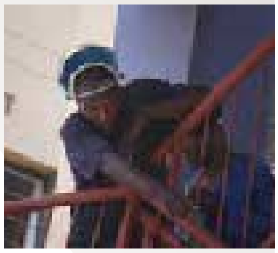
Robust human capital management processes at all levels of our operations are designed to attract and retain key skills and talent in a climate of skills shortage, and to ensure the Group's sustained success in the future.

The total staff and subcontractor complement continues to grow

The workforce required for development projects is, in accordance with The Group's local recruitment policy, recruited from local community. Their potential is developed through learning opportunities and their performance monitored through effective performance management. Members of the local community and host country citizens receive priority. If the required skills are not locally available, we seek to fill positions from elsewhere within Africa. We met (and on some sites exceeded) our target of recruiting 50% of the project workforce from local communities across the Group. The Group strives to maintain a staff complement of 50% non-skilled and 25% skilled labour employed from the communities around our projects.

At each project site, a labour desk is chaired by local community liaison officers nominated by the community in conjunction with the local councillor for the area. These liaison officers assist in the appointment of locals. Each prospective subcontractor's core competency and abilities are identified and they are placed according to their skills. Policies are in place to drive equal opportunity and fairness.



Labour desks chaired by local community liaison officers help appoint locals

We do not use child labour, nor do we recruit illegal immigrant workers.

Overall, staff levels have remained steady with a notable increase in contract and project based staff compared with the 2013 financial year, reflecting the increase of activity at the Gauteng and Western Cape sites and our efforts to build capacity to meet business growth.

As a result of our growth during the period under review, we have maintained our core salaried staff turnover numbers. There has been a small, 13% decrease to 96 employees (2013 - 111). Our wage staff has increased steadily by 5% to 430 (2013 - 410). The total staff complement, including agents, has increased significantly by 30% to 676 (2013 - 521). The total staff and subcontractor complement continues to grow, showing the Group's active participation in creating job opportunities.

DEVELOP

Skills Development

The development of skills at management and workforce level is strategically important to the Group

The development of skills is strategically important to the Group as it directly impacts the company's ability to succeed and grow through consistent, quality delivery — now and in the future.

The Group complies with prevailing skills development legislation and provides a range of training, learning and career development opportunities. Timeous submission of workplace skills and training reports are presented to the relevant Sector Education Training Authority (SETA) in accordance with regulations.

Through internal or external means the Group offers health and safety training; plant and equipment operation training; specialised sales force development programmes; and construction-related training courses. The executive team mentors MANCO members and provides skills transfer to build capacity, empower, strengthen decision-making and mitigate potential risks around succession planning.

We are often challenged by skills shortages, lack of formal training and the limited industry experience of the workforce actively recruited in the areas in which our projects are based. Considerable time and effort is spent on development.

Skills development typically comprises some or all of the following:

- short-term “shadow skills training” and/or on-the-job coaching;
- transitional skills transfer and general up-skilling;
- medium-term technical, supervisory, and formal management training;
- longer-term, in-depth mentoring; and
- expertise transfer by experienced long-term employees.

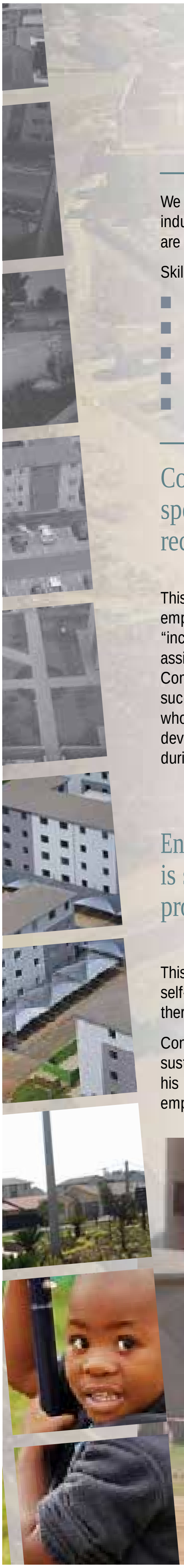
Considerable time and effort is spent on development of locally recruited workforces

This skills training assists community members to start new businesses and create employment, not only for themselves but others in the community. Our subcontractor “incubator programme” not only develops individuals in artisan skills, but also assists subcontractors to deal with labour relations issues, SARS and the Workmen’s Compensation Act, and provides informal mentoring on how to run their businesses successfully. This programme has graduated another 55 individuals (2013 – 107) who have gone on to have successful businesses and subcontract for other property development and construction companies. Effective in-service training also took place during the period to develop five of our quantity surveyors (2013 – five).

Entrepreneurship and enterprise development is supported through incubator and mentoring programmes

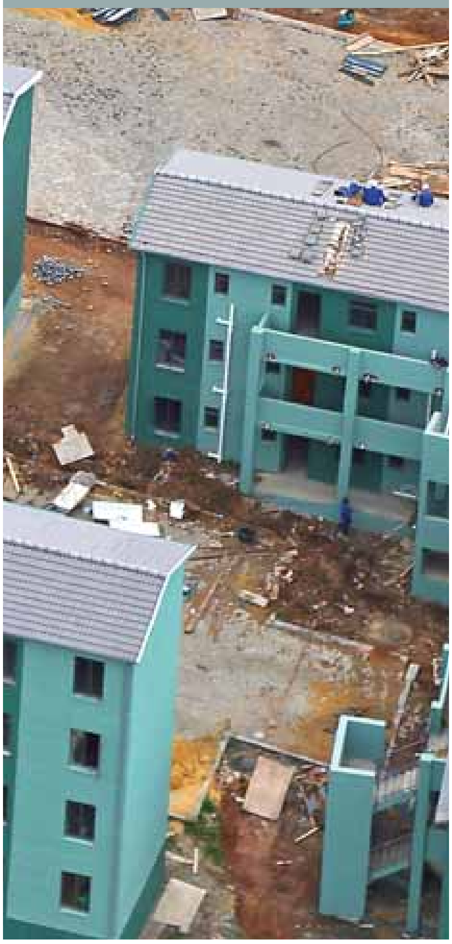
This effort is ultimately aimed at developing people up the maturity curve to become self-supporting small business owners who in turn can employ their own workforce, thereby uplifting the community and growing social sustainability.

Continual learning, both formal and informal, is inherent in the Group’s culture of sustainable growth and development. We believe each employee is entitled to achieve his or her personal potential. We encourage our professional, semi-skilled and skilled employees to engage where possible in formal training and informal on-site training.



Managing labour relations proactively through workplace forums, application of policies

Employees' rights and interests protected and respected



ENGAGE

The Group effectively uses workplace forums and meetings to improve engagement with employees and subcontractors. These in-house meetings act as an early warning system to manage labour relations proactively, manage expectations and highlight any signs of deterioration in trust between management and labour. New processes were introduced in the preceding period to improve grievance management reaction times.

Operational management teams on each site further ensure that all people management issues are dealt with effectively and in accordance with company policies. They perform performance appraisals, drive employee communication and engagement, and pre-empt potential issues.

In the period under review, the Group suffered no significant work stoppages as a result of strikes or go slows. This is largely thanks to the Group's focus on effective employee relations strategies, which include staff engagement and effective communication at all sites.

The Group recognises the rights of its employees – their right to privacy, dignity and fair labour practices. A range of company policies affirm and protect these rights. To ensure that employees' interests are respected and protected, the Group continues to foster strong relationships with relevant role-players such as the workplace forums and the employee union, the South African Commercial, Catering and Allied Workers Union (SACAWU).

Throughout the period, the Group continued to improve employee awareness and understanding of company policies and procedures. A "Spill the Beans" initiative, a hot line managed by Deloitte which enables staff to confidentially and anonymously report concerns about unethical behaviour, corruption, fraud and any other forms of misconduct, was launched as part of our focus on ensuring fair and sustainable employee relations and accountability.

Fair and sustainable employee relations, and accountability

Employee relations to remain a focus for 2014 and beyond

Employee satisfaction surveys will facilitate more direct input by employees and assist the company to meet expectations and make the Group a great place to work. Other staff engagement initiatives through 2014 will include briefings, CEO addresses, and feedback from the different divisions and from site managers in daily, weekly or monthly meetings held across the different forums within operations. Our supervisors and management will also be trained in employee relations to ensure that there is a uniform application of employee relations best practices within the Group. This will help foster stronger relationships between Group Management and the workforce.

The Group has taken and will continue to enforce a harder line and zero tolerance approach with respect to disciplinary issues, especially with reported cases of abuse of alcohol or narcotics on site, theft, assault or negligent acts that may endanger people lives on sites. This will ensure a consistent message is sent to employees that misconduct will not be tolerated and that anyone involved in misconduct will face severe consequences. This is in line with the Group's efforts to maintain zero fatalities on all projects and promote a safe and harmonious work environment.

Rewarding Employees

A transparent performance management system that is linked to the performance of the company has been successfully rolled out for a number of years. It effectively creates wealth based on performance on all levels and raises levels of accountability. Each individual is made aware, through various training channels, of the impact they have on the company and the direct and indirect contribution they make to the success of the Group.

Raising levels of accountability – a performance management system linked to the performance of the company

Employee Wellbeing and Safety

The Group makes every effort to create a safe and healthy working environment for its employees taking into consideration circumstances related to work, such as working conditions, the environment and the personal capacities of its employees. Our aim is to prevent work-related injuries, fatalities and physical illness at work, while maintaining good working and functional ability of the employees. For this reason, the Group encourages its staff to establish and maintain an appropriate balance between their work and private lives. The Group will continue to focus on employee assistance and wellness programmes in the future.

- Reducing and managing the impact of HIV/AIDS in the workplace.
- Information sessions held monthly on all sites.
- New HIV & AIDS Policy introduced.

HIV & AIDS Education

The Group is committed to implementing the most effective ways of reducing and managing the impact of HIV/AIDS in the workplace. HIV/AIDS is addressed in the induction training provided to all new employees and subcontractors, as well as by a formal programme that aims to educate all employees and subcontractors about the socio-economic impact and effects of the disease. Once a month during the contract period, comprehensive HIV/AIDS education as well as informative health and safety sessions are held on all sites, supported by the department of Health and Social Services who provide information booklets and other materials. The Group also partners government in its endeavour to raise awareness about tuberculosis through sessions with employees and contractors on site.

A new HIV & AIDS policy was introduced by the Group just after the year end. It provides guidelines for, among others, the creation of a non-discriminatory work environment; dealing with HIV testing, confidentiality and disclosure; and managing HIV/AIDS in the workplace.

All employees with the disease are positively supported. Local government clinics are used for screening, counselling and administration of anti-retrovirals. These programmes further include informative sessions on nutrition, health and well-being, given by trained professionals provided by the Department of Health and Social Services. Free protection is made available on all our sites and is easily accessible to all our employees.

Maintaining an appropriate balance between work and private life

TRANSITION

Succession Planning

Succession plans are reviewed at MANCO, EXCO and Board level using the performance results of managers from the performance management system. This process is ongoing. The Remuneration and Nomination Committee specifically focuses on this issue once a year to ensure that management's view is aligned with that of the Board and that talent is cultivated from within the organisation through planned activities.

Leadership programmes for mid to senior management were conducted on an ad hoc basis during the period to keep management growing and developing as well as provide Group leadership with succession opportunities.

Creating Value for Stakeholders

Group value-added statement					
Rands	**2014**	**2013**	**2012**	**2011**	**2010**
Revenue	**784 942 989**	798 394 052	514 913 160	281 849 367	188 725 584
Less: Cost of materials, facilities and services	**(605 938 240)**	(572 554 493)	(369 366 142)	(249 203 547)	(157 478 489)
Value added	**179 004 749**	225 839 559	145 547 018	32 645 820	31 247 095
Other income	**1 792 524**	1 264 531	566 983	4 153 152	31 088 474
Share of profit on joint ventures	**66 161 456**	29 405 992	34 326 274	16 342 776	-
Total wealth created	**246 958 729**	**256 510 082**	**180 440 275**	**53 141 748**	**62 335 569**
Distributed to:					
Employees - salaries, wages and other benefits	**63 984 709**	75 946 240	47 796 917	31 640 948	37 630 468
Subcontractors - labour-only	**61 597 783**	59 103 170	52 900 488	3 378 362	4 601 594
Government - Company taxation	**9 519 342**	25 936 739	12 555 675	(1 644 823)	711 674
Net finance costs	**3 797 429**	1 539 468	(390 691)	661 326	1 003 454
Maintain and expand the Group					
- profits retained	**105 695 319**	91 303 538	65 380 048	16 955 441	15 488 109
- depreciation, amortisation and impairment	**2 364 147**	2 680 927	2 197 838	2 150 494	2 900 270
Total wealth distributed	**246 958 730**	**256 510 082**	**180 440 275**	**53 141 748**	**62 335 569**

Cultivating talent from
within the organisation

CORPORATE GOVERNANCE

Governance Framework

Calgro M3 Holdings Limited ("Calgro M3" or "the Company" or "the Group") is listed on the main board of the Johannesburg Stock Exchange. Calgro M3 remains committed to sound corporate governance, sustainability principles and compliance with the JSE Listings Requirements and the King III Report on Corporate Governance ("King III").

The board of directors ("the board") believes that sound corporate governance structures and processes are crucial to delivering responsible and sustained growth of the Company for the benefit of all stakeholders. The Company has implemented controls to provide reasonable assurance of its compliance with these requirements, insofar as they are applicable.

Transparency, accountability and openness in reporting and disclosure of information, both operational and financial, are internationally accepted to be vital to the practice of good corporate governance. Achieving this objective demonstrates the Group's public accountability and that it conducts its business within acceptable ethical standards.

Statement of Compliance

JSE Limited and King III Corporate Governance

The board has acquainted itself with the extent to which the Company complies with the JSE Listings Requirements and King III. Following the commencement of the Group's King III journey in 2011 and 2012, the Group has shown commitment to change where necessary. During the year under review ("the period") the Group has shown proactive disclosure and increased transparency in line with the Global Reporting Initiative's G.3 and G.3.1 guidelines for reporting. Where there are instances of non or partial compliance, it is because the Group has elected not to apply certain recommendations of King III for specific reasons, which are dealt with in the Gap Analysis on page 92.

Shareholders are refered to the Calgro M3 website www.calgrom3.com for an analysis of the application of the 75 Corporate Governance Principles as recommended in the King III Report.

The board is satisfied that there have been no material instances of non-compliance during the period.

The board meets at least three times per year

The roles of Chairperson and CEO are separate

The independence of non-executive directors is evaluated annually

Board Composition

The board operates as a unitary board, consisting of four executive directors and five non-executive directors, four of whom are independent. The board chairperson is an independent non-executive director.

The board is responsible to shareholders for the Group's performance and remains the highest governing body and ultimate guardian of corporate governance. It strives to instil leadership and integrity in the execution of its duties.

In accordance with the King III recommendations, the roles of Chairperson and CEO are separate, with a clear division of roles and responsibilities defined in the Board Charter.

The board will continue considering appointments or changes to the board when deemed necessary, in accordance with the growth cycle of the Group.

The board reviews its composition and determines the optimal number and type of directors necessary to fulfil the role of board of directors effectively and efficiently, on an annual basis.

Independence

In accordance with the Companies Act No. 71 of 2008 ('the Act") and the guidelines of King III, the independence of non-executive directors is evaluated by the remuneration and nomination committee on an annual basis. Similar principles and processes are in place across the board to ensure that no single director may exercise unfettered decision-making powers.

Where the CEO is responsible for the implementation of strategic direction and daily operation of the Company, the chairperson and the board provide guidance and leadership deliberations and oversee its efficient operation. The CEO is assisted in his responsibilities by an executive committee ("EXCO").

The board's decision-making process is improved by the involvement and objective contributions of all non-executive directors who are experienced high-merit individuals possessing a wide range of industry skills and knowledge. They are not involved in the daily operations of the Company. To date, all non-executive directors have served on the board for less than 10 years.

The Role of the Board and Board Procedure

The role of the board is to establish, review and monitor strategic objectives, the approval of disposals and capital expenditure, and to oversee the Group's systems of internal control, governance and risk management. The board meets at least three times per year and more often if and when the need arises.

Register of attendance for board meetings in the period under review

Board members attendance register				
BOARD MEETINGS	26 March 2013	7 May 2013	23 July 2013	11 October 2013
Pumla Radebe	✔	✔	✔	✔
Ralph Patmore	✔	✔	✔	✔
Mdu Gama	✔	✔	✔	✔
John Gibbon	✔	✔	Via telecon	Via telecon
Hatla Ntene	✔	✔	✔	✔
Ben Pierre Malherbe	✔	✔	✔	✔
Wikus Lategan	✔	✔	✔	✔
Derek Steyn	Absent	✔	✔	✔
Deon Steyn	Absent	✔	✔	✔
Sponsor				
Grindrod Bank	✔	✔	✔	✔
Audit & Risk Committee	**25 March 2013**	**3 May 2013**	**9 Ocotober 2013**	**25 February 2013**
Ralph Patmore	✔	✔	✔	✔
Mdu Gama	✔	✔	✔	✔
John Gibbon	✔	✔	Via telecon	Via telecon
Ben Pierre Malherbe	✔	✔	✔	✔
Wikus Lategan	✔	✔	✔	✔
Sponsor				
Grindrod Bank	✔	✔	✔	✔
PwC				
J. Napier	✔			
J Lindsay	✔	✔		
JP van Staden	✔	✔	✔	✔
U. Kissoon Singh		✔		✔
Remuneration Committee	**30 April 2013**	**22 July 2013**		
Pumla Radebe	✔	✔		
Ralph Patmore	✔	✔		
Mdu Gama	✔	✔		
John Gibbon	✔	Via telecon		
Ben Pierre Malherbe	✔	✔		
Wikus Lategan	✔	✔		
Social and Ethics Committee	**24 June 2013**	**9 October 2013**		
Mdu Gama	✔	✔		
Ben Pierre Malherbe	✔	✔		
Wikus Lategan	✔	✔		

Board members	Audit 13 March 2012	Board 14 March 2012	Remco 3 May 2012	Audit 4 May 2012	Board 10 May 2012	Remco 18 July 2012	Board 19 July 2012	Audit 9 October 2012	Board 11 October 2012
PF Radebe		✔	✔		✔	✔	✔		Apologies
RB Patmore	✔	✔	✔	✔	✔	✔	✔	✔	✔
H Ntene		✔			✔		✔		✔
ME Gama		✔	✔	✔	✔	✔	✔	✔	✔
JB Gibbon	✔	✔	✔	✔	✔	Via telecon	Via telecon	✔	✔
BP Malherbe (CEO)	✔	✔	✔	✔	✔	✔	✔	✔	✔
WJ Lategan (CFO)	✔	✔	✔	✔	✔	✔	✔	✔	✔
FJ Steyn		✔			✔		✔		✔
DN Steyn (COO)		✔					✔		✔
R Wesselo		✔							
Sponsor	Grindrod Bank	Grindrod Bank		Grindrod Bank	Grindrod Bank		Grindrod Bank	Grindrod Bank	Grindrod Bank David Neal
PwC	Lynne Loots Joanne Lindsay			Lynne Loots Ferdie Kerkhoff				Lynne Loots Joanne Lindsay	

The CEO and the financial director manage the Company's daily affairs

The chairperson and the board provide guidance and oversee the Company's efficient operation

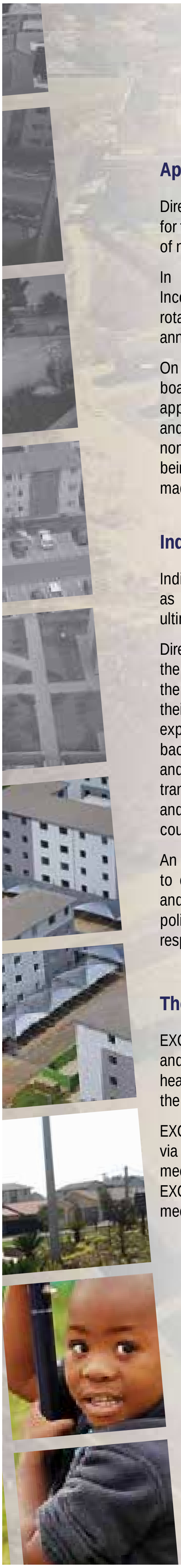
The board and its committees have operated and functioned effectively during the period

The board and its committees are supplied with all information timeously, which allows them to comply with their duties and carry out their responsibilities. The board also enjoys unrestricted access to all Company information, records, documents and property. Non-executive directors also have access to management and may meet separately with management without the attendance of executive directors. A range of non-financial information is made available to the board to enable its members to consider qualitative performance that involves broader stakeholder interest.

The daily management of the Company's affairs has been delegated to the CEO and the financial director, who co-ordinate the implementation of board policies through EXCO with the support of the management committee ("MANCO").

Through recently concluded appraisals, the board and its committees were found to have operated and functioned effectively during the period.

Full and effective control over all operations of the Company is retained by the board at all times.



Appointment and Re-election of Directors

Directors, both executive and non-executive, are appointed for their skill and experience. The nomination for appointment of new directors requires the approval of the board.

In accordance with the Calgro M3 Memorandum of Incorporation, non-executive directors are subject to rotational retirement and re-election by shareholders at the annual general meeting.

On the recommendation of the nomination committee, the board as a whole is responsible for approving directors for appointment. New directors are appointed in terms of a formal and transparent procedure. Prospective appointees are nominated by the nomination committee with the nomination being approved by the board and the appointment being made by shareholders at the annual general meeting.

Induction of New Directors

Individual competence of board members is imperative as they are the decision-makers of the Company and are ultimately responsible for its success.

Directors are required to have a sound understanding of the business and knowledge of the markets within which the Group operates and must exercise due care and skill in their fiduciary duties. Directors are selected based on their experience, business skills, the diversity of their business backgrounds and for their academic qualifications. Race and gender are also taken into account in line with the transformation agenda of the South African Government and in order to accurately reflect the demographics of the country.

An informal orientation programme for new directors exists to ensure they acquire the requisite level of competence and knowledge of the Group's structure, operations and policies to enable them to fulfil their fiduciary duties and responsibilities.

The Executive Committee

EXCO is responsible for the day to day running of the Group and is comprised of the executive directors. The CEO is the head of EXCO which is, in turn, accountable to the board for the actions and decisions taken by EXCO.

EXCO's initiatives and progress is reported to the board via board packs made available in advance of the board meetings or whenever deemed appropriate or necessary. EXCO meets regularly at set intervals, but also holds ad hoc meetings as required.

Access to Company Information and Confidentiality

Via the chairperson and company secretary, policies and procedures have been implemented so that the board has access to relevant Company information and to senior management at all reasonable times. Directors are expected to treat all Company information as strictly confidential and to comply with the provisions of the statutes applicable to the use of Company information.

Dealings in Securities

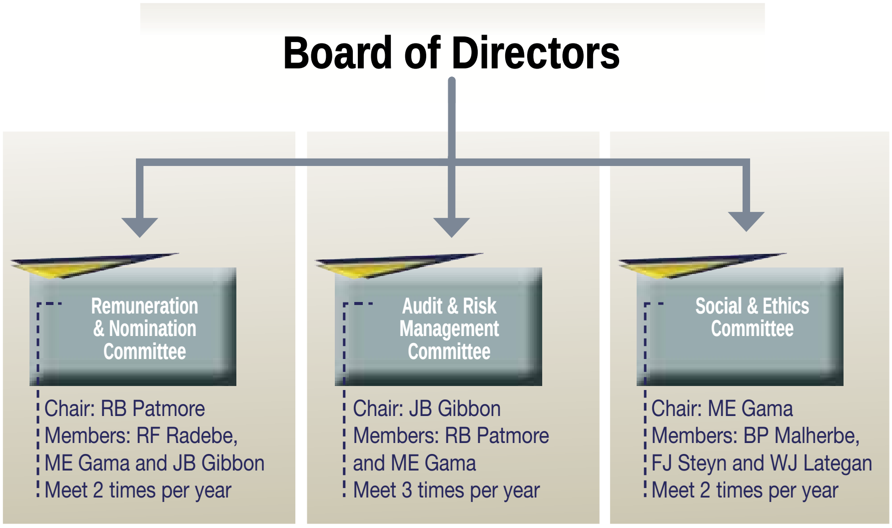
Calgro M3's closed-period policy precludes directors, officers, participants, staff, advisors and consultants who may have access to price-sensitive information, from dealing in Calgro M3 shares prior to the release of the interim and final results and during price-sensitive periods.

