

CALGRO M3

integrated
annual report 2015

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About this Report

Scope, Boundary and Assurance

The Calgro M3 Integrated Annual Report for the 12 months to 28 February 2015 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 2014 Integrated Annual Report in terms of the entities covered, the measurement methods applied and time frames 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 of Directors in conjunction with the Audit and Risk 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 provides a review of the Group and its financial, social, environmental and governance performance – pages 3 to 105.



Annual financial statements for the Calgro M3 Group and Calgro M3 Holdings Limited - pages 109 to 182. 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:



1

King Code of Governance Principles for South Africa ("King III");

2

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 3.1 level B. The scope of reporting on sustainability issues and performance is specific to Calgro M3 only and does not refer to any subcontractor, joint venture, associate or partnership, unless specifically stated. The GRI table can be found on page 183;



4

The Companies Act 71 of 2008 (as amended).

3

JSE Listings Requirements; and

► We aim to provide to all of our stakeholders, a balanced, clear and transparent understanding of our business and how we create value sustainably.

► We trust that this report addresses the interests and key areas of concern of our stakeholders, and that it will serve to strengthen our current and future relationships with all of the stakeholders who play an important role in Calgro M3's success, now and in 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 providers of capital 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 might prejudice Calgro M3's competitive position in the market.

Independent Assurance

PricewaterhouseCoopers (PwC) has been engaged to provide independent assurance on Group Consolidated Financial Statements. PwC's audit opinion on the annual financial statements can be found on page 118.

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 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 address 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

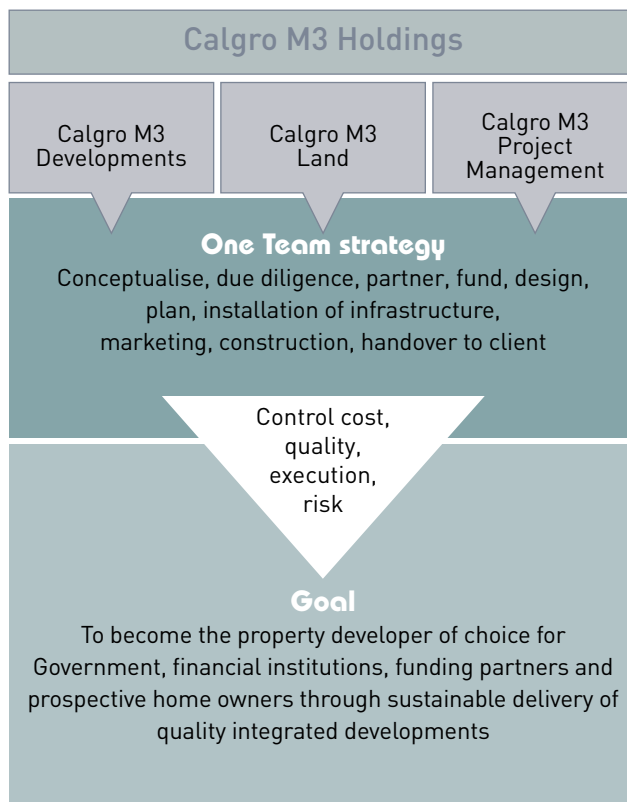
Group Overview - Who We Are

Integrated development specialist

Calgro M3, as the market leader in the integrated development segment of the residential market, continues to play a leading role in the delivery of housing in line with Government's targets, set to eradicate informal settlements and provide housing to its people. Our vision is long-term and our focus is to remain flexible and agile. Our ability to adapt to the demands and challenges of the environment in which we operate, including evolving social, economic, political and environmental imperatives, provides the necessary stability to realise our vision. For Calgro M3, establishing sustainable business practices starts by recognising our broader responsibilities as an organisation in society. We strive to enhance our product offering, setting new standards for 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 gives Calgro M3 greater control of cost, quality, execution and risk.

Playing a leading role in the delivery of the South African dream: providing homes for the nation



Our Turnkey Approach



Our Core Business - What We Do

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

Calgro M3 adopts a turnkey approach - a land owner, developer and contractor with internal town planning, marketing and project management capacity.

With this turnkey approach, the Group's dependence on external parties is reduced, as is the number of role players in the value chain needing to make a profit. This enables the Group to enter the market with a well-priced product without compromising quality. This approach also gives the Group the flexibility to control the pace of development to meet changing market drivers.

*The Group's
turnkey approach
results in a well-
priced product with
no compromise in
quality*