Before dealing in Calgro M3 securities, all directors and the directors of subsidiary companies are required to obtain written clearance from the CEO or the chairperson. Similarly, the CEO requires prior clearance from the chairperson or company secretary. The same rules and restraints apply where securities are held by immediate family members of directors or senior staff.

The CEO keeps record of all consents and dealings in Calgro M3 shares by directors.

Conflict of Interest

The disclosure to the board of all and any conflicts of interest or potential conflicts of interest which directors may have in relation to the business of the Company is required. Directors are further required to recuse themselves from discussions or decisions on those matters where conflicts or potential conflicts of interest may exist. The board may, if deemed appropriate, request a director to recuse himself/herself from the meeting for the duration of the matter under discussion should there be a conflict or potential conflict of interest.



Board Committees

The following committees have been constituted by the board:

- Remuneration and Nomination Committee;
- Audit and Risk Committee; and
- Social and Ethics Committee.

Board Committees structure

Each of the board committees has specific responsibilities which have been delegated and sanctioned by the board. The board committees operate under board-approved terms of reference which are reviewed annually by the board. Board committees are free to obtain independent professional advice as and when deemed necessary. Full transparency and disclosure from board committees to the board exists. Apart from the establishment of the board committees, the board has reserved a range of key matters for itself to ensure that it retains proper direction and full control of the Group.

Remuneration and Nomination Committee

The main purpose of the Remuneration Committee is to ensure the adoption of remuneration policies which aim at attracting and retaining top talent and the aligning of such policies with the Company's strategy to drive performance in the long and short term.

The committee also fulfils the role of nomination committee, having the responsibility to evaluate the directors and executive managers and examine the skills and characteristics required of these persons. The nomination committee is also required to identify suitably qualified candidates for the position of director, if and when the need arises.

Any matter of the nomination committee, is chaired by the chairman of the board. Although the chairman of the board is not the chairman of the combined committee, the chairman of the board is an active member of the committee.

It is the duty of the committee to align its interests with those of the shareholders and take into account the interests of the broader grouping of stakeholders. The integration of the duties of a Nomination Committee with that of the Remuneration Committee has been successful.

The committee's terms of reference include the following responsibilities:

- Assisting the board from a Remuneration Committee perspective with:
  - approval of the remuneration policy to be adopted by the Company;
  - ensuring that the remuneration strategy is market-related and competitive;
  - determining specific remuneration packages for senior executives of the company;
  - ensuring that remuneration for executives, including their short - and long-term incentives, is based on performance and as such that performance is rewarded;
  - considering the relationship between senior executive remuneration and the remuneration of other senior Group employees;
  - considering and recommending to the board what fees should be paid to non-executive directors for their services on the board and its committees;
  - ensuring that disclosure of director remuneration is accurate, complete and transparent;
  - approving the structure of short-term incentive schemes, including determining the targets and participation thresholds thereof;
  - approving the structure of long-term share incentive schemes, including the determination of allocation criteria and performance conditions;
  - reviewing and monitoring progress in people management; and
  - reviewing the terms of reference and activities of subsidiary Companies and joint venture Remuneration Committees.

- Assisting the board from a nomination committee perspective to help ensure that:
  - the board has the appropriate composition for it to execute its duties effectively;
  - directors are appointed through a formal process;
  - induction and on-going training and development of directors takes place; and
  - formal succession plans for the board, CEO and senior management positions are considered.

The committee meets twice a year. The CEO and financial director attend the meetings by invitation but do not participate in discussions on their own remuneration. The committee chairman reports back to the board on the activities of the committee at subsequent board meetings and the minutes of the committee meetings are circulated to all directors.

During the course of the year the committee approved senior appointments, reviewed succession plans and the performance and service agreements of the EXCO members. The committee also assesses the independence of each of the independent non-executive directors on an annual basis.

Remuneration Strategy

Calgro M3's remuneration philosophy is designed to attract, develop and retain passionate, committed and talented people who are required to effectively implement the overall Calgro strategy as defined in the first pages of this report and create value for shareholders.

The remuneration strategy for executives is based on principles of retention of key and critical skills and to drive performance in alignment with shareholders' interests, through guaranteed pay and short and long term incentives. A significant portion of executives' total potential remuneration is performance-related in order to drive the right behavior to optimize company performance. Stretch targets are set annually in the context of future prospects of the Group and the prevailing economic environment in which it operates.

Components of Executive Remuneration

The Remuneration Committee ensures that the components of proper remuneration, inclusive of annual guaranteed remuneration and short and long term incentives are linked in such a way as to achieve the Group's strategy and drive performance objectives.

Guaranteed Remuneration

The Group utilises a total "cost to company" approach which encompasses a cash component, fixed car allowance, and retirement funding contributions. The Company considers benchmarking remuneration surveys which enables reliable comparisons of remuneration for executive job descriptions and other disciplines in the sector.

Our policy is to remunerate all competent performing employees between the 50th and 75th percentiles, thereby ensuring that these employees are properly benchmarked within their respective disciplines.

Employee Benefits

Calgro makes provision for employee retirement funding by means of a defined contribution fund, which is compulsory for all salaried employees.

Variable Remuneration

Short-term Incentives

The objectives of the short-term incentive policy are:

- To motivate executives to manage and lead the business successfully and to drive strong long-term growth in line with strategy and business objectives as stated in this report;
- To provide competitive and balanced, performance-related remuneration, consisting of both fixed and variable components;
- To ensure that the interests of the executives are aligned with those of shareholders by linking remuneration directly to the Company's bottom line profit; and
- To ensure there is transparency and fairness in the executive remuneration policy and practices, and at the same time recognise that remuneration is a critical aspect of human resource management.

The short-term incentive bonus pool for executive management and certain members of the senior management team was calculated based on profit after tax on a sliding scale as follows, if a minimum return on average equity of 25% is achieved:

- < 20% of 2013 PAT - 3%
- equal to 2013 PAT - 6%
- > 20% of 2013 PAT - 7%
- > 40% of 2013 PAT - 8%
- > 60% of 2013 PAT - 9%
- > 80% of 2013 PAT - 10%

Long-term Incentives

Share appreciation rights ("SAR") are conditional rights to receive monetary rand value equal to the value of the difference between the Calgro M3 share price at the time that the rights were granted and the share price when the rights mature. SAR's can only vest if performance conditions have been met over a specified period of not less than three years. Performance conditions are determined by the board after consultation with the remuneration committee.

The long-term incentive for the executive management and senior management team is detailed in the directors' report on page 101. Details relating to the Group's current SAR scheme can be found on page 102 and in note 34 (page 154) to the annual financial statements.

Directors' Remuneration and Contracts

Executive Directors

The schedules containing the breakdown of the annual remuneration for executive directors for the years ended February 2013 and February 2014 appear on page 158 of the directors' report .

Service Contracts

Executive directors are appointed on the Group's standard terms and conditions of employment. This entails a three month probationary period with the period of employment continuing indefinitely thereafter, unless agreed to otherwise.

Non-Executive Directors' Fees

Non-executive directors are remunerated for their membership of the board and of the various board sub-committees. The Calgro M3 incentive arrangements and share appreciation rights scheme do not apply to non-executive directors and they may not participate in, or benefit from them.

As recommended in the notice of the annual general meeting on page 165 of this annual report, shareholders are requested to ratify the non executive directors' fees for the year at the Calgro M3 annual general meeting. To comply with the requirements of King III, the board has instituted rulings that non-executive directors' fees are split between an annual retainer and an attendance component.

Audit and Risk Committee

During the period, this committee was chaired by John Gibbon, an independent non-executive director. In accordance with the statutory requirements, the other members of this committee, Ralph Patmore and Mdu Gama, are both independent non-executive members.

The overall objectives of this committee are to:

- assist the board in discharging its duties relating to safeguarding assets and operating adequate systems and controls;
- control reporting processes and accurate reporting of financial statements in compliance with legal requirements and accounting standards;
- provide a forum for discussing business risk and control issues, and for developing recommendations for consideration by the board;
- oversee the activities of internal and external audit; and
- perform those duties prescribed by the Companies Act, the JSE and King III.

From a risk management perspective, the committee's main responsibilities include overseeing risk exposure and mitigation across the entire Group via its risk management programme. The actual responsibility for identifying, evaluating and managing risk resides with management.

The internal audit function has continued its progress complying with its obligations in terms of the King III guidelines. The internal audit function reports directly to the Audit Committee and has a direct line to the chairperson of the committee.

The full Audit and Risk Committee report has been incorporated on page 96 of the annual financial statements.

The Social and Ethics Committee

This committee is advisory in nature and reports to the board. The members of this committee are appointed by the board. The members are three EXCO members, BP Malherbe, FJ Steyn, and WJ Lategan, with one independent, non-executive director, ME Gama, as Chair.

The role of this committee is to monitor the Group's activities relating to:

- social and economic development;
- good corporate citizenship;
- the environment, health and public safety, including the impact of the Group's activities and of its products or services;
- sustainability;
- consumer relationships, including the Group's advertising, public relations and compliance with consumer protection laws; and
- labour and employment.

Calgro M3's commitment to integrity begins with compliance with legislation, rules and regulations in all its business dealings and activities. Each employee must have an understanding of the Company policies, laws, rules and regulations as they apply to their specific roles. If an employee is unsure of whether a contemplated action is permitted by law or a Company policy, he/she is obliged to seek advice from the HR department. Each employee is responsible for preventing violations of law and for speaking up if they see possible violations. The focus of the Group with regard to its social and ethical responsibilities is set out on page 57 (Corporate Social Investment) and page 74 (Code of Conduct and Ethics).

Group Secretary

The Group company secretary, who is subject to a fit and proper test, assists the board in fulfilling its functions and is empowered by the board to perform his duties. To create independence in light of changes to the Listings Requirements of the JSE, Wayne Williams was appointed as Group company secretary in 2013. In addition to general company secretarial duties, the company secretary is also responsible for:

- assisting the chairperson, CEO and financial director with the induction of new directors;
- assisting the board with director orientation, development, education and access to information;
- where practical, ensuring the Group complies with relevant legislation;
- monitoring the legal and regulatory environment and communicating new legislation and any changes to existing legislation to the board and the different divisions of the Company; and
- providing the board with a central source of guidance and assistance.

The Group company secretary further assists the chairperson and CEO in determining the annual board plan and board agendas and in formulating governance and board-related matters.

Financial Control and Risk Management

Risk Management

The Audit and Risk Committee is responsible for ensuring that the Group's internal audit function is independent and has the necessary resources, standing and authority within the Group to enable it to discharge its responsibilities effectively. Good progress has been made with the internal audit function. Furthermore, the Audit Committee oversees co-operation between the internal and external auditors, and serves as a link between the board and these functions.

The board defines acceptable risk tolerance levels and has tasked the Audit and Risk Committee to continually identify key risks and ensure acceptable risk tolerances through the executive risk control processes across business-specific risk areas. This sets the matrix for regular and extra-ordinary reporting, if required, by management to the Audit and Risk Committee and the subsequent reporting to the board.

Effectiveness of Internal Controls and Risk Management

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

- regular operational risk management and management reporting;
- assurance provided by the board committee to the board on certain or specific risks that may be raised;
- quarterly confirmation by executive finance that the financial and accounting control frameworks have operated satisfactorily; and
- assurance from the Audit and Risk Committee.

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 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 effectively manage rather than eliminate risk.

The board is of the opinion that the systems of internal control have continued to improve during the period and are sufficient to minimise the risk of material loss and to provide accurate and reliable 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. During the year the Group investigated several stakeholders where information was forthcoming, and three staff members on different occasions were dismissed following disciplinary action.

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

Risk

The board assesses the Group's operational and tactical business risks with a view to eliminating, minimising or mitigating such risks and their effects in the context of the Group's strategies and operations. The Executive Committee (EXCO), assisted by the Management Committee (MANCO), is responsible for managing risk through the day-to-day rollout of effective risk management processes. A risk register on page 19 details key risks to the Group.

Legal and Litigation

Wayne Williams, a qualified attorney, heads up the legal department. The legal department oversees all contractual, statutory, litigious and labour related issues within the Group.

To the best of the board's knowledge there is no material pending or threatening legal action that may have a material effect on the Group's financial and non-financial position.

Information Technology

The management and maintenance of the Company's information, information systems and related electronic assets is outsourced to EOH. The responsibility of the board extends to ensuring that the information assets, in terms of system security, data integrity and resulting business continuity, are secure and robust. This function is overseen by the Audit and Risk Committee.

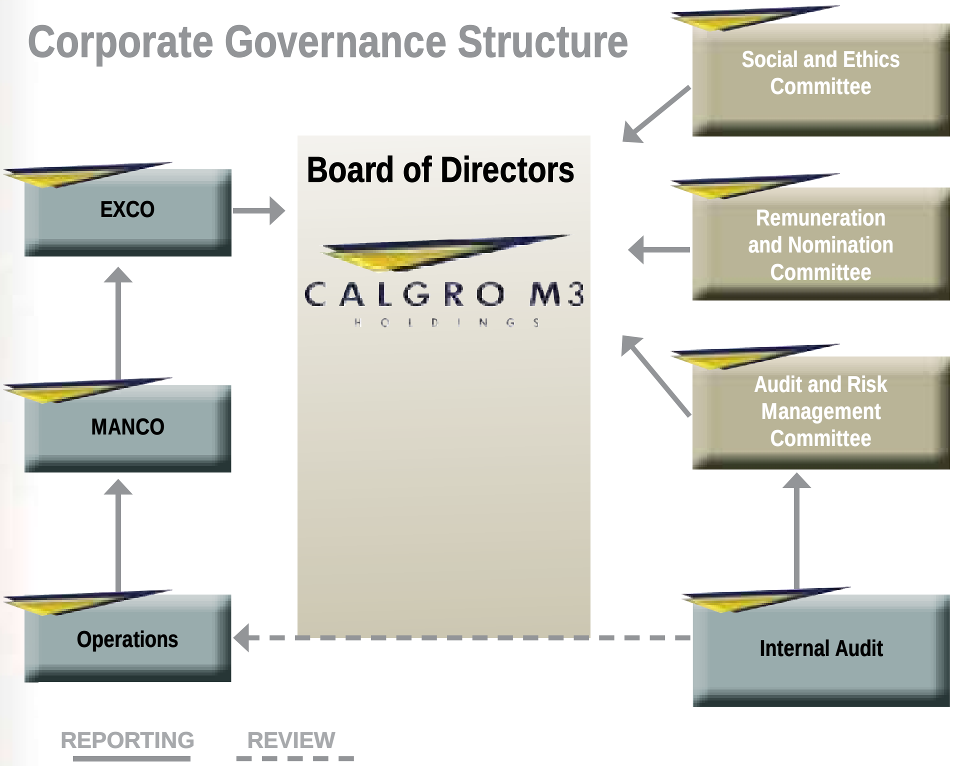
The board is of the opinion that the systems of internal control over information technology are adequate and effective. To the best of the board's knowledge, no material breakdown in the functioning of the internal control systems occurred during the period.

Code of Conduct

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 of Ethics in order to:

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

Corporate Governance Structure



Communication and Engagement

Stakeholders

The board is committed to appropriate transparency of disclosure in communications and engagements with its stakeholders.

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 chief spokespersons for the Company and all investor related correspondence is dealt with by them.

Grindrod Bank Limited acts as the Company's sponsor in compliance with the JSE Listings requirements.

Calgro M3 acknowledges the importance of its shareholders attending the Company's annual general meetings as these meetings offer an opportunity for the shareholders to participate in fruitful discussions relating to the Company's agenda items and to raise potential issues and concerns.

Explanatory notes setting out the effects of all proposed resolutions have been included in the notice of the annual general meeting. The Company's transfer secretaries attend all meetings with shareholders to assist with the recording of shareholders' attendance and to tally the votes.

The chairpersons of board-appointed committees and the executive directors are required to attend annual general meetings or other general meetings to respond to questions from, and to communicate with shareholders.

Pages 48 to 51 (Understanding our Stakeholders) detail the further communications and engagements between Calgro M3 and its broader community of key stakeholders who affect, or are affected by the Company.

The Group's sustainability information begins on page 44 and further details the overall strategy and approach for themes such as transformation and broad based black economic empowerment, employment equity, skills transfer, training and development, succession planning, occupational health and safety, environmental matters, policies regarding HIV & AIDS and other human rights issues.

For a full stakeholder analysis overview, please see pages 48 to 51.

King III Gap Analysis

Main category	Sub category	Exception where compliance is not met	Mitigating factors and management plan where applicable
Board role and duties	Risk	The Group has not appointed a separate chief risk officer or chief compliance officer.	The Group CEO BP Malherbe, financial director WJ Lategan and company secretary W Williams oversee all compliance and risk related matters.
Board role and duties	Internal audit	Internal audit function was implemented during the 2013 financial year. This function is progressing steadily but is not yet fully compliant.	Good progress has been made with regard to a three-year plan to be implemented in order to be fully compliant. The head of internal audit has a clear line directly to the audit committee and audit committee chairman John Gibbon.
Accountability	Integrated reporting and disclosure	The integrated report does not disclose the scope and methodology of independent assurance of the sustainability report, or the name of the assurer.	The Group is still too small for an external assurance report. The board is taking responsibility to review any/all risk. An external consultant specialising in sustainability reporting has given her input.

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to Financial Statements

The reports and statements set out below comprise the consolidated financial statements presented to shareholders:

Directors' Responsibilities and Approval

as at 28 February 2014

The directors are required in terms of the Companies Act 71 of 2008 to maintain adequate accounting records and are responsible for the content and integrity of the consolidated and separate financial statements and related financial information included in this report. It is their responsibility to ensure that the consolidated and separate financial statements fairly present the state of affairs of the Group and Company 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 financial statements.

The consolidated and separate 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 judgments and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Group and Company 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 Company and all employees are required to maintain the highest ethical standards in ensuring the Group and Company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Group and Company is on identifying, assessing, managing and monitoring all known forms of risk across the Group and Company. While operating risk cannot be fully eliminated, the Group and Company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Group and Company's Audit and Risk committee plays an integral role in risk management as well as overseeing the Group and Company's integrated reporting.

The Code of Corporate Practices and Conduct has been integrated into the Group and Company's strategies and operations.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the consolidated and separate financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the Group and Company's cash flow forecast for the year to 28 February 2015 and, in the light of this review and the current financial position, they are satisfied that the Group and Company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the company's annual financial statements. The consolidated and separate financial statements have been examined by the Group and Company's external auditors and their report is presented on page 104.

The external auditors were given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders, the board and committees of the board. The board of directors believe that all representations made to the independent auditors during their audit are valid and appropriate.

The consolidated and separate financial statements set out on pages 105 - 164, which have been prepared on the going concern basis, were approved by the board of directors on 9 May 2014 and were signed on its behalf by:

BP Malherbe
Cheif Executive Officer
9 May 21014

WJ Lategan
Financial Director

Certification of the company secretary

I, Wayne Williams, hereby confirm, in my capacity as Company Secretary of Calgro M3 Holdings Limited that for the year ended 28 February 2014, the company has filed all required returns and notices in terms of the Companies Act, 2008 and that all such returns and notices are to the best of my knowledge and belief true, correct and up to date.

Wayne Williams
Company Secretary
9 May 2014

Report of the Audit and Risk Committee

This report is presented by the Company's Audit and Risk Committee appointed by the board and the shareholders in respect of the financial year ended 28 February 2014. The Audit and Risk Committee is an independent statutory committee appointed by the Group's board of directors who delegates duties and responsibilities to the committee. The main purpose of the committee is to assist the board in monitoring the integrity of financial statements and overseeing the Integrated Report. It is also responsible for the effectiveness of the Group's internal financial controls and oversees the internal and external audit functions. The Companies Act, 2008 (as amended) furthermore requires the committee to perform specific responsibilities.

The Audit and Risk Committee's terms of reference are formalised in a charter approved by the board. In addition to performing this function for Calgro M3 Holdings Limited, the Audit and Risk Committee also accepted and performed the role for all the Group's subsidiaries.

In addition, the committee reviewed the annual work plan. The intent was to ensure completeness in respect of executing the committee's responsibilities within a given period of time. However, the process of review does not exclude pertinent issues that are being tabled by the committee and/or management during the course of a particular reporting period nor those matters that are being addressed by the business on an ongoing basis.

The board determined that the committee members have appropriate and adequate skills and experience to contribute meaningfully to deliberations and to fulfil their responsibilities. In addition, the committee chairman has the requisite experience in accounting and financial management (a chartered accountant). The committee presently comprises JB Gibbon (Chairman), R Patmore and M Gama who are all independent.

FUNCTIONS OF THE AUDIT AND RISK COMMITTEE

AUDIT FUNCTIONS

The committee's role and responsibilities include its statutory duties as per the Companies Act, 2008 and the responsibilities assigned to it by the board.

The committee is satisfied that it has complied with its legal, regulatory and other responsibilities.

From an audit oversight perspective, the Audit and Risk Committee is primarily responsible for:

- considering and monitoring the independence of the external auditors and the appropriate rotation of the lead audit partner and to make 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, and have been effective throughout the year;
- reviewing the scope and effectiveness of the external audit 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;
- reviewing and reporting on compliance with IFRS, King III and the JSE Listings Requirements;
- reviewing of managements evaluation that the Group's going-concern assertion remains appropriate;
- reviewing the interim and annual financial statements to ensure that they give fair presentation, consistent with information known to the committee, before submission to the board;
- considering the appropriateness of the expertise and experience of the financial director on an annual basis.
- nominate for appointment a registered auditor who is independent of the company;
- determine the fees to be paid to the auditor and the auditor's terms of engagement;
- ensure that the appointment of the auditor complies with the provisions of the Companies Act and any other legislation relating to the appointment of auditors;
- determine the nature and extent of any non-audit services which the auditor may provide to the company;
- pre-approve any proposed agreement with the auditor for the provision of non-audit services to the company;
- prepare a report to be included in the annual financial statements for the year;
- receive and deal appropriately with any concerns or complaints relating to the accounting practices and internal audit of the company, the content or auditing of the financial statements or any other related matter;
- make submissions to the board on any matter concerning the company's accounting policies, financial controls, records and reporting; and
- to perform other functions as determined by the board, including development and implementation of policy and a plan for a systematic disciplined approach to evaluate and improve effectiveness of risk management control and governance.

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

RISK FUNCTIONS

The board of directors has assigned oversight of the Group's risk management function to the Audit and Risk Committee. The committee fulfils an oversight function regarding risks in the areas of operations, finance, reporting, fraud, information technology and ethics.

An assessment of the effectiveness of the Group's risk register was conducted by internal audit during the financial year. Based on this assessment and the on-going oversight of the Committee, it could be concluded that nothing came to the attention of the committee and the board that would suggest that the prevailing system of risk management is not, in all material aspects, effective.

Risks are continually being identified and mitigated in terms of a process that involves allocating responsibility, developing action plans and monitoring compliance with these action plans.

During the year under review the committee discharged all of its duties in respect of risk management.

From a risk perspective, the Audit and Risk Committee is primarily responsible for:

- ensuring that appropriate systems are in place to identify and monitor risks affecting the Group;
- evaluating the adequacy of the effectiveness of the risk management process;
- keeping an updated risk register;
- reviewing and assessing issues such as compliance with legislation and corporate governance matters, the impact that significant litigation could have on the Group, the adequacy of the insurance cover as well as the effectiveness of controls over areas of risks; and
- providing board level oversight of the management of processes to ensure that operations remain viable and sustainable.

MEMBERS OF THE AUDIT AND RISK COMMITTEE AND ATTENDANCE AT MEETINGS

The Audit and Risk Committee consists of the non-executive directors listed below and meets at least two times per annum. All members are independent as prescribed in section 94 of the Companies Act. During the year under review, four meetings were held.

The Group Chief Executive Officer and Financial Director, are permanent invitees. The Company Secretary is the statutory secretary of the Audit and Risk Committee.

The Group's external auditors, in their capacity as assurance providers also attended all Audit and Risk Committee meetings.

Only the official members of the Audit and Risk Committee are allowed to exercise their respective voting rights in decision-making exercises as prescribed in the charter.

Name of committee member	Qualifications	Period served on committee
JB Gibbon	CA(SA)	5 years
RB Patmore	BCom, MBL (SBL)	3 years
ME Gama	PhD(Finance)	2 years

INTERNAL AUDIT

The Audit and Risk Committee is responsible for ensuring that the Group's internal audit function is independent and has the necessary resources, standing and authority within the Group to enable it to discharge its responsibilities effectively. This function is still in its infancy, but good progress has been made. The Audit and Risk Committee oversees co-operation between the internal and external auditors and serves as a link between the board of directors and these functions.

The internal audit function reports to the Audit and Risk Committee and is responsible for reviewing and providing assurance on the adequacy of the internal control environments across all of the significant areas of the Group's operations. The internal audit manager is responsible for reporting the progress and findings of internal audits as conducted in terms of the Group's approved audit plan, to the Audit and Risk Committee.

INTERNAL FINANCIAL CONTROLS

The Audit and Risk Committee had oversight over a process by which internal audit performed an assessment of the effectiveness of the Group's system of internal control and risk management, including internal financial controls.

This assessment conducted by internal audit and the annual external audit formed the basis for the Audit and Risk Committee's recommendation to the board, that nothing comes to the attention of the committee that would suggest that the prevailing internal controls is not, in all material aspects, effective.

INTEGRATED REPORTING

In fulfilling its oversight responsibilities, the Audit and Risk Committee has reviewed the sustainability information that forms part of the Group's Integrated Report and has assessed its consistency with operational and other information known to the Committee members, as well as its consistency with the Group's annual financial statements.

The Audit and Risk Committee is satisfied that the above is consistent with the Group's financial results, and as such has recommended that this be approved by the board.

GOING CONCERN

The Audit and Risk Committee has reviewed a documented assessment, including key assumptions, prepared by management on the going concern status of the Group. The board's statement regarding the going concern status of the Group, as supported by the committee, is included in the directors' responsibility report on page 95.

ATTENDANCE

The external auditors, in their capacity as auditors to the Group, attended and reported at all meetings of the Audit and Risk Committee. The Group risk management function which is performed by executive directors, was also represented. Relevant senior managers attended meetings by invitation.

Audit and Risk Committee attendance register

Member Name	2013/03/25	2013/05/03	2013/10/09	2014/02/25
JB Gibbon	✔	✔	✔	✔
RB Patmore	✔	✔	✔	✔
ME Gama	✔	✔	✔	✔
WJ Lategan	✦	✦	✦	✦
BP Malherbe	✦	✦	✦	✦
PWC	✦	✦	✦	✦
Sponsors	✦	✦	✦	✦

✔ - Indicates attendance ✦ - Indicates attendance by invitation

INDEPENDENCE OF THE EXTERNAL AUDITOR

The Audit and Risk Committee has satisfied itself that the external auditor, PricewaterhouseCoopers Inc (PwC), conducted its duties independently and that no limitations were imposed by management on PwC whilst performing their duties during the year. The Audit and Risk Committee, in consultation with the Group's executive management, agreed to the terms of the PwC engagement letter, audit plan and budgeted audit fees in respect of the 2014 financial year.

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

The Audit and Risk Committee nominates PwC for re-election at the annual general meeting (AGM) of Calgro M3 Holdings, and Mr J-P van Staden as the designated partner to perform the functions of external auditor until the 2014 AGM. The audit and risk committee has satisfied itself that both PwC and Mr van Staden are accredited with the JSE Limited as required.

EXPERTISE AND EXPERIENCE OF FINANCIAL DIRECTOR AND THE FINANCE FUNCTION

As required by the JSE Listings Requirement 3.84(h), as well as recommended practice outlined in King III, the Audit and Risk Committee has satisfied itself that the financial director has appropriate expertise and experience.

In addition, the Audit and Risk Committee also considered and has satisfied itself that the appropriateness, composition, experience and skills set of the finance function met the Group's requirements.

FINANCIAL STATEMENTS

The committee reviewed the financial statements and the accounting policies and practices of the Group and is satisfied that they comply with International Financial Reporting Standards. The committee recommended the financial statements to the board for approval. The board concurred with this assessment.

JB Gibbon
Chairman: Audit and Risk Committee
9 May 2014

Directors' Report

The directors submit their report for the period ended 28 February 2014.

1. Nature of business

Calgro M3 Group 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, architecture, 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.

The operating cycle for inventory, construction contracts and work in progress is considered to be longer than 12 months. Accordingly the associated liabilities are classified as current as they are expected to be settled within the same operating cycle as inventory, construction contracts and work in progress.

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

Postal Address:
Private Bag X33
Craighall
2024

2. Financial position

The financial statements on pages 105 to 108 set out fully the financial position, results of operations and cash flows of the Group and Company for the period ended 28 February 2014 and do not in our opinion require any further comment.

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

3. Events after reporting period

There were no events after the year ended 28 February 2014 that warrant disclosure in this report.

4. Type of company

Calgro M3 Holdings Limited is registered as a public company in terms of the Companies Act No. 71 of 2008.

5. 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 note 9 of the financial statements.

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

R'000	28 February 2014	28 February 2013
Profit	**22 596**	64 307
Losses	**(11 023)**	(2 972)

6. Directors' interest in shares and remuneration

At the date of this report these directors held the following direct and indirect interests in the company:

Ordinary Shares	Direct Feb 2014	Direct Feb 2013	Indirect Feb 2014	Indirect Feb 2013
PF Radebe	**-**	-	**-**	200 000
BP Malherbe	**-**	-	**14 500 000**	14 777 908
WJ Lategan	**4 357 970**	4 357 970	**-**	-
FJ Steyn	**-**	-	**10 194 461**	10 516 559
DN Steyn	**-**	-	**11 007 651**	12 492 228
H Ntene	**-**	63 500	**-**	11 000 000

Refer to note 38 for details of the directors' remuneration

7. Share appreciation rights

9 650 000 Share appreciation rights (SAR's) were granted to directors and selected employees during the 2013 Financial year. During the 2014 Financial year 600 000 of the 9 650 000 granted SAR's were forfeited by employees. The grant date for the SAR's is tabled below. The scheme is divided into two categories.

The first category (4 850 000 SAR's) will vest after 2, 3 and 4 years in equal tranches from the grant date. The second category (4 200 000 SAR's (2013: 4 800 000)) will vest after 3, 4, 5 and 6 years in equal tranches from the grant date. The rights will vest if the share price at each vesting date exceeds the hurdle price. The hurdle price is the strike (allocation) price grown by CPI plus 2% per year over the vesting period. In the situation that the hurdle price is not achieved at the vesting date, 25% of the possible vested SAR's will roll over to the next vesting date.

Out of the 9 050 000 (2013: 9 650 000) outstanding SAR's, 1 616 667 SAR's from Category 1 (2013: Nil) vested and were exercisable as at 28 February 2014. None of the exercisable SAR's have been exercised.

Refer to note 34 for details on the share appreciation rights scheme.

8. Accounting policies

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

9. Authorised and issued share capital

Total number of ordinary shares authorised 28 February 2014	500 000 000
Total number of ordinary shares in issue at 28 February 2014	127 100 000

The Company's authorised and issued share capital remained unchanged during the year.

10. Capital expenditure

Details on capital expenditure are set out in note 7 and 8 of the financial statements.

11. Dividends

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

12. Going concern

The directors believe that the Group has adequate financial resources to continue in operation for the foreseeable future and accordingly the financial statements have been prepared on a going concern basis.

The board is not aware of any new material changes that may adversely impact the Group. The board is not aware of any material non-compliance with statutory or regulatory requirements. The board is not aware of any pending changes in litigation that may affect the Group.

13. Directors

Name	Position	Date appointed	Contract expiry
Pumla Fundiswa Radebe	Chairperson	29.06.2007	
Ben Pierre Malherbe	Chief Executive Officer	05.08.2005	3 month notice
Mduduzi Edward Gama	Independent Non-Executive	10.01.2012	
John Braidwood Gibbon	Independent Non-Executive	01.11.2008	
Willem Jacobus Lategan	Finance Director	05.08.2008	3 month notice
Hatla Ntene	Non-Executive	12.10.2007	
Ralph Bruce Patmore	Independent Non-Executive	18.01.2011	
Deon Noel Steyn	Chief Operating Officer	14.12.2009	3 month notice
Frederik Johannes Steyn	Strategic Planning Director	05.08.2005	3 month notice

14. Secretary

Wayne Williams, who is a professionally qualified attorney, will continue in office in accordance with section 86 of the Companies Act, subject to the approval of the shareholders at the next general meeting. Wayne has the required experience, gained over a number of years in professional practice, enabling him to competently fulfil his duties as company secretary. His services are evaluated by the board during the annual board evaluation process.

Accordingly and as required by the JSE Listings Requirements, the board has satisfied themselves that the secretary has appropriate qualifications, expertise and experience. In addition, the board has satisified itself that there is an arms-length relationship with the secretary, due to the fact that the secretary is not a director of the Company.

The address of the secretary is set out below:

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

Postal address:
Private Bag X33
Craighall
2024

15. Auditors

PricewaterhouseCoopers Inc. will continue in office in accordance with section 90 of the Companies Act of South Africa, subject to approval of shareholders at the upcoming annual general meeting. J-P van Staden will be the individual registered auditor who will undertake the audit.

16. Preparer

The financial statements were internally compiled by WA Joubert CA (SA) under the supervision of WJ Lategan CA (SA).

17. Liquidity and solvency

The directors have performed the required liquidity and solvency tests required by the Companies Act No. 71 of 2008.

18. Level of assurance

These financial statements have been audited by our external auditors PricewaterhouseCoopers Inc. in compliance with the applicable requirements of the Companies Act 71 of 2008.

19. Special resolution

No special resolutions relating to the capital structure, borrowing powers or any other material matter that affects the understanding of the Group were passed by subsidiary companies during the year under review.

20. Analysis of shareholders

Shareholders' spread analysis as at 28 February 2014:

Shareholders spread	No. of shareholders	%	No. of shares	%
1 - 1 000 shares	603	28.58	362 500	0.29
1 001 - 10 000 shares	1 152	54.60	4 217 287	3.32
10 001 - 100 000 shares	287	13.60	7 887 124	6.21
100 001 - 1 000 000 shares	51	2.42	13 355 180	10.51
1 000 001 shares and over	17	0.81	101 277 909	79.68
	2 110	100.00	127 100 000	100.00

Distribution of shareholders	No. of shares	%
Nominee and trusts	55 127 150	43.37
Financial institutions and other corporations	30 025 492	23.62
Empowerment	21 431 879	16.86
Individuals	18 837 035	14.82
Private and public companies	1 678 444	1.32
	127 100 000	100.00

Public/non-public shareholders		
Directors and associates of the holding company	47 722 721	37.55
Public shareholders	79 377 729	62.45
Non-public shareholders	-	-
	127 100 000	100.00

Shareholders with an interest of 3% or more in shares		
BPM Family Trust	14 000 000	11.01
Snowball Wealth (Pty) Ltd	13 702 304	10.78
Pershing LLC	12 953 326	10.19
DNS Trust	11 000 000	8.65
FJS Trust	10 194 461	8.02
Hendrik Brand Trust	7 669 830	6.03
LCH Chou	6 200 000	4.88
DGS Trust	5 000 000	3.93
WJ Lategan	4 357 970	3.43
	85 077 891	66.92

Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CALGRO M3 HOLDINGS LIMITED

We have audited the consolidated and separate financial statements of Calgro M3 Holdings Limited set out on pages 105 to 164, which comprise the statements of financial position as at 28 February 2014, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated and separate 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 about whether the consolidated and separate 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 consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Calgro M3 Holdings Limited as at 28 February 2014, and it's 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 the requirements of the Companies Act of South Africa.

Other reports required by the Companies Act

As part of our audit of the consolidated and separate financial statements for the year ended 28 February 2014, we have read the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

PricewaterhouseCoopers Inc

PricewaterhouseCoopers Inc
Director: J-P van Staden
Registered Auditor
Sunnighill
9 May 2014

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 28 February 2014

	Notes	Group 2014	Group 2013	Company 2014	Company 2013
ASSETS					
Non-current assets					
Investment property	6	**5 743 370**	5 743 370	**-**	-
Property, plant and equipment	7	**2 611 600**	4 244 865	**-**	-
Intangible assets	8	**32 985 680**	32 808 103	**-**	-
Investment in subsidiaries	9	**-**	-	**103 272 814**	103 272 814
Investment in joint ventures	10	**142 740 474**	74 349 939	**-**	-
Loans to joint ventures	11	**-**	22 199 871	**-**	-
Deferred income tax asset	12	**18 639 026**	13 907 726	**-**	-
		202 720 150	153 253 874	**103 272 814**	103 272 814
Current assets					
Loans to joint ventures	11	**35 818 332**	-	**-**	-
Loan receivable	13	**5 756 677**	5 756 677	**-**	-
Loans to Group companies	14	**-**	-	**424 635 514**	293 135 863
Inventories	15	**385 826 228**	264 579 692	**-**	-
Current tax receivable		**589 116**	364 926	**10 825**	103 101
Construction contracts	16	**179 486 749**	139 250 724	**-**	-
Work in progress	17	**4 401 965**	2 232 050	**-**	-
Trade and other receivables	18	**220 045 031**	45 339 328	**16 250**	-
Cash and cash equivalents	19	**62 892 583**	198 342 958	**12 971 849**	535 453
		894 816 681	655 866 355	**437 634 438**	293 774 417
Total assets		**1 097 536 831**	809 120 229	**540 907 252**	397 047 231
EQUITY AND LIABILITIES					
Equity					
Equity attributable to owners of the parent					
Stated capital	20	**96 021 721**	96 021 721	**96 021 721**	96 021 721
Retained income		**337 031 142**	231 335 823	**9 719 285**	9 343 464
		433 052 863	327 357 544	**105 741 006**	105 365 185
Liabilities					
Non-current liabilities					
Finance lease obligations	21	**-**	215 446	**-**	-
Deferred income tax liability	12	**37 127 835**	26 863 397	**-**	-
		37 127 835	27 078 843	**-**	-
Current Liabilities					
Loans from Group companies	14	**-**	-	**433 861 396**	290 952 444
Borrowings	22	**470 929 440**	299 889 542	**-**	-
Current income tax liabilities		**154 261**	1 127 363	**-**	-
Finance lease obligations	21	**215 446**	511 024	**-**	-
Trade and other payables	23	**156 056 986**	153 155 913	**1 304 850**	729 602
		627 356 133	454 683 842	**435 166 246**	291 682 046
Total liabilities		**664 483 968**	481 762 685	**435 166 246**	291 682 046
Total equity and liabilities		**1 097 536 831**	809 120 229	**540 907 252**	397 047 231

CALGRO M3
HOLDINGS

Consolidated Statement of Comprehensive Income

for the year ended 28 February 2014

		Group		Company	
	Notes	2014	2013	2014	2013
Revenue	24	**784 942 989**	798 394 052	**-**	-
Cost of sales	25/27	**(671 953 585)**	(650 435 522)	**-**	-
Gross profit		**112 989 404**	147 958 530	**-**	-
Other income	26	**1 792 524**	1 264 531	**2 900 000**	2 740 000
Administrative expenses	27	**(58 378 111)**	(54 702 923)	**(2 297 791)**	(2 134 905)
Other expenses	27	**(3 553 183)**	(5 146 385)	**-**	-
Operating profit		**52 850 634**	89 373 753	**602 209**	605 095
Finance income	28	**9 836 369**	8 455 484	**43 845 061**	34 585 803
Finance costs	29	**(13 633 798)**	(9 994 952)	**(43 813 584)**	(34 558 220)
Share of profit of joint ventures – net of tax	10	**66 161 456**	29 405 992	**-**	-
Profit before tax		**115 214 661**	117 240 277	**633 686**	632 678
Taxation	30	**(9 519 342)**	(25 936 739)	**(257 865)**	(207 941)
Profit after taxation		**105 695 319**	91 303 538	**375 821**	424 737
Other comprehensive income		**-**	-	**-**	-
Total comprehensive income		**105 695 319**	91 303 538	**375 821**	311 683
Profit after taxation and other comprehensive income attributable to:					
Owners of the parent		**105 695 319**	91 303 538		
Earnings per share for profit attributable to the equity holders of the Company during the year (expressed in cents per share)					
- basic	39	**83.16**	71.84		
- diluted	39	**83.16**	71.84		

Consolidated Statement of Changes in Equity

for the year ended February 2014

	Stated capital	Retained income acquired through reverse acquisition	Share-based payment reserve	Retained income	Total equity
Group					
Balance at 1 March 2012	96 021 721	-	-	140 032 285	236 054 006
Comprehensive income					
Profit for the year	-	-	-	91 303 538	91 303 538
Total comprehensive income	-	-	-	91 303 538	91 303 538
Balance at 28 February 2013	96 021 721	-	-	231 335 823	327 357 544
Balance at 1 March 2013	**96 021 721**	**-**	**-**	**231 335 823**	**327 357 544**
Comprehensive income					
Profit for the year	**-**	**-**	**-**	**105 695 319**	**105 695 319**
Total comprehensive income	**-**	**-**	**-**	**105 695 319**	**105 695 319**
Balance at 28 February 2014	**96 021 721**	**-**	**-**	**337 031 142**	**433 052 863**
Note	20				
Company					
Balance at 1 March 2012	96 021 721	672 200	6 540 598	1 705 929	104 940 448
Comprehensive income					
Profit for the year	-	-	-	424 737	424 737
Total comprehensive income	-	-	-	424 737	424 737
Transfer to retained income			(6 540 598)	6 540 598	-
Share based payment reserve	-	-	(6 540 598)	6 540 598	-
Transfer to retained income	-	(672 200)	-	672 000	-
Retained income acquired through reverse acquisition	-	(672 200)	-	672 000	-
Balance at 28 February 2013	96 021 721	-	-	9 343 264	105 365 185
Balance at 1 March 2013	**96 021 721**	**-**	**-**	**9 343 464**	**105 365 185**
Comprehensive income					
Profit for the year	**-**	**-**	**-**	**375 821**	**375 821**
Total comprehensive income	**-**	**-**	**-**	**375 821**	**375 821**
Balance at 28 February 2014	**96 021 721**	**-**	**-**	**9 719 285**	**105 741 006**
Note	20				

CONSOLIDATED STATEMENT OF CASH FLOW

for the year ended February 2014

		Group		Company	
	Notes	2014	2013	2014	2013
Cash (utilised in)/generated from operations					
Cash (utilised in)/generated from operations	31	**(252 754 959)**	49 486 223	**12 777 266**	(5 569 180)
Interest received		**2 003 519**	2 550 477	**9 154**	16 352
Interest paid		**(36 018 248)**	(22 897 444)	**(184 435)**	(24 548)
Tax paid	32	**(5 183 498)**	(16 553 902)	**(165 589)**	(299 813)
Net cash (utilised in)/from operating activities		**(291 953 186)**	12 585 354	**12 436 396**	(5 877 189)
Cash flows (invested in)/from investing activities					
Purchase of property plant and equipment		**(496 324)**	(2 863 987)	**-**	-
Purchase of intangible assets		**(412 135)**	(70 809)	**-**	-
Loans advanced to joint ventures		**(15 542 144)**	(17 533 511)	**-**	-
Proceeds of loans repaid by joint ventures		**360 001**	28 736 813	**-**	-
Net cash (invested in)/from investing activities		**(16 090 602)**	8 268 506	**-**	-
Cash flows from financing activities					
Proceeds of borrowings		**277 229 140**	256 622 215	**-**	-
Repayment of borrowings		**(104 635 727)**	(182 824 081)	**-**	-
Net cash from financing activities		**172 593 413**	73 798 134	**-**	-
Net (decrease)/increase in cash and cash equivalents		**(135 450 375)**	94 651 994	**12 436 396**	(5 877 189)
Cash and cash equivalents at the beginning of the year		**198 342 958**	103 690 964	**535 453**	6 412 642
Cash and cash equivalents at end of the year	19	**62 892 583**	198 342 958	**12 971 849**	535 453

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

1. General information

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

The Company is a public company incorporated and domiciled in South Africa. The address of its registered office is Cedarwood House, Ballywoods Office Park, 33 Ballyclare Drive, Bryanston, 2196.

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

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 financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides, and the Companies Act 71 of 2008. The financial statements have been prepared on the historical cost basis and incorporate the principal accounting policies set out below. They are presented in South African Rands. These accounting policies are consistent with the previous 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.

The operating cycle for inventory, construction contracts and work in progress is considered to be longer than 12 months. Accordingly the associated assets and liabilities are classified as current as they are expected to be settled within the same operating cycle as inventory, construction contracts and work in progress.

(a) New standards and interpretations

(i) Standards and interpretations effective and adopted in the current year:

- IAS 1 – Presentation of Financial Statements

  The IASB has issued an amendment to IAS 1, 'Presentation of financial statements'. The amendment changes the disclosure of items presented in other comprehensive income (OCI) in the statement of comprehensive income. The IASB originally proposed that all entities should present profit or loss and OCI together in a single statement of comprehensive income. The proposal has been withdrawn and IAS 1 will still permit profit or loss and OCI to be presented in either a single statement or in two consecutive statements. The amendment does not address which items should be presented in OCI and the option to present items of OCI either before tax or net of tax has been retained.
  It does not have a material impact on the Group's financial statements.

- IFRS 10 – Consolidated financial statements

  This standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements. The standard provides additional guidance to assist in determining control where this is difficult to assess.
  It does not have a material impact on the Group's financial statements.

- Consolidated Financial Statements, Joint Arrangements and Disclosures of Interests in Other Entities: Transition Guidance. Transitional guidance for the application of IFRS 10, IFRS 11 and IFRS 12.
  The amendment limits the requirement to provide adjusted comparative information to only the preceding comparative period.
  It does not have a material impact on the Group's financial statements.

- IFRS 11 – Joint arrangements

  This standard provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form.
  There are two types of joint arrangements: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights

Note 2.Summary of significant accounting policies (continued)

to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed.
It does not have a material impact on the Group's financial statements.

- IFRS 12 – Disclosures of interests in other entities

  This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.
  It does not have a material impact on the Group's financial statements.

- IFRS 13 – Fair value measurement

  This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP.
  It does not have a material impact on the Group's financial statements.

- IAS 27 (revised 2011) – Separate financial statements

  This standard includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10.
  It does not have a material impact on the Group's financial statements.

- IAS28 (Revised 2011), Associates and joint ventures

  This standard includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11.
  It does not have a material impact on the Group's financial statements.

- IAS 16 – Annual Improvements for 2009 – 2011 cycle

  Spare parts, stand by equipment and servicing equipment should only be classified as property, plant and equipment if they meet the definition.
  It does not have a material impact on the Group's financial statements.

- IAS 32 – Annual Improvements for 2009 – 2011 cycle

  Tax effects of distributions made to holders of equity instruments. Income tax relating to distributions made to holders of equity instruments and tax effects of transaction costs of equity transactions must be accounted for in accordance with IAS 12 Income Taxes.
  It does not have a material impact on the Group's financial statements.

(ii) Standards and interpretations issued not yet effective:

- Amendment to IFRS 2, Share based payment

  The amendment clarifies the definition of a 'vesting condition' and separately defines 'performance condition' and 'service condition'.

  It is not expected to have a material impact on the Group's financial statements.

- Amendment to IFRS 3, Business combinations

  The standard is amended to clarify that an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or as equity, on the basis of the definitions in IAS 32, Financial instruments: Presentation.
  The standard is further amended to clarify that all non-equity contingent consideration, both financial and non-financial, is measured at fair value at each reporting date, with changes in fair value recognised in profit and loss.
  Consequential changes are also made to IFRS 9, IAS 37 and IAS 39.
  It is not expected to have a material impact on the Group's financial statements.

- Amendment to IFRS 8, Operating segments

  The standard is amended to require disclosure of the judgements made by management in aggregating operating segments. This includes a description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics. The standard is further amended to require a reconciliation of segment assets to the entity's assets when segment assets are reported.
  It is not expected to have a material impact on the Group'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 profit and loss. 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.

In December 2011, the effective date of IFRS 9 was delayed. The original effective date for periods beginning on/after 1 January 2013 has been delayed to periods beginning on/after 1 January 2015. The amendment also modifies the relief from restating prior periods, in that if IFRS 9 is adopted for reporting periods: beginning before 1 January 2012, comparatives need not be restated nor does the additional disclosure requirements of IFRS 7 need to be provided; beginning on/after 1 January 2012 and before 1 January 2013, either the additional disclosure required by IFRS 7 must be provided or the prior periods need to be restated; beginning on/after 1 January 2013, the IFRS 7 additional disclosure is required but the entity need not restate prior periods.

It is not expected to have a material impact on the Group's financial statements.

- Amendments to IFRS 10, consolidated financial statements, IFRS 12 and IAS 27 for investment entities

The amendments mean that many funds and similar entities will be exempt from consolidating most of their subsidiaries. Instead they will measure them at fair value through profit or loss. The amendments give an exception to entities that meet an 'investment entity' definition and which display particular characteristics.

It is not expected to have a material impact on the Group's financial statements.

- Amendment to IFRS 13 – Fair value measurement

When IFRS 13 was published, paragraphs B5.4.12 of IFRS 9 and AG79 of IAS 39 were deleted as consequential amendments. This led to a concern that entities no longer had the ability to measure short-term receivables and payables at invoice amounts where the impact of not discounting is immaterial. The IASB has amended the basis for conclusions of IFRS 13 to clarify that it did not intend to remove the ability to measure short-term receivables and payables at invoice amounts in such cases.
It is not expected to have a material impact on the Group's financial statements.

- IAS 16 – Property, plant and equipment, and IAS 38, Intangible assets

Both standards are amended to clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model.

The carrying amount of the asset is restated to the revalued amount.

The split between gross carrying amount and accumulated depreciation is treated in one of the following ways:

- either the gross carrying amount is restated in a manner consistent with the revaluation of the carrying amount, and the accumulated depreciation is adjusted to equal the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses; or
- the accumulated depreciation is eliminated against the gross.

It is not expected to have a material impact on the Group's financial statements.

Note 2.1 Summary of accounting policies (continued)

- IFRIC 21 - Accounting for levies

  FRIC 21, 'Levies', sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation addresses diversity in practice around when the liability to pay a levy is recognised.
  It is not expected to have a material impact on the Group's financial statements.

- IAS 24 - Related party disclosures

  The standard is amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity (the management entity).
  It is not expected to have a material impact on the Group's financial statements.

- Amendments to IAS 36, impairment of assets

  These amendments address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less cost of disposal.
  It is not expected to have a material impact on the Group's financial statements.

2.2 Consolidation

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Group and all entities, including special purpose entities, which are controlled by the Group.

Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

(b) Joint arrangements

The Group has applied IFRS 11 to all joint arrangements as of 1 March 2013. Under IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor. Calgro M3 Holdings Limited and its subsidiaries has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method. Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income.

When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

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

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the Group; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, 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.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment is depreciated on a straight line basis over their expected useful lives to their estimated residual value.

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

Item	Average useful life
Plant and machinery	5 years
Furniture and fixtures	6 years
Motor vehicles	5 years
Office equipment	6 years
IT Equipment	3 years
Leasehold Improvements	5 years

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

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

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

2.5 Investment property

The Group owns property that is held to earn long-term rental income and for capital appreciation. This property is not occupied by the Group.

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

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement. Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of a property.

Investment property is carried at cost less depreciation and less any accumulated impairment losses. Depreciation is provided to write down the cost, less estimated residual value over the useful life of the property, which is as follows:

Item	Useful life
Land	Unlimited
Buildings	20 years

Note 2.5 Investment property (continued)

(a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Company'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. 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.

(b) Computer software

Computer software is initially recorded at cost.

Computer software is carried at cost less accumulated amortisation and any impairment losses.

Computer software is capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

The amortisation period and amortisation method for computer software is reviewed every year.

Amortisation on computer software is calculated using the straight-line method to allocate their cost 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

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

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

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

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

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

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss.

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

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

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

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

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

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss.

2.8 Financial instruments

2.8.1 Classification

The Group classifies financial assets and financial liabilities into the following categories:

- Loans and receivables
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition.

2.8.2 Initial recognition and measurement

Financial instruments are recognised initially when the Group becomes a party to the contractual provisions of the instruments. The Group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Transaction costs are recognised as part of the financial instrument on initial recognition, unless the financial instrument are classified as at Fair Value through profit and loss.

2.8.3 Subsequent measurement

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest rate method.

2.8.4 Impairment of financial assets

At each reporting date the Group assesses all financial assets to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

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

Impairment losses are recognised in profit or loss.

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

Reversals of impairment losses are recognised in profit or loss.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in profit or loss within administrative expenses.

When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against administrative expenses.

2.8.5 Investment in subsidiaries

In the unconsolidated financial statements, Investments in subsidiaries are carried at cost less any accumulated impairment.

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

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

Note 2.8 Financial instruments (continued)

2.8.6 Investment in joint ventures

In the unconsolidated financial statements, Investments in joint ventures are carried at cost less any accumulated impairment.

The cost of an investment in a joint ventures is the aggregate of:

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

2.8.7 Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired, with the exception of retention debtors, which is payable once the retention period has lapsed. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within administrative expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against administrative expenses in profit or loss.

Trade and other receivables are classified as loans and receivables.

2.8.8 Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

2.8.9 Trade and other payables

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

2.8.10 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost, 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 based on the operating cycle of the Group.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs.

2.8.11 Loans to/(from) Group companies and joint ventures

These include loans to and from subsidiaries and joint ventures and are recognised initially at fair value plus direct transaction costs

Loans to Group companies and joint ventures are classified as loans and receivables.

Loans from Group companies and joint ventures are classified as financial liabilities measured at amortised cost.

2.9 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 by reference to the stage of completion. Contract costs are recognised as expenses by reference to the stage of completion of the contract activity at the end of the reporting period. 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, 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).

2.10 Inventories

Inventories are stated at the lower of cost or 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 other expense in the period which 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 other expense in the period in which the reversal occurs.

2.11 Stated 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.

2.12 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing cost incurred.

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

Note 2.12 Borrowing costs (continued)

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.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

2.13 Income tax

Current income tax assets and liabilities

Current income tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current income tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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 assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from:

- the initial recognition of goodwill; or
- the initial recognition of an asset or liability in a transaction which:
  - is not a business combination; and
  - at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax liability is recognised for all taxable temporary differences associated with investments in subsidiaries, branches and associates, and interests in joint ventures, except to the extent that both of the following conditions are satisfied:

- the parent, investor or venturer is able to control the timing of the reversal of the temporary difference; and
- it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that:

- is not a business combination; and
- at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences arising from investments in subsidiaries and interests in joint ventures, to the extent that it is probable that:

- the temporary difference will reverse in the foreseeable future; and
- taxable profit will be available against which the temporary difference can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Income tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

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

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

Dividend Tax

The new dividends tax became effective on 1 April 2012. This tax is levied on the shareholders (provided they are not exempt) rather than on the Company itself.

The Company is responsible for the collection of the dividends tax and payment of the amounts collected to the South African Revenue Service (SARS). As the tax is levied on the shareholders and not the Company, the dividends tax does not form part of the tax expense recognised in profit or loss or in other comprehensive income, instead the liability to shareholders on the declaration of a dividend is reduced and a liability for the amount payable to the SARS is recognised.

2.14 Employee benefits

(a) Defined contribution plans

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. The Group has no further payment obligations once the contributions have been paid.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the Group's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

(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.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

(c) 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 Group'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. The Group expects these liabilities to be settled within 12 months.

2.15 Share-based payment

Goods or services settled in cash

Goods or services, including employee services received in exchange for cash-settled share based payments, are recognised at the fair value of the liability incurred and are expensed when consumed or capitalised as assets, which are depreciated or amortised. The liability is remeasured at each balance sheet date to its fair value, with all changes recognised immediately in profit or loss.

Note 2 Summary of significant accounting policies (continued)

2.16 Provisions and contingencies

Provisions are recognised when:

- the Group has a present obligation as a result of a past event;
- lit is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation

  The amount of a provision is the present value of the expenditure expected to be required to settle the obligation. Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation.

Provisions are not recognised for future operating losses.

If the Group has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

Contingent assets and contingent liabilities are not recognised.

2.17 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and the rendering of 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

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group;
- the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses recognised are recoverable.

(c) Construction contracts

Contract revenue comprises:

- the amount of revenue agreed in the contract; and
- variations in contract work, claims and incentive payments:
  - 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.

In applying the recognition criteria in IAS 18 'Revenue Recognition' judgement is required in determining whether:

- a single transaction includes separately identifiable components; or
- two or more transactions together, when they are linked in such a way that the commercial effect cannot be understood without reference to the series of transactions as a whole, should be grouped.

The Group applies judgement in determining whether contracts for the sale of land and the construction of residential housing include separately identifiable components or whether these should be grouped together.

2.18 Other income

(a) Finance income

Finance income is recognised on a time-proportion basis using the effective interest method.

Finance income on impaired loans is recognised using the original effective interest rate.

(b) Dividend income

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

(c) Rental income

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

(d) Management fees

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

2.19 Leases

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

Finance leases – lessee

Finance leases are recognised as assets in the statement of financial position an amount 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 obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

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 on the remaining balance of the liability.

Operating leases - lessor

Operating lease income is recognised as an income on a straight-line basis over the lease term. The difference between the amounts recognised as an income and the contractual receipts are recognised as an operating lease liability. This liability is not discounted.

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

Income for leases is disclosed under other income in profit or loss.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability. This asset or liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

Note 2 Summary of significant accounting policies (continued)

2.20 Financial guarantee contracts

Financial guarantee contracts are recognised as financial liabilities at the date the guarantee is issued. Liabilities arising from financial guarantee contracts, including Company guarantees of subsidiaries through cross guarantees, are initially recognised at fair value and subsequently at the higher of:

- the amount determined in accordance with IAS 37, 'Provisions, contingent liabilities and contingent assets' (refer to accounting policy (2.16)); and
- the amount initially recognised (fair value) less, when appropriate, cumulative amortisation of the initial amount recognised is accordance with IAS 18 'Revenue'.

The fair value of the financial guarantee is determined as the Group and companies exposure with regards to the NRV of the inventories pledged as security and the outstanding debt on the mortgage bonds thereof.

3. Risk management

3.1 Financial risk management

The Group 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 under policies approved by management.

Risk management is carried out by the executive committee and identifies and evaluates financial risks in close-co-operation with the Group's operating units. The board of directors are responsible for overall risk management, as well as guidance covering specific areas, such as interest rate risk and credit risk, 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*

The Group has interest-bearing assets through loans to joint ventures. The loans issued at variable rates expose the Group to cash flow interest rate risk.

The Company has interest-bearing assets through loans to Group companies. The loans issued at variable rates expose the Company to cash flow interest rate risk.

The Group's interest rate risk arises from borrowings and finance lease obligations. Borrowings and finance lease obligations issued at variable rates expose the Group to cash flow interest rate risk.

The company's interest rate risk arises from loans from Group companies. Loans from Group companies issued at variable rates expose the Company to cash flow interest rate risk.

The interest rate exposure is monitored and managed by the executive committee of the Group and will not be hedged to limit interest rate risk.

The Group and Company analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these scenarios, the Group and Company calculates the impact on profit and loss of a defined interest rate shift.

The scenarios are run for assets and liabilities that represent the major interest-bearing positions. Based on the simulations performed, the impact on post-tax profit of a 1% shift would be a maximum increase/decrease of:

	Group		Group	
	2014	2013	2014	2013
1% increase/decrease on interest bearing borrowings	**(3 392 243)**	(2 164 435)	**(3 123 802)**	(2 094 858)
1% increase/decrease on interest bearing assets	**257 892**	159 839	**3 057 376**	2 110 578

The Group has fixed rate borrowings however the exposure to fair value interest rate risk is not considered to be significant.

The Company does not have any fixed rate borrowings and is not exposed to fair value interest rate risk.

(b) Credit risk

Credit risk consists mainly of loans to joint ventures, financial guarantees to third parties, cash deposits, cash equivalents and trade and other receivables. The Group only deposits cash with major banks with a minimum rating of 'BBB' which limits the exposure to any one counter party. Trade and other receivables comprise a widespread customer base. Management evaluates credit risk relating to trade debtors, joint ventures and other receivables on an ongoing basis taking into account their financial position,past experience and other factors, 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.

Refer to the following page (page 124) for the maximum exposure assessment.

3.1 (b) Credit risk (continued)

The maximum exposure to credit risk has been assessed as follows:

Group at 28 February 2014	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Financial instruments not recognised on statement of financial position					
Financial guarantee - related parties	**(24 059 398)**	**-**	**-**	**-**	**(24 059 398)**
	(24 059 398)	**-**	**-**	**-**	**(24 059 398)**
Financial instruments recognised on the statement of financial position					
Loans to joint ventures	**35 818 332**	**-**	**-**	**-**	**35 818 332**
Loan receivable	**5 756 677**	**-**	**-**	**-**	**5 756 677**
Trade and other receivables	**206 407 275**	**-**	**-**	**-**	**206 407 275**
Cash and cash equivalents	**62 892 583**	**-**	**-**	**-**	**62 892 583**
	310 874 867	**-**	**-**	**-**	**310 874 867**
at 28 February 2013	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**	**Total**
Financial instruments not recognised on statement of financial position					
Financial guarantee - related parties	(208 354 456)	-	-	-	(208 354 456)
	(208 354 456)	-	-	-	(208 354 456)
Financial instruments recognised on the statement of financial position					
Loans to joint ventures	22 199 871	-	-	-	22 199 871
Loan receivable	5 756 677	-	-	-	5 756 677
Trade and other receivables	39 342 683	-	-	-	39 342 683
Cash and cash equivalents	198 342 958	-	-	-	198 342 958
	265 642 189	-	-	-	265 642 189

The credit risk of the above guarantees (Registered bonds over the properties) are mitigated through land owned by the related party, which is held as security to the value of R174 309 648 (2013 - R800 800 000). Financial guarantees of the Group relate to joint ventures. Refer to note 33.

Company at 28 February 2014	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**	**Total**
Financial instruments not recognised on statement of financial position					
Financial guarantee - related parties	**(5 788 116)**	**-**	**-**	**-**	**(5 788 116)**
	(5 788 116)	**-**	**-**	**-**	**(5 788 116)**
Financial instruments recognised on the statement of financial position					
Loans to Group companies	**424 635 514**	**-**	**-**	**-**	**424 635 514**
Cash and cash equivalents	**12 971 849**	**-**	**-**	**-**	**12 971 849**
	437 607 363	**-**	**-**	**-**	**437 607 363**

at 28 February 2013	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**	**Total**
Financial instruments not recognised on statement of financial position					
Financial guarantee - related parties	(208 354 456)	-	-	-	(208 354 456)
	(208 354 456)	-	-	-	(208 354 456)
Financial instruments recognised on the statement of financial position					
Loans to Group companies	293 135 863	-	-	-	293 135 863
Cash and cash equivalents	535 453	-	-	-	535 453
	293 671 316	-	-	-	293 671 316

The credit risk of the above guarantees (Registered bonds over the properties) are mitigated through land owned by the related party, which is held as security to the value of R53 220 789 (2013 - R800 800 000).

Details of financial assets are set out in note 40. Financial guarantees of the Group relate to joint ventures. Refer to note 33.

(c) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities.

Due to the dynamic nature of the underlying businesses, the executive committee maintains flexibility in funding by maintaining availability under committed credit lines.

The Group and Company manages liquidity risk by monitoring forecasted cash flows.

The Group manages liquidity risk on borrowings by striving to match the maturity profile with expected cash flows from the development projects.

A specific liquidity risk associated with the Group is the raising of loans at specified dates of repayment, against construction projects.

The timing of 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 availability of funds to cover future commitments.

The financial liabilities to be settled within 1 year will be funded by cash and cash equivalents as well as the realisation of trade and other receivables and construction contracts.

3.1 (b) Credit risk (continued)

The table below analyses the Group and Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting period date to the contractual maturity date.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within twelve months equal their carrying balances as the impact of discounting is not significant.

Group at 28 February 2014	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Financial instruments recognised on the statement of financial position					
Borrowings	**139 292 595**	**61 359 770**	**383 946 967**	**-**	**584 599 332**
Finance lease obligations	**297 504**	**74 376**	**-**	**-**	**371 880**
Trade and other payables	**130 410 056**	**-**	**-**	**-**	**130 410 056**
	195 306 235	**136 128 066**	**383 946 967**	**-**	**715 381 268**
Financial instruments not recognised on the statement of financial position					
Financial guarantee	**24 059 398**	**-**	**-**	**-**	**24 059 398**
	24 059 398	**-**	**-**	**-**	**24 059 398**

Financial guarantees of the Group relate to joint ventures. Refer to note 33.

at 28 February 2013	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Financial instruments recognised on the statement of financial position					
Borrowings	106 109 295	115 155 303	151 221 205	-	372 485 803
Finance lease obligations	545 317	223 128	-	-	768 445
Trade and other payables	131 930 186	-	-	-	131 930 186
	238 584 798	115 378 431	151 221 205	-	505 184 434
Financial instruments not recognised on the statement of financial position					
Financial guarantee	208 354 456	-	-	-	208 354 456
	208 354 456	-	-	-	208 354 456

The Company has overdraft facilities with major banks to the value of R10 000 000 (February 2013 - R10 000 000).

Financial guarantees of the Group relate to joint ventures. Refer to note 33.

Company at 28 February 2014	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Financial instruments recognised on the statement of financial position					
Loans from Group companies	**433 861 396**	**-**	**-**	**-**	**433 861 396**
Trade and other payables	**1 290 371**	**-**	**-**	**-**	**1 290 371**
	435 151 767	**-**	**-**	**-**	**435 151 767**
Financial instruments not recognised on the statement of financial position					
Financial guarantee	**5 788 116**	**-**	**-**	**-**	**5 788 116**
	5 788 116	**-**	**-**	**-**	**5 788 116**
at 28 February 2013	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**	**Total**
Financial instruments recognised on the statement of financial position					
Loans from Group companies	290 952 444	-	-	-	290 952 444
Trade and other payables	538 482	-	-	-	538 482
	291 490 926	-	-	-	291 490 926
Financial instruments not recognised on the statement of financial position					
Financial guarantee	208 354 456	-	-	-	208 354 456
	208 354 456	-	-	-	208 354 456

The Company has overdraft facilities with major banks to the value of R10 000 000 (February 2013 - R10 000 000).

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.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 22, cash and cash equivalents disclosed in note 19, and equity as disclosed in the statement of financial position.

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio.

This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the statement of financial position) less cash and cash equivalents.

Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

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.

There are no externally imposed capital requirements.

There have been no changes to what the entity manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year. The target Debt/Equity ratio for the Group is 1.5 : 1

3.3 Fair value estimate

The Group is not exposed to any fair value estimation risk

4. Significant judgements and sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements. Significant judgements include:

(a) Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

The Group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment.

Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including, cost of production, expected volume, expected selling price and discount rates, together with economic factors.

(b) Share based payments

Management used the Binomial Tree Valuation method to determine the value of the options at issue date. Additional details regarding the estimates are included in the note 34 Share based payments.

(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.

The Group applies judgement in determining whether contracts for the sale of land and the construction of residential housing include separately identifiable components or whether they should be grouped together.

(d) Trade receivables and Loans and receivables

The Group assesses its trade receivables and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the Group makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

(e) Land under development held for sale

In assessing the net realisable value of land under development held for sale, valuators consider title deed information, town planning conditions, locality and improvements made to the property. Property vacancy rates in surrounding areas, realised yields on comparative sales as well as micro- and macro-economic conditions require judgement.

(f) Fair value estimation

The fair value of financial instruments that are not traded in an active market which includes borrowings, loans from Group companies, loans from joint ventures and other receivables are determined by using estimated discounted cash flows.

The carrying value of trade receivables less impairment provision and trade 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 Company for similar financial instruments.

In assessing the fair value of investment property, valuations consider title deed information, town planning conditions, locality and improvements made to the property. Property vacancy rates in surrounding areas, realised yields on comparative sales as well as micro- and macro-economic conditions pertaining to residential properties are considered.

The table below analyses financial instruments disclosed at fair value, by valuation method. The different levels have been defined as follows:

Level no.	Level definition
1	Quoted prices (unadjusted) in active markets for identical assets or liabilities
2	Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)
3	Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

The Group does not have any financial instruments valued within level 1.

(g) Consolidation of entities in which the Group holds less than 50%

Although the Group has a minority shareholding in Belhar Calgro M3 Development Company (Pty) Ltd, it does have control, as the board comprises equal number of representatives from both the minority and the Group though the Group has a casting vote. The investment is therefore accounted for as a subsidiary.

(h) Joint arrangements

The Group has joint control over these arrangements as under the contractual agreements, unanimous consent is required from all parties to the agreements for all relevant activities. (refer note 10).

5. Segment information

The executive committee is the Group's chief operating decision maker.

Management has determined the operating segments based on the reports reviewed by the executive committee for the purpose of making strategic decisions.

The executive committee assesses the performance of the operating segments based on a measure of adjusted profit before tax.
This measurement basis excludes the effects of non-recurring expenditure from the operating segments such as legal expenses and goodwill impairments when the impairment is the result of an isolated, non-recurring event. The measure also excludes the effects of net finance income and the share of profits from joint ventures as this information is not reviewed by the executive committee

At 28 February 2014, the Group is organised on a national basis into 3 main operating segments:

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

The Group's products consist of mid to high income housing as well as integrated developments. Integrated developments comprise affordable housing, social/GAP housing as well as RDP/BNG housing. The operation of the three operating segments span the entire product range. The customer base includes the government, financial institutions and the general public.

Note 5 Segment information (continued)

The segment information provided to the executive committee for the operating segments for the period ended 28 February 2014 is as follows:

Construction	Construction and land development	Land sales	Professional services	Total
Segment revenue	762 950 787	7 440 361	14 551 841	784 942 989
Inter-segment revenue	-	-	-	-
Revenue from external customers	**762 950 787**	**7 440 361**	**14 551 841**	**784 942 989**
Operating profit/(loss)	43 346 955	(1 469 289)	13 270 759	55 148 425
Finance costs	(13 469 534)	20 170		(13 449 365)
Adjusted profit/(loss) before tax for reportable segments	**29 877 421**	**(1 449 119)**	**13 270 758**	**41 699 060**
Assets				
Goodwill	28 514 552	-	4 155 000	32 669 552
Inventories	21 611 200	364 215 028	-	385 826 228
Construction contracts	179 486 749	-	-	179 486 749
Total assets	**229 612 501**	**364 215 028**	**4 155 000**	**597 982 529**
Liabilities				
Borrowings	(470 929 440)	-	-	(470 929 440)

The segment information provided to the executive committee for the operating segments for the period ended 28 February 2013, in respect of the statement of comprehensive income and for the year ended 28 February 2013 for the statement of financial position is as follows:

	Construction and land development	Land sales	Professional services	Total
Segment revenue	765 925 509	2 697 579	32 181 814	800 804 902
Inter-segment revenue	-	-	(2 410 850)	(2 410 850)
Revenue from external customers	**765 925 509**	**2 697 579**	**29 770 964**	**798 394 052**
Operating (loss)/profit	67 542 664	(4 909 082)	28 875 076	91 508 658
Finance costs	(9 970 405)		-	(9 970 406)
Adjusted profit/(loss) before tax for reportable segments	**57 572 259**	**(4 909 083)**	**28 875 076**	**81 538 252**
Assets				
Goodwill	28 514 552	-	4 155 000	32 669 552
Inventories	20 205 711	244 373 981	-	264 579 692
Construction contracts	139 250 724	-	-	139 250 724
Total assets	**187 970 987**	**244 373 981**	**4 155 000**	**436 499 968**
Liabilities				
Borrowings	**(221 000 000)**	(78 889 542)	-	**(299 889 542)**

The revenue from external parties reported to the executive committee is measured in a manner consistent with that in the statement of comprehensive income. A reconciliation of adjusted profit/(loss) before tax is provided as follows:

	February 2014	February 2013
Adjusted profit/(loss) before tax for reportable segments	**41 699 060**	81 538 252
Group overhead income/(costs)	**(2 297 792)**	(2 134 904)
Share of profit of joint ventures - Net of tax	**66 161 456**	29 405 992
Total segments	**105 562 724**	108 809 340
Finance income	**9 836 369**	8 455 484
Finance cost - unallocated to reportable segments	**(184 433)**	(24 546)
Profit before tax	**115 214 661**	117 240 278

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:

	February 2014	February 2013
Segment assets for reportable segments	**597 982 529**	436 499 968
Unallocated:		
Deferred tax	**18 639 026**	13 907 726
Investment property	**5 743 370**	5 743 370
Property plant and equipment	**2 611 600**	4 244 865
Intangible assets excluding goodwill	**316 128**	138 551
Investment in joint ventures	**142 740 474**	74 349 939
Work in progress	**4 401 965**	2 232 050
Loans to joint ventures	**35 818 332**	22 199 871
Loans and receivables	**5 756 677**	5 756 677
Current tax receivable	**589 116**	364 926
Trade and other receivables	**220 045 031**	45 339 328
Cash and cash equivalents	**62 892 583**	198 342 958
Total asset per the consolidated statement of financial position	**1 097 536 831**	809 120 229

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:

	2014	2013
Segment liabilities for reportable segments	**470 929 440**	299 889 542
Unallocated:		
Deferred tax	**37 127 835**	26 863 397
Current tax	**154 261**	1 127 363
Finance lease obligations	**215 446**	726 470
Trade and other payables	**156 056 986**	153 155 913
Total liabilities per the consolidated statement of financial position	**664 483 968**	481 762 685

6. Investment property

Group	2014 Cost	2014 Accumulated depreciation	2014 Carrying amount	2013 Cost	2013 Accumulated depreciation	2013 Carrying amount
Investment property	**5 777 257**	**(33 887)**	**5 743 370**	5 777 257	(33 887)	5 743 370

Reconciliation of investment property - Group - 2014	Opening balance	Additions	Depreciation	Carrying amount
Investment Property	**5 743 370**	-	-	5 743 370

Reconciliation of investment property - Group - 2013	Opening balance	Additions	Depreciation	Carrying amount
Investment Property	**5 743 370**	-	-	5 743 370

Details of properties	Group 2014	Group 2013	Company 2014	Company 2013
Land and building situated on stand 2334 Northriding Ext 82				
Land - At cost	**307 018**	307 018	-	-
Building	**1 769 869**	1 769 869	-	-
	2 076 887	2 076 887	**-**	**-**
Land and building situated on stand 2336 Northriding Ext 82				
Land - At cost	**307 018**	307 018	-	-
Building	**1 855 400**	1 855 400	-	-
	2 162 418	2 162 418	**-**	**-**
Land and building situated on stand 1810 Witkoppen Ext 131				
Land - At cost	**798 606**	798 606	-	-
Building	**739 346**	739 346	-	-
	5 777 257	5 777 257	**-**	**-**

Land and buildings under investment property have a fair value of R 6 270 000 (2013 - R6 220 000). 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.

The residual value of buildings under investment property exceeds the carrying amount, as a result, no depreciation has been provided.

In assessing the fair value of investment property, valuations consider title deed information, town planning conditions, locality and improvements made to the property. Property vacancy rates in surrounding areas, realised yields on comparative sales as well as micro- and macro-economic conditions pertaining to residential properties are considered. The fair value is classified as level 3 in the fair value hierarchy.

Investment properties with a carrying value of RNil (2013 - R5 743 372) are pledged as security for mortgage bonds with Rand Merchant Bank Limited as set out in note 22.

No expenses have been incurred for repairs and maintenance on investment property

Rental income received in respect of investment property amounts to R544 584 (2013 - R665 867). Refer to note 26.

A register containing the information required by Regulation 25(3) of the Companies Regulations, 2011 is available for inspection at the registered office of the Company.

7. Property, plant and equipment

Group	2014 Cost	2014 Accumulated depreciation	2014 Carrying amount	2013 Cost	2013 Accumulated depreciation	2013 Carrying amount
Plant and machinery	**4 187 173**	**(2 918 086)**	**1 269 087**	5 968 177	(3 914 460)	2 053 717
Furniture and fixtures	**2 219 929**	**(2 086 263)**	**133 666**	3 817 314	(3 293 001)	524 313
Motor vehicles	**1 243 830**	**(975 849)**	**267 981**	1 792 737	(1 215 184)	577 553
Office equipment	**1 063 683**	**(682 211)**	**381 472**	1 077 133	(386 445)	690 688
IT equipment	**1 525 216**	**(965 836)**	**559 380**	2 021 992	(1 640 153)	381 839
Leasehold Improvements	**1 073 341**	**(1 073 327)**	**14**	1 632 941	(1 616 186)	16 755
Total	**11 313 172**	**(8 701 572)**	**2 611 600**	16 310 294	(12 065 429)	4 244 865

Reconciliation of property, plant and equipment - 2014	Opening Balance	Additions	Disposals	Depreciation	Closing carrying amount
Plant and machinery	**2 053 717**	**-**	**(20)**	**(784 610)**	**1 269 087**
Furniture and fixtures	**524 313**	**34 377**	**(21)**	**(425 003)**	**133 666**
Motor vehicles	**577 553**	**-**	**(4)**	**(309 568)**	**267 981**
Office equipment	**690 688**	**-**		**(309 215)**	**381 472**
IT equipment	**381 839**	**461 947**	**(66)**	**(284 340)**	**559 380**
Leasehold Improvements	**16 755**	**-**	**(5)**	**(16 736)**	**14**
	4 244 865	**496 324**	**(117)**	**(2 129 472)**	**2 611 600**

Reconciliation of property, plant and equipment - 2013	Opening Balance	Additions	Disposals	Depreciation	Closing carrying amount
Plant and machinery	759 613	2 084 847	-	(790 743)	2 053 717
Furniture and fixtures	1 108 463	48 994	-	(633 144)	524 313
Motor vehicles	734 887	190 263 5	-	(347 597)	577 553
Office equipment	770 319	216 947	-	(296 578)	690 688
IT equipment	238 447	322 936	-	(179 544)	381 839
Leasehold Improvements	265 973	-	-	(249 218)	16 755
	3 877 702	2 863 987	-	(2 496 824)	4 244 865

Property, plant and equipment subject to finance lease	2014	2013
Carrying value of assets pledged as security under finance lease obligations		
Plant and machinery	-	175 504
IT Equipment	-	-
Motor vehicles	-	159 397
Office equipment	**175 814**	483 489
	175 814	818 390

Refer to note 21 for details of finance lease obligations.

Property, plant and equipment with a carrying amount of R117 (Cost - R5 493 445, Accumulated depreciation - R5 493 328) (2013 - Rnil) has been disposed of in the current year.

Depreciation expense of R2 129 472 (2013 - R2 496 824) has been charged in 'administrative expenses' in the statement of comprehensive income.

A register containing the information required by Regulation 25(3) of the Companies Regulations, 2011 is available for inspection at the registered office of the Company.

8. Intangible assets

Group	2014 Cost	2014 Accumulated Amortisation/ Impairment	2014 Carrying amount	2013 Cost	2013 Accumulated Amortisation/ Impairment	2013 Carrying amount
Goodwill	**47 383 530**	**(14 713 978)**	**32 669 552**	47 383 530	(14 713 978)	32 669 552
Computer software	**586 414**	**(270 286)**	**316 128**	681 486	(542 935)	138 551
	47 969 944	**(14 984 264)**	**32 985 680**	48 065 016	(15 256 913)	32 808 103

Reconciliation of intangible assets - 2014	Opening Balance	Additions	Disposals	Amortisation	Carrying amount
Goodwill	**32 669 552**	**-**	**-**	**-**	**32 669 552**
Computer software	**138 551**	**412 135**	**(22)**	**(234 536)**	**316 128**
	32 808 103	**412 135**	**(22)**	**(234 536)**	**32 985 680**

Reconciliation of intangible assets - 2013	Opening Balance	Additions	Disposals	Amortisation	Carrying amount
Goodwill	32 669 552	-	-	-	32 669 552
Computer software	251 845	70 809	-	(184 103)	138 551
	32 921 397	70 809	-	(184 103)	32 808 103

Amortisation expenses of R234 536 (2013 - R184 103) has been included in 'administration expenses' in the statement of comprehensive income.

Computer software with a carrying amount of R22 (Cost - R507 207, Accumulated depreciation - R507 185) (2013 - Rnil) has been disposed of in the current year.

Impairment tests for goodwill	2014	2013
Goodwill is monitored at the operating segment level. The following is a summary of goodwill allocation for each operating segment:		
Professional services	**4 155 000**	4 155 000
Construction and land development	**28 514 552**	28 514 552
	32 669 552	32 669 552

The recoverable amounts of the Construction and land development and Professional Services Cash Generating Unit (CGU) have been determined based on value-in-use calculations. These calculations use real pre-tax cash flow projections based on financial budgets approved by management covering a five year period.

The key assumptions used for value-in-use calculations at 2014 are as follows:

	Construction and land development	Professional Services
Gross margin	17.67%	71.00%
Pre-tax Discount rate (real)	24.97%	26.27%

The key assumptions used for value-in-use calculations at 2013 are as follows:

	Construction and land development	Professional Services
Gross margin	17.67%	71.00%
Pre-tax discount rate (real)	24.97%	26.27%

Real cash flows were discounted at a real discount rate. No cash flows beyond the initial forecast period of five years were included in the value-in-use calculations.

The discount rates used are pre-tax and reflect specific risks relating to the relevant operating segments. Management determined budgeted gross margins based on past performance and its expectations of market development and availability of cash for the end user.

If the budgeted gross margin used in the value-in-use calculations had been lower by 5% (construction and land development) and 5% (professional services) than the management estimates, the Group would still not recognise an impairment of goodwill.

If the estimated pre tax discount rate applied to the discounted cashflows had been 5% (construction and land development) and 5% (professional services) higher than the management estimates, the Group would still not recognise an impairment of goodwill.

Impairment tests for goodwill are performed annually.

9. Investment in subsidiaries

Name of company	% Voting power 2014	% Voting power 2013	% Holding 2014	% Holding 2013	Carrying amount 2014	Carrying amount 2013
Calgro M3 Developments Ltd	**100.00**	100.00	**100.00**	100.00	**95 774 364**	95 774 364
Calgro M3 Land (Pty) Ltd	**100.00**	100.00	**100.00**	100.00	**2 998 350**	2 998 350
Calgro M3 Project Management (Pty) Ltd	**100.00**	100.00	**100.00**	100.00	**4 500 100**	4 500 100
					103 272 814	**103 272 814**
Indirect						
MS5 Pennyville (Pty) Ltd	**100.00**	100.00	**100.00**	100.00	**100**	100
MS5 Projects (Pty) Ltd	**100.00**	100.00	**100.00**	100.00	**100**	100
PZR Pennyville Zamamphilo Relocation (Pty) Ltd	**100.00**	100.00	**100.00**	100.00	**7 356 876**	7 356 876
CTE Consulting (Pty) Ltd	**100.00**	100.00	**100.00**	100.00	**4 500 100**	4 500 100
Hightrade-Invest 60 (Pty) Ltd	**100.00**	100.00	**100.00**	100.00	**100**	100
CM3 Witkoppen Ext 131 (Pty) Ltd	**100.00**	100.00	**100.00**	100.00	**100**	100
Tres Jolie Ext 24 (Pty) Ltd	**100.00**	100.00	**100.00**	100.00	**100**	100
Ridgewood Estate (Pty) Ltd	**100.00**	100.00	**100.00**	100.00	**100**	100
CM3 Randpark Ridge Ext 120 (Pty) Ltd	**100.00**	100.00	**100.00**	100.00	**100**	100
Business Venture Investment No 1244 (Pty) Ltd	**100.00**	100.00	**100.00**	100.00	**100**	100
Business Venture Investment No 1221 (Pty) Ltd	**100.00**	100.00	**100.00**	100.00	**100**	100
Calgro M3 Rectification Company (Pty) Ltd	**100.00**	100.00	**100.00**	100.00	**-**	-
Belhar Calgro M3 Development Company (Pty) Ltd*	**51.00**	51.00	**49.00**	49.00	**49**	49
					11 857 925	11 857 925

Note 9. Investment in subsidiaries (continued)

All subsidiaries are incorporated in South Africa. The year ends of all the direct and indirect subsidiaries are consistent with those of the Group.

Calgro M3 Rectification Company (Pty) Ltd has been incorporated under the new Companies Act 71 of 2008. The value of the shares are stated at no par value.

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

Refer to note 33 for shares ceded as security for borrowings.

Although the Group has a minority shareholding in Belhar Calgro M3 Development Company (Pty) Ltd, it does have control, as the board comprises equal number of representatives from both the minority and the Group though the Group has a casting vote. The investment is therefore accounted for as a subsidiary.

10. Investment in joint ventures

Group Name of company	% Voting power 2014	% Voting power 2013	% Holding 2014	% Holding 2013	Carrying amount 2014	Carrying amount 2013
Fleurhof Ext 2 (Pty) Ltd	**50.00**	50.00	**70.00**	70.00	**142 739 784**	74 349 249
Aquarella Investments 265 (Pty) Ltd	**50.00**	50.00	**14.00**	14.00	**14**	14
Clidet No 1014 (Pty) Ltd	**50.00**	50.00	**76.00**	76.00	**76**	76
Sabre Homes Projects (Pty) Ltd	**50.00**	50.00	**60.00**	60.00	**600**	600
Witpoortjie Calgro M3 Development Company (Pty) Ltd	**50.00**	50.00	**75.83**	75.83	**-**	-
					142 740 474	74 349 939

The place of business for all joint ventures is South Africa. All the year ends of joint ventures are consistent with those of the Group.

All joint ventures are accounted for by applying the equity method. For all contractual restrictions ie. priority payment plans, please refer to note 11.

Refer to note 3.1(c) for details on the financial guarantees relating to joint ventures.

All joint ventures are strategic and operational to the Group and are engaged in residential land development.

All joint ventures are private companies and there are no quoted market price available for their shares.

The carrying amounts of joint ventures are shown net of impairment losses.

Although the Group has majority shareholding in Fleurhof Ext 2 (Pty) Ltd, it does not have control as the board comprises an equal number of representatives from both the Group as well as the minority shareholder. Both parties have equal voting rights. The investment is therefore accounted for as an investment in joint ventures.

Although the Group has minority shareholding in Aquarella Investments 265 (Pty) Ltd, the majority shareholder does not have control as the board comprises an equal number of representatives from both the group as well as the majority shareholder. Both parties have equal voting rights. The investment is therefore accounted for as an investment in joint ventures.

Although the Group has majority shareholding in Clidet no 1014 (Pty) Ltd, it does not have control as the board comprises an equal number of representatives from both the Group as well as the minority shareholder. Both parties have equal voting rights. The investment is therefore accounted for as an investment in joint ventures.

Although the Group has majority shareholding in Sabre Homes Projects (Pty) Ltd, it does not have control as the board comprises an equal number of representatives from both the Group as well as the minority shareholder. Both parties have equal voting rights. The investment is therefore accounted for as an investment in joint ventures.

Although the Group has majority shareholding in Witpoortjie Calgro M3 Development Company (Pty) Ltd, it does not have control as the board comprises an equal number of representatives from both the Group as well as the minority shareholder. Both parties have equal voting rights. The investment is therefore accounted for as an investment in joint ventures.

Witpoortjie Calgro M3 Development Company (Pty) Ltd has been incorporated under the new Companies Act 71 of 2008. The value of the shares are stated at no par value.

Notes to the Consolidated Financial Statement continued

The summarised financial information of its joint ventures, all of which are unlisted, is as follows:

	Group		Company	
	2014	2013	2014	2013
Fleurhof Ext 2 (Pty) Ltd				
Summarised statement of financial position				
Assets				
Non-current assets	**-**	-	**-**	-
Current assets				
Cash and cash equivalents	**3 052 110**	13 492	**-**	-
Other current assets (excluding cash)	**512 662 645**	411 365 854	**-**	-
Total current assets	**515 714 755**	411 379 346	**-**	**-**
Total assets	**515 714 755**	411 379 346	**-**	-
Liabilities				
Non-current liabilities				
Financial liabilities	**-**	-	**-**	-
Other liabilities	**80 122 293**	43 533 805	**-**	-
Total non-current liabilities	**80 122 293**	43 533 805	**-**	**-**
Current liabilities				
Financial liabilities (excluding trade payables)	**35 691 419**	181 706 912	**-**	-
Other liabilities (including trade payables)	**191 026 299**	71 341 567	**-**	-
Total current liabilities	**226 717 718**	253 048 479	**-**	-
Total liabilities	**306 840 011**	296 582 284	**-**	-
Net assets	**208 874 744**	114 797 062	**-**	**-**
Summarised statement of comprehensive income				
Revenue	**556 974 152**	294 379 158	**-**	-
Finance income	**984 481**	372 700	**-**	-
Finance cost	**(20 897)**	(7 454)	**-**	-
Profit before tax	**130 666 170**	58 961 212	**-**	-
Income tax expense	**(36 588 488)**	(16 513 970)	**-**	-
Profit after tax	**94 077 682**	42 447 242	**-**	-

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of its interest in the joint venture

	Group 2014	Group 2013	Company 2014	Company 2013
Summarised financial information				
Opening net assets at 1 March	**114 797 062**	72 349 820	**-**	-
Profit after tax	**94 077 682**	42 447 242	**-**	-
Closing net assets	**208 874 744**	114 797 062	**-**	**-**
Interest in joint venture at 70%	**146 236 568**	80 075 112	**-**	-
Carrying value	**146 236 568**	80 075 112	**-**	**-**
Unrealised profits eliminated	**(3 496 784)**	(5 725 863)	**-**	-
Net carrying value	**142 739 784**	74 349 249	**-**	**-**
Reconciliation of investment in joint venture				
At 1 March	**74 349 249**	44 943 257	**-**	-
Share of profit	**66 161 456**	29 405 991	**-**	**-**
Unrealised profits recognised	**2 229 079**	-	**-**	-
Net carrying value	**142 739 784**	74 349 249	**-**	**-**

Note 10 Investment in joint ventures (continued)

	Group		Company	
	2014	2013	2014	2013
Aquarella Investments 265 (Pty) Ltd				
Summarised statement of financial position				
Assets				
Non-current assets	-	-	-	-
Current assets				
Cash and cash equivalents	201	1 149 112	-	-
Other current assets (excluding cash)	194 556 638	329 883 934	-	-
Total current assets	194 556 839	331 033 046	-	-
Total assets	194 556 839	331 033 046	-	-
Liabilities				
Non-Current liabilities				
Financial liabilities	-	-	-	-
Other liabilities	3 490 482	4 285 326	-	-
Total non-current liabilities	3 490 482	4 285 326	-	-
Current liabilities				
Financial liabilities (excluding trade payables)	140 522 837	266 739 269	-	-
Other liabilities (including trade payables)	41 635 189	49 051 732	-	-
Total current liabilities	182 158 026	315 791 001	-	-
Total liabilities	185 648 508	320 076 327	-	-
Net assets	8 908 331	10 956 719	-	-
Summarised statement of comprehensive income				
Revenue	73 714 439	169 171 271	-	-
Finance income	13 290	-	-	-
Finance cost	(763)	-	-	-
(Loss)/profit before tax	(2 843 234)	10 544 573	-	-
Income tax expense	794 846	(2 956 471)	-	-
(Loss)/profit after tax	(2 048 388)	7 588 102	-	-

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of its interest in the joint venture.

Summarised financial information				
Opening net assets at 1 March	10 956 719	3 368 617	-	-
(Loss)/profit after tax	(2 048 388)	7 588 102	-	-
Closing net assets	8 908 331	10 956 719	-	-
Limitation due to contractual preferential right to profits in favour of the Joint Venture partner	(8 908 331)	(10 956 719)	-	-
Interest in joint venture at 14%	14	14	-	-
Carrying value	14	14	-	-

No share of profits or losses in Aquarella Investments 265 (Pty) Ltd has been accounted for in the Statement of Comprehensive Income in the current year. In terms of the shareholders agreements the other shareholders of this joint venture has a preferential right to a share of the profits before any distributions may be made to the Group.

The Group will commence accounting for its share of profits once the other shareholders preferred rights have been met.

	Group 2014	Group 2013	Company 2014	Company 2013
Clidet No 1014 (Pty) Ltd				
Summarised statement of financial position				
Assets				
Non-current assets	**16 365**	-	**-**	-
Current assets				
Cash and cash equivalents	**16**	3 167 770	**-**	-
Other current assets (excluding cash)	**51 082 956**	42 951 265	**-**	-
Total current assets	**51 082 972**	46 119 035	**-**	-
Total Assets	**51 099 337**	46 119 035	**-**	-
Liabilities				
Non-current liabilities				
Financial liabilities	**-**	-	**-**	-
Other liabilities	**-**	-	**-**	-
Total non-current liabilities	**-**	-	**-**	-
Current liabilities				
Financial liabilities (excluding trade payables)	**50 861 577**	46 118 935	**-**	-
Other liabilities (including trade payables)	**279 742**	-	**-**	-
Total current liabilities	**51 141 319**	46 118 935	**-**	-
Total liabilities	**51 141 319**	46 118 935	**-**	-
Net assets	**(41 982)**	100	**-**	-
Summarised statement of comprehensive income				
Revenue	**-**	-	**-**	-
Finance income	**2 752**	-	**-**	-
Finance cost	**-**	-	**-**	-
Loss before tax	**(58 447)**	-	**-**	-
Income tax expense	**16 365**	-	**-**	-
Loss after tax	**(42 082)**	-	**-**	-

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of its interest in the joint venture.

Summarised financial information				
Opening net assets at 1 March	**100**	100	**-**	-
Loss after tax	**(42 082)**	-	**-**	-
Closing net assets	**(41 982)**	100	**-**	-
Limitation due to contractual preferential right to profits in favour of the joint venture partner	**41 982**	(100)	**-**	-
Interest in joint venture at 76%	**76**	76	**-**	-
Carrying value	**76**	76	**-**	-

No share of profits or losses in Clidet No 1014 (Pty) Ltd has been accounted for in the Statement of Comprehensive Income in the current year. In terms of the shareholders agreements the other shareholders of this joint venture has a preferential right to a share of the profits before any distributions may be made to the Group.

The Group will commence accounting for its share of profits once the other shareholders preferred rights have been met.

Note 10 Investment in joint ventures (continued)

	Group 2014	Group 2013	Company 2014	Company 2013
Sabre Homes Projects (Pty) Ltd				
Summarised statement of financial position				
Assets				
Non-current assets	**2 797 923**	5 604 606	**-**	-
Current assets				
Cash and cash equivalents	**2 345 706**	213 245	**-**	-
Other current assets (excluding cash)	**2 826 616**	43 477 292	**-**	-
Total current assets	**5 172 322**	43 690 537	**-**	-
Total assets	**7 970 245**	49 295 143	**-**	-
Liabilities				
Non-current liabilities				
Financial liabilities	**-**	-	**-**	-
Other liabilities	**-**	-	**-**	-
Total non-current liabilities	**-**	-	**-**	-
Current liabilities				
Financial liabilities (excluding trade payables)	**3 560 658**	46 519 018	**-**	-
Other liabilities (including trade payables)	**8 078 589**	13 662 313	**-**	-
Total current liabilities	**11 639 247**	60 181 331	**-**	-
Total liabilities	**11 639 247**	60 181 331	**-**	-
Net assets	**(3 669 002)**	(10 886 188)	**-**	-
Summarised statement of comprehensive income				
Revenue	**53 923 291**	132 510 270	**-**	-
Finance income	**69 372**	188 192	**-**	-
Finance cost	**(1 585 162)**	(5 923 804)	**-**	-
Profit/(loss) before tax	**10 023 868**	(12 954 052)	**-**	-
Income tax expense	**(2 806 683)**	3 944 850	**-**	-
Profit/(loss) after tax	**7 217 185**	(9 009 202)	**-**	-

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of its interest in the joint venture.

	Group 2014	Group 2013	Company 2014	Company 2013
Summarised financial information				
Opening net assets at 1 March	**(10 886 188)**	(1 876 986)	**-**	-
Profit/(loss) after tax	**7 217 185**	(9 009 202)	**-**	-
Closing net assets	**(3 669 003)**	(10 886 188)	**-**	-
Limitation due to contractual preferential right to profits in favour of the joint venture partner	**3 669 003**	10 886 188	**-**	-
Interest in joint venture at 60%	**600**	600	**-**	-
Carrying value	**600**	600	**-**	-

No share of profits or losses in Sabre Homes Projects (Pty) Ltd has been accounted for in the Statement of Comprehensive Income in the current year. In terms of the shareholders agreements the other shareholders of this joint venture has a preferential right to a share of the profits before any distributions may be made to the Group.

The Group will commence accounting for its share of profits once the other shareholders preferred rights have been met.

	Group 2014	Group 2013	Company 2014	Company 2013
Witpoortjie Calgro M3 Development Company (Pty) Ltd				
Summarised statement of financial position				
Assets				
Non-current assets	**-**	-	**-**	-
Current assets				
Cash and cash equivalents	**2 413 665**	-	**-**	-
Other current assets (excluding cash)	**65 332 652**	300 000	**-**	-
Total current assets	**67 746 317**	300 000	**-**	-
Total assets	**67 746 317**	300 000	**-**	-
Liabilities				
Non-current liabilities				
Financial liabilities	**-**	-	**-**	-
Other liabilities	**-**	-	**-**	-
Total non-current liabilities	**-**	-	**-**	-
Current liabilities				
Financial liabilities (excluding trade payables)	**17 793 098**	300 000	**-**	-
Other liabilities (including trade payables)	**49 953 219**	-	**-**	-
Total current liabilities	**67 746 317**	300 000	**-**	-
Total liabilities	**67 746 317**	300 000	**-**	-
Net assets	**-**	**-**	**-**	**-**
Summarised statement of comprehensive income				
Revenue	**-**	-	**-**	-
Finance income	**-**	-	**-**	-
Finance cost	**-**	-	**-**	-
(Loss)/profit before tax	**-**	-	**-**	-
Income tax expense	**-**	-	**-**	-
(Loss)/profit after tax	**-**	-	**-**	-

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of its interest in the joint venture

	Group 2014	Group 2013	Company 2014	Company 2013
Summarised financial information				
Opening net assets at 1 March	**-**	-	**-**	-
Profit/(loss) after tax	**-**	-	**-**	-
Closing net assets	**-**	**-**	**-**	**-**
Limitation due to contractual preferential right to profits in favour of the joint venture partner	**-**	-	**-**	-
Interest in joint venture at 75.83%	**-**	-	**-**	-
Carrying value	**-**	**-**	**-**	**-**

No share of profits or losses in Witpoortjie Calgro M3 Development Company (Pty) Ltd has been accounted for in the Statement of Comprehensive Income in the current year. In terms of the shareholders agreements the other shareholders of this joint venture has a preferential right to a share of the profits before any distributions may be made to the Group.

The Group will commence accounting for its share of profits once the other shareholders preferred rights have been met.

11. Loans to joint ventures

	Group		Company	
	2014	2013	2014	2013
Fleurhof Ext 2 (Pty) Ltd	**15 028 438**	3 643 816	**-**	-
The loan is unsecured bears interest at prime plus 2 % and is repayable in terms of a priority payment policy as per the shareholders agreement with an expected repayment date of 30 April 2014.				
Clidet No 1014 (Pty) Ltd	**20 789 894**	18 556 055	**-**	-
The loan is unsecured bears interest at prime plus 2 % and is repayable in terms of a priority payment policy as per the shareholders agreement with an expected repayment date of 28 February 2015.				
Loans to joint ventures	**35 818 332**	22 199 871	**-**	**-**
Non-current assets	**-**	22 199 871	**-**	**-**
Current assets	**35 818 332**	-	**-**	**-**
Total assets	**35 818 332**	22 199 871	**-**	**-**
Reconciliation of loans to joint ventures				
Principle loan amount	**37 429 908**	23 811 446	**-**	-
Unrealised profits eliminated	**(1 611 576)**	(1 611 575)	**-**	-
	35 818 332	22 199 871	**-**	**-**

The carrying value of loans to joint ventures approximates their fair values, due to the short term nature of these financial instruments. The fair value is classified as level 3 in the fair value hierarchy.

12. Deferred income tax assets/(liabilities)

	Group		Company	
	2014	2013	2014	2013
Reconciliation of deferred tax (liability)/asset				
Opening balance	**(12 955 671)**	(6 426 288)	**-**	-
Accelerated capital allowances for tax purposes	**(8 150)**	(829)	**-**	-
Construction contracts	**(6 646 309)**	(8 061 175)	**-**	-
Inventories	**(3 548 881)**	422 902	**-**	-
Unrealised profits - joint ventures	**(624 142)**	-	**-**	-
Tax losses available for set off against future taxable income	**4 636 602**	568 716	**-**	-
Accruals	**-**	-	**-**	-
Operating leases	**-**	-	**-**	-
Provisions	**-**	-	**-**	-
Work in progress	**657 742**	541 003	**-**	-
	(18 488 809)	(12 955 671)	**-**	**-**

	Group 2014	Group 2013	Company 2014	Company 2013
Deferred tax liabilities				
Construction contracts	(33 036 481)	(26 023 658)	-	-
Capital allowances	(183 211)	(175 061)	-	-
Inventories	(4 721 535)	(820 328)	-	-
Operating leases	81 466	81 466	-	-
Provisions	135 580	135 580	-	-
Work in progress	596 346	(61 396)	-	-
Deferred tax liabilities	**(37 127 835)**	(26 863 397)	-	-
Deferred tax assets				
Construction contracts	656 343	289 829	-	-
Accruals	27 008	27 008	-	-
Inventories	9 924 375	9 572 049	-	-
Unrealised profits - joint ventures	1 656 137	2 280 279	-	-
Tax losses available for set off against future taxable income	6 375 163	1 738 561	-	-
Deferred tax assets	**18 639 026**	13 907 726	**-**	**-**
	(18 488 809)	(12 955 671)	**-**	**-**
Deferred tax liabilities				
Deferred tax liabilities to be recovered within 12 months	(32 223 089)	(25 868 008)	-	-
Deferred tax liabilities to be recovered after more than 12 months	(4 904 746)	(995 389)	-	-
	(37 127 835)	(26 863 397)	**-**	**-**
Deferred tax assets				
Deferred tax assets to be recovered within 12 months	7 058 514	2 055 398	-	-
Deferred tax assets to be recovered after more than 12 months	11 580 512	11 852 328	-	-
	18 639 026	13 907 726	**-**	**-**

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable.

The Group did not recognise deferred income tax assets of R61 367 (2013: R972 634) in respect of losses amounting to R219 168 (2013: R3 473 693) that can be carried forward against future taxable income. These tax losses occurred in a subsidiary of the Group in areas in which the prevailing market conditions have been adversely affected to the extent that the recoverability of the deferred tax assets are under question.

13. Loan receivable

	Group 2014	Group 2013	Company 2014	Company 2013
Autumn Star Trading 910 (Pty) Ltd	**5 756 677**	5 756 677	**-**	-
The loan is unsecured and is interest free.				
Current assets	**5 756 677**	5 756 677	**-**	**-**

The Autumn Star Trading 910 (Pty) Ltd loan is subject to litigation.

Management estimates that this claim will be settled prior to or by the courts in July 2014 and have therefore classified it as current. Judgement has been granted in Calgro's favor, but the defendant has appealed the decision. The appeal is expected to be finalised by the end of July 2014.

The carrying value of the loan receivable approximates its fair values, due to the short term nature of this financial instruments. The fair value is classified as level 3 in the fair value hierarchy.

14. Loans to/(from) Group companies

	Group 2014	Group 2013	Company 2014	Company 2013
Subsidiaries				
Calgro M3 Developments Ltd The loan is unsecured bears interest at prime plus 3% and is repayable on demand.	**-**	-	**(424 620 695)**	(279 855 255)
CTE Consulting (Pty) Ltd The loan is unsecured bears interest at prime plus 3% and is repayable on demand.	**-**	-	**(9 240 701)**	(11 097 189)
Calgro M3 Land (Pty) Ltd The loan is unsecured bears interest at prime plus 3% and is repayable on demand.	**-**	-	**424 635 514**	293 135 863
Loans to Group companies	**-**	**-**	**424 635 514**	293 135 863
Loans from Group companies	**-**	**-**	**(433 861 396)**	(290 952 444)
	-	**-**	**(9 225 882)**	2 183 419

The carrying value of loans to/(from) Group companies approximates their fair values, due to the short term nature of these financial instruments. The fair value is classified as level 3 in the fair value hierarchy.

15. Inventories

	Group 2014	Group 2013	Company 2014	Company 2013
Land under development held for sale	**385 826 228**	264 579 692	**-**	-
	385 826 228	264 579 692	**-**	-
Inventories to be sold within 12 months	**86 937 456**	36 030 426		
Inventories to be sold after more than 12 months	**298 888 772**	228 549 266		
	385 826 228	264 579 692	**-**	-

Borrowing costs to the value of R25 094 030 (2013 - R13 940 391) have been capitalised. (Note 2.12 and 29).

Please refer to note 27 for inventories (written up) written down.

Inventory pledged as security

No land under development is currently pledged as security for mortgage bonds as the loans were settled during the 2014 financial year. (2013: land under development with a carrying amount of R256 988 193 was pledged as security for mortgage bonds as set out in note 22).

Inventories to the value of R8 392 487 (2013 - R35 406 770) are stated at net realisable value.

Write-off of Inventories to the value of R2 171 974 (2013 Rnil), has been reversed in the current year due to the net realisable value exceeding the original cost.

16. Construction contracts

	Group		Company	
	2014	2013	2014	2013
The aggregate costs incurred and recognised profits to date	**1 531 885 541**	1 117 366 673	**-**	-
Less: Progress billings	**(1 352 398 792)**	(989 938 809)	**-**	-
Net statement of financial position balance for ongoing contracts	**179 486 749**	127 427 864	**-**	-
Excess billings over work done classified under trade and other payables	**-**	11 822 860	**-**	-
Statement of financial position balance for ongoing contracts	**179 486 749**	139 250 724	**-**	-
Construction contracts to be realised within 12 months	**161 554 366**	118 454 487	**-**	-
Construction contracts to be realised after 12 months	**17 932 383**	20 796 237	**-**	-
	179 486 749	139 250 724	**-**	-

Borrowing costs to the value of R2 506 529 (2013 - R563 562) have been capitalised. (Note 2.12 and 29)

17. Work in progress

The aggregate costs incurred and recognised profits to date	**4 401 965**	2 232 050	**-**	-
Less: Progress billings	**-**	-	**-**	-
Net statement of financial position balance for ongoing work in progress	**4 401 965**	2 232 050	**-**	-

Work in progress relates to service revenue. (refer to note 2.17 (b))

18. Trade and other receivables

		Group		Company
	2014	2013	2014	2013
Trade receivables	**6 766 510**	2 636 323	**16 250**	-
Trade receivables - Related parties	**190 478 844**	31 277 426	**-**	-
Retention debtors - Related parties	**9 017 395**	3 989 900	**-**	-
Prepayments	**2 500 872**	2 494 952	**-**	-
Other receivables	**14 400**	1 338 250	**-**	-
Securing deposits	**124 206**	100 784	**-**	-
Value added tax	**11 142 804**	3 501 693	**-**	-
	220 045 031	45 339 328	**16 250**	-
Financial Instruments	**206 407 275**	39 342 683	**16 250**	-
Non-financial Instruments	**13 637 756**	5 996 645	**-**	-
	220 045 031	45 339 328	**16 250**	-

Fair value of trade and other receivables

The carrying value of trade and other receivables approximates their fair values, due to the short-term nature of these financial instruments. The fair value is classified as level 3 in the fair value hierarchy.

Note 18 Trade and other receivables (continued)

	Group 2014	Group 2013	Company 2014	Company 2013

Trade receivables and retention debtors fully performing

At 28 February 2014, trade receivables of R169 831 755 (2013: R33 954 069) were fully performing.

Trade receivables past due but not impaired

As at 28 February 2014, trade receivables of R36 430 994 (2013: R3 949 580) were past due but not impaired. These related to a number of customers for whom there is no recent history of default. All amounts relate to trade receivables and trade receivables - related parties.

The ageing of amounts past due but not impaired is as follows:

	Group 2014	Group 2013	Company 2014	Company 2013
30 to 60 days	**660 295**	3 158 737	**-**	-
60 days and older	**35 770 699**	790 843	**-**	-
	36 430 994	3 949 580	**-**	-

Trade receivables impaired

At 28 February 2014, trade receivables of R606 075 (February 2013 - R1 724 686) were written off as bad debt.

The other classes within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk for these instruments at the reporting date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security.

The carrying amounts of the Group's trade and other receivables are denominated in SA Rands.

19. Cash and cash equivalents

Cash and cash equivalents include the following for the purposes of the statement of cashflows

	Group 2014	Group 2013	Company 2014	Company 2013
Cash on hand	**3 088**	1 855	**330**	330
Bank balances	**62 889 495**	198 341 103	**12 971 519**	535 123
	62 892 583	198 342 958	**12 971 849**	535 453
Current assets	**62 892 583**	198 342 958	**12 971 849**	535 453
	62 892 583	198 342 958	**12 971 849**	535 453

Guarantees and suretyships

The bank has provided guarantees for a deposit on the lease of 33 Ballyclare Drive, Bryanston to the value of R704 809 (2013 - R675 256).

20. Stated capital

	Group 2014	Group 2013	Company 2014	Company 2013
Authorised				
500 000 000 ordinary no par value	**-**	-	**-**	-
Issued				
127 100 000 ordinary no par value shares	**96 021 721**	96 021 721	**96 021 721**	96 021 721
	96 021 721	96 021 721	**96 021 721**	96 021 721

All issued shares are fully paid.

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.

21. Finance lease obligations

	Group 2014	Group 2013	Company 2014	Company 2013
Minimum lease payments due				
- within one year	**223 129**	545 317	**-**	-
- in second to fifth year inclusive	**-**	223 128	**-**	-
Less: future finance charges	**(7 683)**	(41 975)	**-**	-
Present value of minimum lease payments	**215 446**	726 470	**-**	-
Present value of minimum lease payments due				
- within one year	**215 446**	511 024	**-**	-
- in second to fifth year inclusive	**-**	215 446	**-**	-
	215 446	726 470	**-**	-
Non-current liabilities	**-**	215 446	**-**	-
Current liabilities	**215 446**	511 024	**-**	-
	215 446	726 470	**-**	-

It is Group policy to lease certain plant and machinery, IT equipment and motor vehicles under finance leases.

The average lease term is 3 -5 years and the average effective borrowing rate is prime.

Refer to note 7 for the carrying value of assets under finance lease.

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

22. Borrowings

	Group 2014	Group 2013	Company 2014	Company 2013
Current borrowings				
Rand Merchant Bank Limited The loan was secured over land under development included in inventory and investment properties, bore interest at prime and has been repaid	**-**	78 889 542	**-**	-
Bond exchange	**470 929 440**	221 000 000	**-**	-
Floating rate note - CGR 7 36 months instrument, which is unsecured, bears interest at jibar plus 8.00% and expires on 22 July 2014.	**22 500 000**	22 500 000	**-**	-
Floating rate note - CGR 8 48 month instrument, which is unsecured, bears interest at jibar plus 10.00% and expires on 22 July 2015.	**22 500 000**	22 500 000	**-**	-
Floating rate note - CGR 10 60 month instrument, which is unsecured, bears interest at jibar plus 5.30%, and expires on 8 December 2016	**50 000 000**	50 000 000	**-**	-
Fixed rate note - CGR 11 48 month instrument, which is unsecured, bears interest at fixed rate of 12,05% and expires on 28 March 2016	**56 000 000**	56 000 000	**-**	-

Note 22 Borrowings (continued)

	Group 2014	Group 2013	Company 2014	Company 2013
Floating rate note - CGR 12 24 months instrument, which is unsecured, bears interest at jibar plus 3.20% and expires on 14 November 2014	**70 000 000**	70 000 000	**-**	-
Floating rate note - CGR 13 36 months instrument, which is unsecured, bears interest at jibar plus 4.50% and expires on 27 June 2016	**222 000 000**	-	**-**	-
Floating rate note - CGR 14 48 month instrument, which is unsecured, bears interest at jibar plus 4.75% and expires on 13 Feb 2018.	**30 000 000**	-	**-**	-
Transaction cost amortisation The costs are amortised over the life of the facilities. It is expected that these costs will be fully amortised when the facilities are settled.	**(2 070 560)**	-	**-**	-
Total current borrowings	**470 929 440**	299 889 542	**-**	-
Total borrowings	**470 929 440**	299 889 542	**-**	-
Current liabilities				
Financial instruments	**470 929 440**	299 889 542	**-**	-
	470 929 440	299 889 542	**-**	**-**
Borrowings to be settled within 12 months	**92 500 000**	78 889 542	**-**	-
Borrowings to be settled after more than 12 months	**378 429 440**	221 000 000	**-**	-
	470 929 440	299 889 542	**-**	**-**

Group securities

Rand Merchant Bank Limited

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

Rand Merchant Bank Limited

The loan was repaid during the year and was secured by a first mortgage bond over various properties classified as inventories and investment properties limited to the outstanding balance of the loan (February 2013: R78 889 542).

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

General

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

All borrowings are denominated in South Africa Rands.

The fair value of the borrowings approximates their carrying value, with the exception of the Bond exchange borrowing.

The fair value of the bond exchange borrowings at the end of the period under review is R481 710 185 (2013 - R229 681 867). The fair value is based on cash-flows discounted using a rate for similar instruments on the reporting period date. The fair value is classified as level 2 in the fair value hierarchy.

23. Trade and other payables

	Group		Company	
	2014	2013	2014	2013
Trade payables	**97 637 398**	113 631 785	**368 933**	69 263
Retention creditors	**12 187 538**	3 921 270	**-**	-
Accrued expenses	**20 552 120**	14 344 131	**921 438**	469 219
Share appreciation rights liabilities	**18 669 993**	6 144 223	**-**	-
Value added tax	**3 800 660**	2 748 323	**14 479**	191 120
Accrual for leave pay	**515 424**	510 321	**-**	-
Deposits received	**33 000**	33 000	**-**	-
Income received in advance	**2 660 853**	-	**-**	-
Excess billings over work done	**-**	11 822 860	**-**	-
	156 056 986	153 155 913	**1 304 850**	729 602
Financial instruments	**130 410 056**	131 930 186	**1 290 371**	538 482
Non-financial instruments	**25 646 930**	21 225 727	**14 479**	191 120
	156 056 986	153 155 913	**1 304 850**	729 602

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, due to the short term nature of these financial instruments. The fair value is classified as level 3 in the fair value heirarchy.

24. Revenue

Sale of developed land	**7 440 362**	2 697 579	**-**	-
Rendering of services	**23 159 910**	29 770 964	**-**	-
Construction contracts	**754 342 717**	765 925 509	**-**	-
	784 942 989	798 394 052	**-**	-

25. Cost of sales

Sale of developed land				
Development of land	**10 024 822**	3 871 175	**-**	-
Rendering of services				
Townplanning and architecture	**8 376 171**	8 494 860	**-**	-
Construction contracts				
Construction costs	**653 552 592**	638 069 487	**-**	-
	671 953 585	650 435 522	**-**	-

26. Other income

Bond commissions	**671 335**	261 933	**-**	-
Management fees	**-**	-	**2 900 000**	2 740 000
Insurance refunds	**175 120**	-	**-**	-
Rental income	**544 584**	665 867	**-**	-
SETA refunds and other income	**401 485**	336 731	**-**	-
	1 792 524	1 264 531	**2 900 000**	2 740 000

Rental income received relates to investment properties as stated in note 6.

27. Expense by nature

	Group		Company	
	2014	2013	2014	2013
Advertising	2 085 609	1 732 537	21 753	46 150
Auditor's remuneration	1 767 770	1 635 223	120 000	114 629
Bad debts	606 075	1 724 686	-	-
Computer expenses	1 716 892	1 242 740	-	-
Net construction costs	653 552 592	638 069 488	-	-
Construction costs	693 788 617	680 038 056	-	-
Movement in construction contracts	(40 236 025)	(41 968 568)	-	-
Depreciation on property, plant and equipment and amortisation on computer software	2 364 008	2 680 927	-	-
Directors fees - non executive	1 349 000	1 144 000	1 349 000	1 144 000
Disposal of assets	139	-	-	-
Donations	22 751	22 455	-	-
Fines, penalties and interest	24 040	427 645	-	-
Insurance	554 803	1 089 679	-	-
Net land development costs	10 024 822	3 871 175	-	-
Land development costs	131 271 358	19 145 665	-	-
Movement in inventory	(121 246 536)	(15 274 490)	-	-
Town planning and architecture	8 376 171	8 494 860	-	-
Lease rentals on operating leases	4 456 338	4 310 742	-	-
Legal fees	1 632 568	612 833	8 330	-
Motor vehicle expenses	1 265 997	1 017 582	-	-
Printing and stationery	583 981	636 154	-	1 125
Professional fees	68 499	735 530	176 468	229 700
Salaries and wages	22 818 663	22 876 363	-	-
Share appreciation rights expense	12 525 770	6 144 223	-	-
Sundry expenses	3 551 984	5 536 123	622 240	599 301
Telephone and fax	983 224	1 133 481	-	-
Write-down of construction contracts	5 725 157	-	-	-
(Write-up)/write-down of inventory	(2 171 974)	5 146 384	-	-
Total cost of sales, administration expenses and other expenses	**733 884 879**	710 284 830	**2 297 791**	2 134 905

28. Finance income

	Group 2014	Group 2013	Company 2014	Company 2013
Interest revenue				
Bank	**2 003 517**	2 046 643	**9 153**	16 352
Related parties	**7 832 852**	6 408 841	**43 835 908**	34 569 451
	9 836 369	8 455 484	**43 845 061**	34 585 803

29. Finance costs

	Group 2014	Group 2013	Company 2014	Company 2013
Bank	**183 392**	42 735	**184 435**	24 548
Trade payables	**105**	16	**-**	-
Related parties	**-**	-	**43 629 149**	34 533 672
Interest bearing borrowings	**41 045 860**	24 456 154	**-**	-
Finance cost	**41 234 357**	24 498 905	**43 813 584**	34 558 220
Less: amounts capitalised on qualifying assets (inventory)	**(25 094 030)**	(13 940 391)	**-**	-
Less: amounts capitalised on qualifying assets (construction contracts)	**(2 506 529)**	(563 562)	**-**	-
	13 633 798	9 994 952	**43 813 584**	34 558 220

30. Taxation

	Group 2014	Group 2013	Company 2014	Company 2013
Major components of the income tax expense				
Current				
Local income tax - current period	**3 658 248**	19 407 356	**257 865**	207 941
Local income tax - recognised in current tax for prior periods	**327 958**	-	**-**	-
	3 986 206	19 407 356	**257 865**	207 941
Deferred				
Current year	**9 144 187**	6 529 383	**-**	-
Under provision for prior year	**(3 611 051)**	-	**-**	-
	5 533 136	6 529 383	**-**	-
	9 519 342	25 936 739	**257 865**	207 941
Reconciliation of the income tax expense				
Applicable tax rate	**28.00%**	28.00%	**28.00%**	28.00%
Disallowable charges	**0.26%**	1.71%	**12.69%**	4.87%
Share of profit/(loss) of joint ventures - Nett of tax	**(16.08)%**	(7.02)%	**-%**	-%
Tax losses for which no deferred income tax asset was recognised	**(0.60)%**	0.57%	**-%**	-%
Tax losses previously unrecognised	**0.01%**	-%	**-%**	-%
Under provision for deferred tax prior year	**(1.49)%**	-%	**-%**	-%
Effective tax rate	**8.26%**	23.26%	**40.69%**	32.87%

The estimated tax loss for the Group available for set off against future taxable income is R31 690 446 (February 2013: R7 333 800).

31. Cash (utilised in)/generated from operations

	Group		Company	
	2014	2013	2014	2013
Profit before taxation	**115 214 661**	117 240 277	**633 686**	632 678
Adjustments for:				
Bad debts	**606 075**	1 724 686	**-**	-
Depreciation	**2 129 472**	2 496 824	**-**	-
Disposal of property, plant and equipment and computer software	**139**	-	**-**	-
Unrealised profits recognised in revenue	**(2 229 078)**	-	**-**	-
Write-down of construction contracts	**5 725 157**	-	**-**	-
(Write-up)/Write-down on inventory	**(2 171 974)**	5 146 385	**-**	-
Finance income	**(9 836 369)**	(8 455 484)	**(43 845 061)**	(34 585 803)
Finance cost	**13 633 798**	9 994 952	**43 813 584**	34 558 220
Amortisation of intangible assets	**234 536**	184 103	**-**	-
Share of profit of joint venture - Net of tax	**(66 161 456)**	(29 405 992)	**-**	-
Reversal of construction profits from joint ventures	**-**	(806 414)	**-**	-
Changes in working capital:				
Inventories	**(105 430 846)**	(6 585 986)	**-**	-
Trade and other receivables	**(165 915 244)**	(27 002 885)	**(16 250)**	-
Construction contracts	**(32 004 339)**	(52 985 014)	**-**	-
Work in progress	**(2 169 915)**	(177 696)	**-**	-
Trade and other payables	**(4 379 576)**	38 118 467	**575 248**	607 403
Loans to/(from) Group companies	**-**	-	**11 616 059**	(6 781 678)
	(252 754 959)	49 486 223	**12 777 266**	(5 569 180)

32. Tax paid

Balance at beginning of the year	**(762 437)**	2 091 018	**103 101**	11 229
Current tax for the year	**(3 986 206)**	(19 407 356)	**(257 865)**	(207 941)
Balance at end of the year	**(434 855)**	762 437	**(10 825)**	(103 101)
	(5 183 498)	(16 553 902)	**(165 589)**	(299 813)

33. Commitments

Operating leases – as lessor (income)				
Minimum lease payments due				
- within one year	**233 600**	327 000	**-**	-
- in second to fifth year inclusive	**-**	72 000	**-**	-
	233 600	399 000	**-**	-
Operating leases – as lessee (expense)				
Minimum lease payments due				
- within one year	**3 369 155**	2 976 643	**-**	-
- in second to fifth year inclusive	**9 371 439**	11 058 428	**-**	-
	12 740 594	14 035 071	**-**	-

Operating lease payments represent rentals payable by the Group for all of its office properties. Leases are negotiated for an average term of five years and rentals are fixed for an average of one year. No contingent rent is payable.

Group

Financial guarantees

Nedbank Limited - Witpoortjie Calgro M3 Development Company (Pty) Ltd

The group has bound itself in favour of the bank as surety and co-principal debtor jointly and severally with Witpoortjie Calgro M3 Development Company (Pty) Ltd's obligations to Nedbank Limited. The carrying value of the loan is R18 271 282.

Rand Merchant Bank Limited

The group's shareholding in Clidet No 1014 (Pty) Ltd is provided as security for the Rand Merchant Bank Limited Loan in Clidet No 1014 (Pty) Ltd. The carrying value of the loan is R5 788 116.

First National Bank - Fleurhof Ext 2 (Pty) Ltd - Settled in the 2014 financial year

The group bound itself in the 2013 financial year 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 group's shareholding in Fleurhof Ext 2 (Pty) Ltd was provided in 2013 financial year as security for this loan in Fleurhof Ext 2 (Pty) Ltd

Nedbank Limited - Sabre Homes Projects (Pty) Ltd - Settled in the 2014 financial year

The group bound itself in 2013 financial year in favour of the bank as surety and co-principal debtor jointly and severally with Sabre Homes Projects (Pty) Ltd's obligations to Nedbank Limited.

The Standard Bank of South Africa Limited - Aquarella Investments 265 (Pty) Ltd- Settled in the 2014 financial year

A joint and several deed of suretyship for the obligation and indebtedness of Aquarella Investments 265 (Pty) Ltd was provided to the bank.

The group's shareholding in Aquarella Investments 265 (Pty) Ltd was provided as security in the 2013 financial year for this loan in Aquarella Investments 265 (Pty) Ltd.

Refer to note 3.1(c) for details on the financial guarantees relating to the group. There are no contingent liabilities relating to the group's interest in the joint venture.

Company

Financial guarantees

Rand Merchant Bank Limited

The company's shareholding in Clidet No 1014 (Pty) Ltd is provided as security for the Rand Merchant Bank Limited Loan in Clidet No 1014 (Pty) Ltd. The carrying value of the loan is R5 788 116.

The Standard Bank of South Africa Limited - Aquarella Investments 265 (Pty) Ltd- Settled in the 2014 financial year

A joint and several deed of suretyship for the obligation and indebtedness of Aquarella Investments 265 (Pty) Ltd was provided to the bank.

The group's shareholding in Aquarella Investments 265 (Pty) Ltd was provided as security in the 2013 financial year for this loan in Aquarella Investments 265 (Pty) Ltd.

First National Bank - Fleurhof Ext 2 (Pty) Ltd - Settled in the 2014 financial year

The company bound itself in 2013 financial year 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.

The indirect shareholding in Fleurhof Ext 2 (Pty) Ltd was provided as security in 2013 financial year for this loan.

Rand Merchant Bank Limited - Settled in the 2014 financial year

Suretyship was provided for in 2013 financial year for the Rand Merchant Bank Limited loan registered in Calgro M3 Land (Pty) Ltd (Subsidiary) to a maximum bonded value of R236 500 000 at 28 February 2013.

Note 33 Commitments (continued)

The following indirect shareholdings were provided as securities in 2013 financial year 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

Refer to note 3.1(c) for details on the financial guarantees relating to the company.

34. Share-based payments

9 650 000 Share appreciation rights (SAR's) were granted to directors and selected employees during the 2013 Financial Year. During the 2014 Financial Year 600 000 of the 9 650 000 granted SAR's were forfeited by employees. The grant date for the SAR's is tabled below. The scheme is divided into two categories. The first category (4 850 000 SAR's) will vest after 2, 3 and 4 years in equal tranches from the grant date. The second category (4 200 000 SAR's (2013: 4 800 000)) will vest after 3, 4, 5 and 6 years in equal tranches from the grant date. The rights will vest if the share price at each vesting date exceeds the hurdle price. The hurdle price is the strike (allocation) price grown by CPI plus 2% per year over the vesting period. In the situation that the hurdle price is not achieved at the vesting date, 25% of the possible vested SAR's will roll over to the next vesting date.

The details of the arrangement is described below:

	Category 1		Category 2
		Group 1	Group 2
Date of grant	1 March 2012	1 March 2012	1 September 2012
Number of instruments granted	4 850 000	4 200 000	600 000
Strike price at grant date	R 4.08	R 4.08	R 4.08
Contractual life (Option life)	4 years	6 years	6 years
Vesting conditions	If the price at each vesting date exceeds the hurdle price.		
Settlement	Cash	Cash	Cash

Share appreciation rights reconciliation

	Category 1		Category 2
		Group 1	Group 2
SAR's not vested at 1/3/2013	4 850 000	4 200 000	600 000
Forfeited		(600 000)	
Vested and exercisable during the year	(1 616 667)		
SAR's not vested at 28/2/2014	**3 233 333**	**3 600 000**	**600 000**

SAR's outstanding at the end of the period have the following vesting dates and amortised values thereof

	Vesting date	Portion vesting %
Category 1		
	28 February 2014	33.33
	28 February 2015	33.33
	28 February 2016	33.33

Category 2	Vesting date Group 1	Group 2	Portion vesting %
	28 February 2015	31 August 2015	25.00
	28 February 2016	31 August 2016	25.00
	28 February 2017	31 August 2017	25.00
	28 February 2018	31 August 2018	25.00

Out of the 9,050,000 (2013: 9,650,000) outstanding SAR's, 1 616 667 SAR's from Category 1 (2013: Nil) vested and were exercisable as at 28 February 2014. None of the exercisable SAR's have been exercised.

For the purposes of the valuation, a hurdle rate was used to determine the price that is required to be reached for the SAR's to vest. The spot price on 28 February 2014 was R6.88. The strike price or allocation price is the price at which the SAR scheme is granted to the employee and is used to calculate the benefit payable to the employee. A 30 day average strike price, measured 30 days prior to the grant date was applied. The volatility used in the valuation was 41.08%.

The risk free interest rate indicates the rate of interest that can be earned without assuming any risks over a specified time period. The ZAR zero coupon swap curve as at the valuation date was used. See note 27 for the total expense recognised in the income statement for share options granted to directors and employees.

The amounts recognised in the financial statements (before taxes) for the share-based payment transaction with employees is as below:

	Group		Company	
	2014	2013	2014	2013
Expense				
Share appreciation rights expense	**12 525 770**	6 144 223	**-**	-
Liability				
Share appreciation rights liabilities	**18 669 993**	6 144 223	**-**	-

35. Employee costs

	Group		Company	
	2014	2013	2014	2013
Salary and wages	62 713 906	63 482 683	-	-
Directors' emoluments	9 578 169	12 463 557	-	-
Salary and wages	72 292 075	75 946 240	-	-
Less: amounts allocated to qualifying assets (construction contracts)	(49 473 412)	(53 069 877)	-	-
Total employee costs	**22 818 663**	22 876 363	**-**	-

36. Related parties

The following entities are related parties of the Company:

Direct subsidiaries:

- Calgro M3 Land (Pty) Ltd
- Calgro M3 Developments 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
- Calgro M3 Rectification Company (Pty) Ltd
- Belhar Calgro M3 Development Company (Pty) Ltd

Directors of holding company:

- PF Radebe - Non-executive
- BP Malherbe - Executive
- ME Gama - Independent non-executive
- J Gibbon - Independent non-executive
- WJ Lategan - Executive
- H Ntene - Non-executive
- RB Patmore - Lead independent non-executive
- DN Steyn - Executive
- FJ Steyn - Executive

Directors and senior management of subsidiaries:

- BG Blieden
- CC Cornelissen
- CTE Le Roux
- HB Malherbe
- WP Steenkamp (resigned)

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

The following entities are related parties to the Group

Joint ventures:

- Fleurhof Ext 2 (Pty) Ltd
- Aquarella Investments 265 (Pty) Ltd
- Clidet No 1014 (Pty) Ltd
- Sabre Homes Projects (Pty) Ltd
- Witpoortjie Calgro M3 Development Company (Pty) Ltd

	Group		Company	
	2014	2013	2014	2013
Related party balances				
Loans to Group companies				
Calgro M3 Land (Pty) Ltd	**-**	-	**424 635 514**	293 135 863
	-	**-**	**424 635 514**	293 135 863
Loans from Group companies				
Calgro M3 Developments Ltd	**-**	-	**(424 620 695)**	(279 855 255)
CTE Consulting (Pty) Ltd	**-**	-	**(9 240 701)**	(11 097 189)
	-	-	**(433 861 396)**	(290 952 444)
Loans to joint ventures				
Fleurhof Ext 2 (Pty) Ltd	**15 028 438**	3 643 816	**-**	-
Clidet No 1014 (Pty) Ltd	**20 789 894**	18 556 065	**-**	-
	35 818 332	22 199 881	**-**	**-**
Receivables from joint ventures				
Fleurhof Ext 2 (Pty) Ltd	**165 424 175**	16 986 804	**-**	-
Aquarella Investments 265 (Pty) Ltd	**17 932 384**	17 539 828	**-**	-
Sabre Homes Projects (Pty) Ltd	**943 200**	740 694	**-**	-
Clidet No 1014 (Pty) Ltd	**279 742**	-	**-**	-

	Group 2014	Group 2013	Company 2014	Company 2013
Witpoortjie Calgro M3 Development Company (Pty) Ltd	**14 916 738**	-	**-**	-
	199 496 239	35 267 325	**-**	-
Related party transactions				
Compensation paid to key employees and personnel				
Short term employee benefits	**16 623 816**	20 925 362	**-**	-
	16 623 816	20 925 362	**-**	-
Administration fees received from related parties				
Calgro M3 Developments Ltd	**-**	-	**2 900 000**	2 740 000
	-	-	**2 900 000**	2 740 000
Finance income received from related parties				
Calgro M3 Land (Pty) Ltd	**-**	-	**43 835 908**	34 569 451
Fleurhof Ext 2 (Pty) Ltd	**1 154 550**	871 812	**-**	-
Clidet No 1014 (Pty) Ltd	**2 233 838**	1 866 830	**-**	-
Aquarella Investments 265 (Pty) Ltd	**3 580 114**	3 670 178	**-**	-
Witpoortjie Calgro M3 Development Company (Pty) Ltd	**864 350**	21		
	7 832 852	6 408 841	**43 835 908**	34 569 451
Finance costs paid to related parties				
Calgro M3 Developments Ltd	**-**	-	**42 474 314**	34 119 951
CTE Consulting (Pty) Ltd	**-**	-	**1 154 835**	413 721
	-	-	**43 629 149**	34 533 672
Contract revenue received from joint ventures				
Fleurhof Ext 2 (Pty) Ltd	**350 577 835**	182 346 727	**-**	-
Aquarella Investments 265 (Pty) Ltd	**63 811 142**	110 743 613	**-**	-
Clidet No 1014 (Pty) Ltd	**2 628 380**	5 000	**-**	-
Sabre Homes Projects (Pty) Ltd	**44 034 757**	98 022 142	**-**	-
Witpoortjie Calgro M3 Development Company (Pty) Ltd	**12 246 858**	-	**-**	-
	473 298 974	391 117 482	**-**	-
Rendering of services fees received from joint ventures				
Fleurhof Ext 2 (Pty) Ltd	**7 888 674**	9 391 651	**-**	-
Aquarella Investments 265 (Pty) Ltd	**2 110 722**	8 030 760	**-**	-
Clidet No 1014 (Pty) Ltd	**318 800**	142 750	**-**	-
Sabre Homes Projects (Pty) Ltd	**2 310 477**	11 538 321	**-**	-
Witpoortjie Calgro M3 Development Company (Pty) Ltd	**1 181 700**	-	**-**	-
	13 810 374	29 103 482	**-**	-

37. Contingent assets and liabilities

Refer to note 33 for details on the financial guarantees relating to the company.

There are no other contingent assets or liabilities in the current year.

38. Directors' emoluments

	Remuneration and other benefits				Pension	
2014	**Fees for services rendered**	**Salary as a director**	**Expense allowance**	**Performance related**	**On behalf of the director to a pension scheme**	**Total**
Executive directors - Group						
BP Malherbe						
For services rendered in connection with the carrying on of affairs of the business within the same group of companies and joint ventures	-	2 161 555	144 000	1 632 060	3 000	3 940 615
WJ Lategan						
For services rendered in connection with the carrying on of affairs of the business within the same group of companies and joint ventures	-	1 740 273	144 000	1 305 648	87 014	3 276 935
FJ Steyn						
For services rendered in connection with the carrying on of affairs of the business within the same group of companies and joint ventures	-	1 793 924	144 000	1 305 648	89 696	3 333 268
DN Steyn						
For services rendered in connection with the carrying on of affairs of the business within the same group of companies and joint ventures	-	1 769 707	144 000	1 305 648	3 000	3 222 355
Total executive directors	**-**	**7 465 459**	**576 000**	**5 549 004**	**182 710**	**13 773 173**
Non-executive directors - Group						
PF Radebe						
For services as a director of the company	335 000	-	-	-	-	335 000
H Ntene						
For services as a director of the company	75 000	-	-	-	-	75 000
Independent Non-executive directors - Group						
R Patmore						
For services as a director of the company	319 000	-	-	-	-	319 000
JB Gibbon						
For services as a director of the company	295 000	-	-	-	-	295 000
ME Gama						
For services as a director of the company	330 000	-	-	-	-	330,000
Total non-executive directors	**1 354 000**	**-**	**-**	**-**	**-**	**1 354 000**
Total directors	**1 354 000**	**7 465 459**	**576 000**	**-**	**182 710**	**9 578 169**

2013	Remuneration and other benefits Fees for services rendered	Salary as a director	Expense allowance	Performance related	Pension On behalf of the director to a pension scheme	Total
Executive directors - Group						
BP Malherbe For services rendered in connection with the carrying on of affairs of the business within the same group of companies and joint ventures	-	1 891 562	144 000	1 029 683	3 000	3 068 245
WJ Lategan For services rendered in connection with the carrying on of affairs of the business within the same group of companies and joint ventures	-	1 595 489	144 000	918 553	79 774	2 737 816
FJ Steyn For services rendered in connection with the carrying on of affairs of the business within the same group of companies and joint ventures	-	1 644 350	144 000	944 450	82 218	2 815 018
DN Steyn For services rendered in connection with the carrying on of affairs of the business within the same group of companies and joint ventures	-	1 645 869	144 000	905 609	3 000	2 698 478
Total executive directors	**-**	**6 777 270**	**576 000**	**3 798 295**	**167 992**	**11 319 557**
Non-executive directors - Group						
PF Radebe For services as a director of the Company	285 000	-	-	-	-	285 000
H Ntene For services as a director of the Company	60 000	-	-	-	-	60 000
Independent Non-executive directors - Group						
R Patmore For services as a director of the Company	289 000	-	-	-	-	289 000
JB Gibbon For services as a director of the Company	270 000	-	-	-	-	270 000
ME Gama For services as a director of the Company	240 000	-	-	-	-	240 000
Total non-executive directors	**1 144 000**	**-**	**-**	**-**	**-**	**1 144 000**
Total directors	**1 144 000**	**6 777 270**	**576 000**	**3 798 295**	**167 992**	**12 463 557**

Note 38 Directors' emoluments (continued)

The prescribed officers' appointment, terms of contract and remuneration for the year under review is as follows:

	Date appointed as prescribed officer	Contract expiry
Prescribed officer 1	8/5/2005	1 month notice
Prescribed officer 2	8/5/2005	1 month notice
Prescribed officer 3	11/26/2007	1 month notice
Prescribed officer 4	7/1/2011	Resigned
Prescribed officer 5	3/1/2012	1 month notice

	Short term employee benefits		
2014	**Remuneration and benefits received**	**On behalf of the prescribed officer to a pension scheme**	**Total remuneration/ benefits**
Prescribed officer 1 Remuneration/Benefits received for services rendered in connection with the carrying on of affairs of the business of other companies in the same group	2 625 775	84 453	2 710 228
Prescribed officer 2 Remuneration/Benefits received for services rendered in connection with the carrying on of affairs of the business of other companies in the same group	1 860 083	66 210	1 926 293
Prescribed officer 3 Remuneration/Benefits received for services rendered in connection with the carrying on of affairs of the business of other companies in the same group	1 555 151	55 375	1 610 527
Prescribed officer 4 Remuneration/Benefits received for services rendered in connection with the carrying on of affairs of the business of other companies in the same group	1 320 976	58 849	1 379 825
Prescribed officer 5 Remuneration/Benefits received for services rendered in connection with the carrying on of affairs of the business of other companies in the same group	1 127 883	40 905	1 168 788
	8 489 869	305 792	8 795 662

2013	Short term employee benefits: Remuneration and benefits received	On behalf of the prescribed officer to a pension scheme	Total remuneration/ benefits
Prescribed officer 1			
Remuneration/Benefits received for services rendered in connection with the carrying on of affairs of the business of other companies in the same group	2 620 152	78 536	2 698 688
Prescribed officer 2			
Remuneration/Benefits received for services rendered in connection with the carrying on of affairs of the business of other companies in the same group	1 736 280	61 494	1 797 774
Prescribed officer 3			
Remuneration/Benefits received for services rendered in connection with the carrying on of affairs of the business of other companies in the same group	1 339 666	47 004	1 386 670
Prescribed officer 4			
Remuneration/Benefits received for services rendered in connection with the carrying on of affairs of the business of other companies in the same group	1 562 261	54 610	1 616 871
Prescribed officer 5			
Remuneration/Benefits received for services rendered in connection with the carrying on of affairs of the business of other companies in the same group	928 673	33 129	961 802
	8 187 032	**274 773**	**8 461 805**

Share appreciation right scheme (SAR) issued to directors and prescribed officers:

	Number of SAR's			Value of SAR's granted	
	2014		2013	2014	2013
	Total	Forfeited	Total		
Directors					
BP Malherbe	750 000	-	750 000	1 827 149	561 235
WJ Lategan	2 000 000	-	2 000 000	4 872 396	1 496 626
FJ Steyn	750 000	-	750 000	1 827 149	561 235
DN Steyn	750 000	-	750 000	1 827 149	561 235
	4 250 000	**-**	4 250 000	**10 353 849**	3 180 331
Prescribed Officers					
Prescribed officer 1	600 000	-	600 000	1 461 719	448 988
Prescribed officer 2	600 000	-	600 000	1 010 542	377 170
Prescribed officer 3	600 000	-	600 000	1 010 542	377 170
Prescribed officer 4	-	(600 000)	600 000	-	377 170
Prescribed officer 5	600 000	-	600 000	1 010 542	377 170
	2 400 000	**(600 000)**	3 000 000	**4 493 345**	1 957 668

Refer to note 34 for further details on the share appreciation rights scheme.

39. 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.

	2014	2013
Profit attributable to shareholders	**105 695 319**	91 303 538
Weighted average number of ordinary shares in issue	**127 100 000**	127 100 000
Basic earnings per share (Cents per share)	**83.16**	71.84

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of shares outstanding to assume conversion of all diluted potential ordinary shares.

	2014	2013
Profit attributable to shareholders	**105 695 319**	91 303 538
Weighted average number of ordinary shares in issue	**127 100 000**	127 100 000
Diluted earning per share (Cents per share)	**83.16**	71.84

(c) Headline

Headline earnings is calculated as follows:

	2014	2013
Profit attributable to shareholders	**105 695 319**	91 303 538
Loss on disposal of property, plant, equipment and computer software	**139**	-
Profit used to determine headline earnings per share	**105 695 458**	91 303 538
Weighted average number of ordinary shares in issue	**127 100 000**	127 100 000
Headline earnings per share (cents per share)	**83.16**	71.84

(d) Net asset value per share

Net asset value per share is calculated by dividing the net asset value, calculated by reducing the total assets by total liabilities, by the number of share in issue.

	2014	2013
Total assets	**1 097 536 831**	809 120 229
Less: Total liabilities	**(664 483 968)**	(481 762 685)
Net assets	**433 052 863**	327 357 544
Number of ordinary shares in issue	**127 100 000**	127 100 000
Net asset value per share (cents per share)	**340.72**	257.56

40. Financial assets by category

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

Group - 2014	Loans and receivables	Total
Loans to joint ventures	**35 818 332**	35 818 332
Loans & receivables	**5 756 677**	5 756 677
Trade and other receivables	**206 407 275**	206 407 275
Cash and cash equivalents	**62 892 583**	62 892 583
	310 874 867	310 874 867

Group - 2013	Loans and receivables	Total
Loans to joint ventures	**22 199 871**	22 199 871
Loans & receivables	**5 756 677**	5 756 677
Trade and other receivables	**39 342 683**	39 342 683
Cash and cash equivalents	**198 342 958**	198 342 958
	265 642 189	265 642 189

Company - 2014	Loans and receivables	Total
Loans to Group companies	**424 635 514**	424 635 514
Cash and cash equivalents	**12 971 849**	12 971 849
	437 607 363	437 607 363

Company - 2013	Loans and receivables	Total
Loans to Group companies	**293 135 863**	293 135 863
Cash and cash equivalents	**535 453**	535 453
	293 671 316	293 671 316

41. Financial liabilities by category

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

Group - 2014	Financial liabilities at amortised cost	Total
Borrowings	**470 929 440**	**470 929 440**
Finance Lease obligations	**215 446**	**215 446**
Trade and other payables	**130 410 056**	**130 410 056**
	601 554 942	**601 554 942**

Group - 2013	Financial liabilities at amortised cost	Total
Borrowings	299 889 542	299 889 542
Finance Lease obligations	726 470	726 470
Trade and other payables	131 930 186	131 930 186
	432 546 198	432 546 198

Note 41 Financial assets by category (continued)

Company - 2014	Financial liabilities at amortised cost	Total
Loans from Group companies	**433 861 396**	**433 861 396**
Trade and other payables	**1 290 371**	**1 290 371**
	435 151 767	**435 151 767**

Company - 2013	Financial liabilities at amortised cost	Total
Loans from Group companies	290 952 444	290 952 444
Trade and other payables	538 482	538 482
	291 490 926	291 490 926

42. Going Concern

The directors believe that the Group has adequate financial resources to continue in operation for the foreseeable future and accordingly the financial statements have been prepared on a going concern basis.

The board is not aware of any new material changes that may adversely impact the Group. The board is not aware of any material non-compliance with statutory or regulatory requirements. The board is not aware of any pending changes in litigation that may affect the Group.

43. Events after the reporting period

There were no events after the year ended 28 February 2014 that warrant disclosure in this report.

44. Shareholders' Analysis

Please refer to directors' report, note 20 page 103.

Notice of Annual General Meeting

for the year ended 28 February 2014

Calgro M3 Holdings Limited

(Incorporated in the Republic of South Africa)

(Registration number 2005/027663/06)

("Calgro M3" or "the Group" or "the Company")

Notice is hereby given to all members of the Company as at the record date of 23 May 2014, being the record date to receive notice of the annual general meeting in terms of section 59(1) of the Companies Act, 71 of 2008, as amended ("**Companies Act**"), that the seventh annual general meeting ("**AGM**") of members will be held at 10:00 on Wednesday, 2 July 2014 at the Calgro M3 boardroom, 1st Floor, Cedarwood House, Ballywoods Office Park, 33 Ballyclare Drive, Bryanston, to (i) deal with such other business as may lawfully be dealt with at the meeting and (ii) consider and, if deemed fit to pass, with or without modification, the following ordinary and special resolutions, in the manner required by the Companies Act, as read with the JSE Limited Listings Requirements ("**JSE Listings Requirements**"), which meeting is to be participated in and voted at by shareholders as at 27 June 2014 being the record date to participate and vote in the annual general meeting in terms of section 62(3)(a), read with section 59(1)(b), of the Companies Act.

NB: Section 63(1) of the Companies Act - Identification of meeting participants

Kindly note that meeting participants (including proxies) are required to provide reasonably satisfactory identification before being entitled to attend or participate in a shareholders' meeting. Forms of identification include valid identity documents, driver's licenses and passports.

Presentation of annual financial statements

The annual financial statements of the Company for the year ended 28 February 2014 (as approved by the board of directors of the company), including the directors' report and the report of the auditors thereon, have been distributed as required and will be presented to the shareholders.

The complete annual financial statements are set out on pages 100 to 164 of the integrated annual report.

Advisory Endorsement of the Remuneration Philosophy (Policy)

To endorse, through a non-binding advisory vote, the company's remuneration policy, as set out set out on page 87 to 88 of the integrated annual report.

1. **Ordinary resolution number one - Re-election of director**

   To resolve that the re-appointment of ME Gama as a non-executive of the Company, who retires by rotation, but being eligible, offers himself for re-election in accordance with Article 24.9 of the Company's Memorandum of Incorporation for a further term of office be authorised and confirmed.

   (A brief CV appears on page 24 of the annual report.)

2. **Ordinary resolution number two- Re-appointment of auditors**

   To resolve that the re-appointment of PricewaterhouseCoopers as auditors, and **JP van Staden** 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 the Companies Act, as amended, be authorised and confirmed.

3. **Ordinary resolution number three - General payments to shareholders**

   To resolve that, in terms of Articles 5.1.1.3 and 21 of the Company's Memorandum of Incorporation and subject to the Companies Act and to the directors being satisfied that after considering the effect of such maximum payment, the:

   (a) Company and the Group will in the ordinary course of business be able to pay 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 2014. 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.

Shareholders are referred to the explanatory notes set out under special resolution number one (termed "Reason and effect of special resolution number one") which apply mutatis mutandis to this resolution.

4. Ordinary resolution number four - 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 the Companies Act and the JSE Listings Requirements.

5. Ordinary resolution number five - General authority to issue shares for cash

To resolve 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, the JSE Listings Requirements and to the following limitations, that:

- the authority shall be valid until the next annual general meeting of the Company (provided it shall not extend beyond 15 months from the date of this resolution);
- an announcement giving full details, including the number of shares issued, the average discount to the weighted average traded price of the shares over the 30 business days prior to the date the Company agrees to issue the shares and the impact on net asset value, net tangible asset value, earnings and (if applicable) diluted 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 15% being 19 065 000 of the shares in issue of that class;
- the issues for cash must be made to public shareholders and not to related parties as defined by the JSE 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 of those shares 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.

Shareholders are referred to the explanatory notes set out under special resolution number one (termed "Reason and effect of special resolution number one") which apply mutatis mutandis to this resolution.

6. Ordinary resolution number six - Appointment of Audit and Risk Committee member

To resolve that the appointment of RB Patmore as a member of the audit committee in terms of section 94(2) of the Companies Act is approved, with effect from the end of this meeting.

7. Ordinary resolution number seven - Appointment of Audit and Risk Committee member

To resolve that the appointment of JB Gibbon as a member of the audit committee in terms of section 94(2) of the Companies Act is approved, with effect from the end of this meeting.

8. Ordinary resolution number eight - Appointment of Audit and Risk Committee member

To resolve that the appointment of ME Gama as a member of the audit committee in terms of section 94(2) of the Companies Act is approved, with effect from the end of this meeting.

9. Special resolution number one - General authority to repurchase shares

To resolve that the board of directors of the Company be hereby authorised, by way of a general authority, to approve the purchase of the company's 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) a resolution by the board of directors is passed which authorises the repurchase, confirms that the Company passes the solvency and liquidity test in terms of section 4 of the Companies Act;

(e) 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;

(f) 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;

(g) a paid press announcement (complying with paragraph 11.27 of the JSE Listings Requirements) will be published as soon as the Company and/or its subsidiaries have acquired shares constituting, on a cumulative basis, 3% or more 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;

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

(j) such repurchase shall be subject to the Companies Act, the Company's Memorandum of Incorporation and the JSE Listings Requirements.

Reason and effect of special resolution number one

The reason for special resolution number one is to grant the Company a general authority in terms of the Companies 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.

Shareholders are referred to the explanatory notes attached to this notice for further disclosures in respect of this general authority to repurchase shares in terms of paragraph 11.26 of the Listing Requirements.

10. Special resolution number two

To resolve that the fees paid to the non-executive directors of the company set out below, be approved up and to the date of the next annual financial meeting.

Director	Annual retainer Fee 2014	Meeting Chaired	Meeting Attendance Fee 2014
PF Radebe	190 000	26 500	16 000
JB Gibbon	128 000	21 500	16 000
H Ntene	72 000	21 500	16 000
RB Patmore	153 000	21 500	16 000
ME Gama	128 000	21 500	16 000

Reason for special resolution two

Special resolution number two is proposed in order to comply with the requirements of the Companies Act and the Company's Memorandum of Incorporation. The above rates have been selected to ensure that the remuneration of non-executive directors remains competitive in order to enable the Company to retain and attract persons of the calibre, appropriate capabilities, skills and experience required in order to make meaningful contributions to the Cdsdompany.

11. Special resolution three - Financial assistance

To resolve that, to the extent required by the Companies Act, the board of directors of the Company may, subject to compliance with the requirements of the Company's Memorandum of Incorporation, the Companies Act and the JSE Listings Requirements, each as presently constituted and as amended from time to time, authorise the company to provide direct or indirect financial assistance by way of loan, guarantee, the provision of security or otherwise, to:

- any of its present or future subsidiaries and/or any other company or corporation that is or becomes related or inter-related to the Company for any purpose or in connection with any matter, including, but not limited to, acquisition of or subscription for any option or any securities issued or to be issued by the company or a related or inter-related company, or for the purchase of any securities of the company or a related or inter-related company; and
- any of its present or future directors or prescribed officers (or any person related to any of them or to any company or corporation related or inter-related to any of them), or to any other person who is a participant in any of the Company's or Group of companies' share or other employee incentive schemes, for the purpose of, or in connection with, the acquisition of or subscription for any option or any securities issued or to be issued by the Company or a related or inter-related company, or for the purchase of any securities of the Company or a related or inter-related company, where such financial assistance is provided in terms of any such scheme that does not satisfy the requirements of section 97 of the Companies Act,

such authority to endure until the annual general meeting of the Company for the year ended February 2015.

Reasons for special resolution three

Notwithstanding the title of section 45 of the Companies Act, being "Loans or other financial assistance to directors", on a proper interpretation, the body of the section may also apply to financial assistance provided by a company to related or inter-related companies and corporations, including, inter alia, its subsidiaries, for any purpose.

Furthermore, section 44 of the Companies Act may also apply to the financial assistance so provided by a company to related or inter-related companies, in the event that the financial assistance is provided for the purpose of, or in connection with, the acquisition or subscription for any option, or any securities, issued or to be issued by the Company or a related or inter-related Company, or for the purchase of any securities of the Company or a related or inter-related company.

Both sections 44 and 45 of the Companies Act provide, inter alia, that the particular financial assistance must be provided only pursuant to a special resolution of the shareholders, adopted within the previous two years, which approved such assistance either for the specific recipient, or generally for a category of potential recipients, and the specific recipient falls within that category and the board of directors must be satisfied that:

- immediately after providing the financial assistance, the company would satisfy the solvency and liquidity test; and
- the terms under which the financial assistance is proposed to be given are fair and reasonable to the Company.

The Company would like the ability to provide financial assistance, if necessary, also in other circumstances, in accordance with section 45 of the Companies Act. Furthermore, it may be necessary or desirous for the company to provide financial assistance to related or inter-related companies and corporations to acquire or subscribe for options or securities or purchase securities of the Company or another company related or inter-related to it. Under the Companies Act, the Company will however require the special resolution referred to above to be adopted. In the circumstances and in order to, inter alia, ensure that the Company's subsidiaries and other related and inter-related companies and corporations have access to financing and/or financial backing from the Company (as opposed to banks), it is necessary to obtain the approval of shareholders, as set out in special resolution number three.

Sections 44 and 45 contain exemptions in respect of employee share schemes that satisfy the requirements of section 97 of the Companies Act. To the extent that any of the company's share or other employee incentive schemes do not satisfy such requirements, financial assistance (as contemplated in sections 44 and 45) to be provided under such schemes will, inter alia, also require approval by special resolution. Accordingly, special resolution number three authorises financial assistance to any of the company's directors or prescribed officers (or any person related to any of them or to any company or corporation related or inter-related to them), or to any other person who is a participant in any of the Company's share or other employee incentive schemes, in order to facilitate their participation in any such schemes that do not satisfy the requirements of section 97 of the Companies Act.

12. 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 24 and 25 of the annual report
- Major shareholders: page 103 of the annual financial statements
- Directors' interests in securities: page 101 of the annual financial statements
- Share capital of the company: page 101 note 9 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. Calgro M3 won the case, but the opposition has appealed the decision. Calgro M3 is currently waiting for the appeal date to be finalised by the court. There is no other material litigation.
- Directors' responsibility statement

The directors, whose names are given on page 24 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 contain all information required by law and the JSE 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 2014.

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 CSDP or stockbroker, as the case may be, to authorise 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 name and stead. The proxies so appointed need not be members of the company but must be individuals.

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 10:00 on 30 June 2014.

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 you 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 10:00 on 30 June 2014; or
- and 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.

If any Calgro M3 shareholders, who reside outside of Johannesburg, wish to participate in the annual general meeting electronically they should contact the Company Secretary on 011 300 7500, five business days prior to the annual general meeting.

By order of the board
W Williams
Company Secretary
9 May 2014
Sandton

Summary of applicable rights established in section 58 of the Companies Act

1. For purposes of this summary, the term “shareholder” shall have the meaning ascribed thereto in section 57(1) of the Companies Act.

   At any time, a shareholder of a company is entitled to appoint any individual, including an individual who is not a shareholder of that company, as a proxy to participate in, speak and vote at a shareholders meeting on behalf of the shareholder.

2. A proxy appointment must be in writing, dated and signed by the relevant shareholder.

3. Except to the extent that the memorandum of incorporation of a company provides otherwise –

   3.1 a shareholder of the relevant company may appoint two or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by such shareholder (kindly note that in accordance with Article 3.5.1 of Schedule 1 of Calgro M3’s Memorandum of Incorporation, a shareholder may not appoint two or more persons concurrently as proxies in respect of the same voting rights); and

   3.2 a copy of the instrument appointing a proxy must be delivered to the relevant company, or to any other person on behalf of the relevant company, before the proxy exercises any rights of the shareholder at a shareholders meeting (kindly note that in accordance with Article 3.5.3 of Schedule 1 of Calgro M3’s Memorandum of Incorporation, all proxies are to be delivered at least 48 hours prior to the shareholders’ meeting).

4. Irrespective of the form of instrument used to appoint a proxy –

   4.1 the appointment of the proxy is suspended at any time and to the extent that the shareholder who appointed that proxy chooses to act directly and in person in the exercise of any rights as a shareholder of the relevant company; and

   4.2 should the instrument used to appoint a proxy be revocable, a shareholder may revoke the proxy appointment by cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and the relevant company.

5. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy’s authority to act on behalf of the relevant shareholder as of the later of the date –

   5.1 stated in the revocation instrument, if any; or

   5.2 upon which the revocation instrument is delivered to the proxy and the relevant company as required in section 58(4)(c)(ii) of the Companies Act.

6. Should the instrument appointing a proxy or proxies have been delivered to the relevant company, as long as that appointment remains in effect, any notice that is required by the Companies Act or the relevant Company’s Memorandum of Incorporation to be delivered by such company to the shareholder must be delivered by such company to –

   6.1 the shareholder, or

   6.2 the proxy or proxies if the shareholder has in writing directed the relevant company to do so and has paid any reasonable fee charged by the Company for doing so.

7. A proxy is entitled to exercise, or abstain from exercising, any voting right of the relevant shareholder without direction, except to the extent that the memorandum of incorporation of the relevant Company or the instrument appointing the proxy provide otherwise.

8. If a company issues an invitation to shareholders to appoint one or more persons named by such company as a proxy, or supplies a form of instrument for appointing a proxy –

   8.1 such invitation must be sent to every shareholder who is entitled to receive notice of the meeting at which the proxy is intended to be exercised;

   8.2 the Company must not require that the proxy appointment be made irrevocable; and

   8.3 the proxy appointment remains valid only until the end of the relevant meeting at which it was intended to be used, unless revoked as contemplated in section 58(5) of the Companies Act.

Form of Proxy

FOR USE AT THE ANNUAL GENERAL MEETING OF THE COMPANY TO BE HELD AT 10:00 ON 2 JULY 2014 AT THE CALGRO M3 BOARDROOM, 1ST FLOOR, 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

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 and special resolutions to be proposed thereat and at any adjournment thereof; and to vote for and/or against the ordinary and special 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			
Re-appointment of ME Gama as director			
Ordinary resolution number two			
Re-appointment of PricewaterhouseCoopers Inc.			
Ordinary resolution number three			
General payments of shareholders			
Ordinary resolution number four			
Control of authorised but unissued shares			
Ordinary resolution number five			
General authority to issue shares for cash			
Ordinary resolution number six			
Appointment of Audit and Risk Committee member			
Ordinary resolution number seven			
Appointment of Audit and Risk Committee member			
Ordinary resolution number eight			
Appointment of Audit and Risk Committee member			
Special resolution number one			
General authority to repurchase shares			
Special resolution number two			
Payment to non-executive directors			
Special resolution number three			
Financial assistance			

*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) 2014

Member's signature ....

Assisted by (if applicable) ....

Notes to Form of Proxy

Please read the notes on the reverse side. NOTES TO 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 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. Please note that in accordance with Article 3.5.1 of Schedule 1 of Calgro M3's Memorandum of Incorporation, a shareholder may not appoint two or more persons concurrently as proxies in respect of the same voting rights.
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 and special 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 and special 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 initialed 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 10:00 on 30 June 2014.

Transfer secretaries

Computershare Investor Services (Pty) Limited

Ground Floor, 70 Marshall Street

Johannesburg 2001

PO Box 61051, Marshalltown 2107

Telefax 011 688 5200

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4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organisation subscribes or endorses.	UN Global Compact Principles	52
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organisations.	UN Global Compact Principles	52
4.14	List of stakeholder groups engaged by the organisation.	Our Approach, Understanding our Stakeholders	48
4.15	Basis for identification and selection of stakeholders with whom to engage.	Material issues	46
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Our Approach, Understanding our Stakeholders	48
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting.	Our Approach, Understanding our Stakeholders	48

STANDARD DISCLOSURES PART III: Performance Indicators			
Economic			
Economic performance			**Reported**
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	Creating Value for Stakeholders, Group Value-added Statement	80
EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change and other sustainability issues.	Material Issues	46
Market presence			**Reported**
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	Our Economic Stability, Policy, practices and proportion of spending on locally-based suppliers at significant locations of operation	54
		Our Economic Stability, Defining Local	54

EC7	Procedures for local hiring and proportion of senior management and all direct employees, contractors and sub-contractors hired from the local community at significant locations of operation.	Our Economic Stability, Policy, practices and Proportion of spending on locally-based suppliers at significant locations of operation	54
		Our People, Human Capital Management Process	76
Indirect economic impacts			**Reported**
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	Corporate Social Investment	57
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	Our Economic Sustainability	54
		Material Issues	46

Environmental			
Materials			**Reported**
EN2	Percentage of materials used that are recycled and reused input materials.	Emissions, effluents and waste; Waste Management	66
Energy			**Reported**
EN5	Energy saved due to conservation and efficiency improvements.	Our Environment, Energy	61
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	Our Environment, Energy	62
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	Our Environment, Energy	62
Water			**Reported**
EN10	Percentage and total volume of water recycled and reused.	Our Environment, Water	63
Biodiversity			**Reported**
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	Our Environment, Biodiversity	65
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	Our Environment, Biodiversity	65
EN13	Habitats protected or restored.	Our Environment, Biodiversity.	65
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	Our Environment, Biodiversity	65
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	Our Environment, Biodiversity	65
Emissions, effluents and waste			**Reported**
EN22	Total weight of waste by type and disposal method.	Emissions, effluents and waste; Waste Management	66
Products and services			**Reported**
EN26	Initiatives to enhance efficiency and mitigate environmental impacts of products and services, and extent of impact mitigation.	Our Environment, Products and Services	64

Social: Labor Practices and Decent Work			
Employment			**Reported**
LA1	Total workforce by employment type, employment contract, and region broken down by gender.	Our Integrated Approach, Human Capital Management	71
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	Our Integrated Approach, Human Capital Management	71
Occupational health and safety			**Reported**
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and gender.	Human Capital Management, HR Governance and Compliance, Health and Safety	73
CRE6	Percentage of the organisation operating in verified compliance with an internationally recognized health and safety management system.	Human Capital Management, HR Governance and Compliance, Health and Safety Policy	75
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	Our People, Human Capital Management Process, HIV & AIDS education	79
Training and education			**Reported**
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Our People, Human Capital Management Process, Develop	76
		CSI, CSI Investments	59

Diversity and equal opportunity			Reported
LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	Human Capital Management, Employment Equity	72

Social: Human Rights			
Non-discrimination			**Reported**
HR4	Total number of incidents of discrimination and corrective actions taken.	No incidents. Incidents are recorded, investigated, disciplinary steps taken, and noted in staff files.	78
Freedom of association and collective bargaining			**Reported**
HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	No risk identified. Rights to freedom of association and collective bargaining supported.	
		Society, Our Community; Human Capital Management, Protection of Rights	68, 72
Child labor			**Reported**
HR6	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labour.	No risk identified. We deal with reputable companies, with the same reputational risk as the Company.	76
Prevention of forced and compulsory labour			**Reported**
HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labour.	No risk identified. We deal with reputable companies, with the same reputational risk as the Company.	76, 79

Social: Society			
Local communities			**Reported**
SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	All	
		Society, Our Communities	67
		Understanding our Stakeholders, Communities in which we operate	51
		Corporate Social Investment	57
		Products and services	64
SO10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.	Society, Our Communities	68
CRE7	Number of persons voluntarily and involuntarily displaced and/or resettled by development, broken down by project.	Society, Our Communities	68
Corruption			**Reported**
SO2	Percentage and total number of business units analysed for risks related to corruption.	Zero Tolerance to Fraud and Corruption	69
SO3	Percentage of employees trained in organisation's anti-corruption policies and procedures.	Zero Tolerance to Fraud and Corruption	69
SO4	Actions taken in response to incidents of corruption.	Zero Tolerance to Fraud and Corruption	69
Public policy			**Reported**
SO5	Public policy positions and participation in public policy development and lobbying.	We do not partake in lobbing or anti-competitive activities	
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	No contributions were made in the year under review.	
Anti-competitive behavior			**Reported**
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	No legal matters relating to these issues.	
Compliance			**Reported**
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	No fines, no non-monetary sanctions or cases relating to these issues.	

Social: Product responsibility			
Customer health and safety			**Reported**
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	Our Economic Sustainability, Quality Management	56
		Our Environment, Products and services	64

General Information

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ME Gama	Independent Non-Executive
JB Gibbon	Independent Non-Executive
WJ Lategan	Executive
H Ntene	Non-Executive
RB Patmore	Independent Non-Executive
DN Steyn	Executive
FJ Steyn	Executive

Transfer Secretaries
Computershare Investor Services

Bankers
First National Bank

Auditors
PricewaterhouseCoopers Inc.

Sponsors
Grindrod Bank Limited

Preparer
The financial statements were internally compiled by WA Joubert CA (SA) under the supervision of WJ Lategan CA (SA).

Level of assurance
These financial statements have been audited by our external auditors PricewaterhouseCoopers Inc. in compliance with the applicable requirements of the Companies Act 71 of 2008.

Shareholders' diary

Financial year-end	28 February 2014
Year-end results	12 May 2014
Annual general meeting	Wednesday 2 July 2014
Interim report	October 2014

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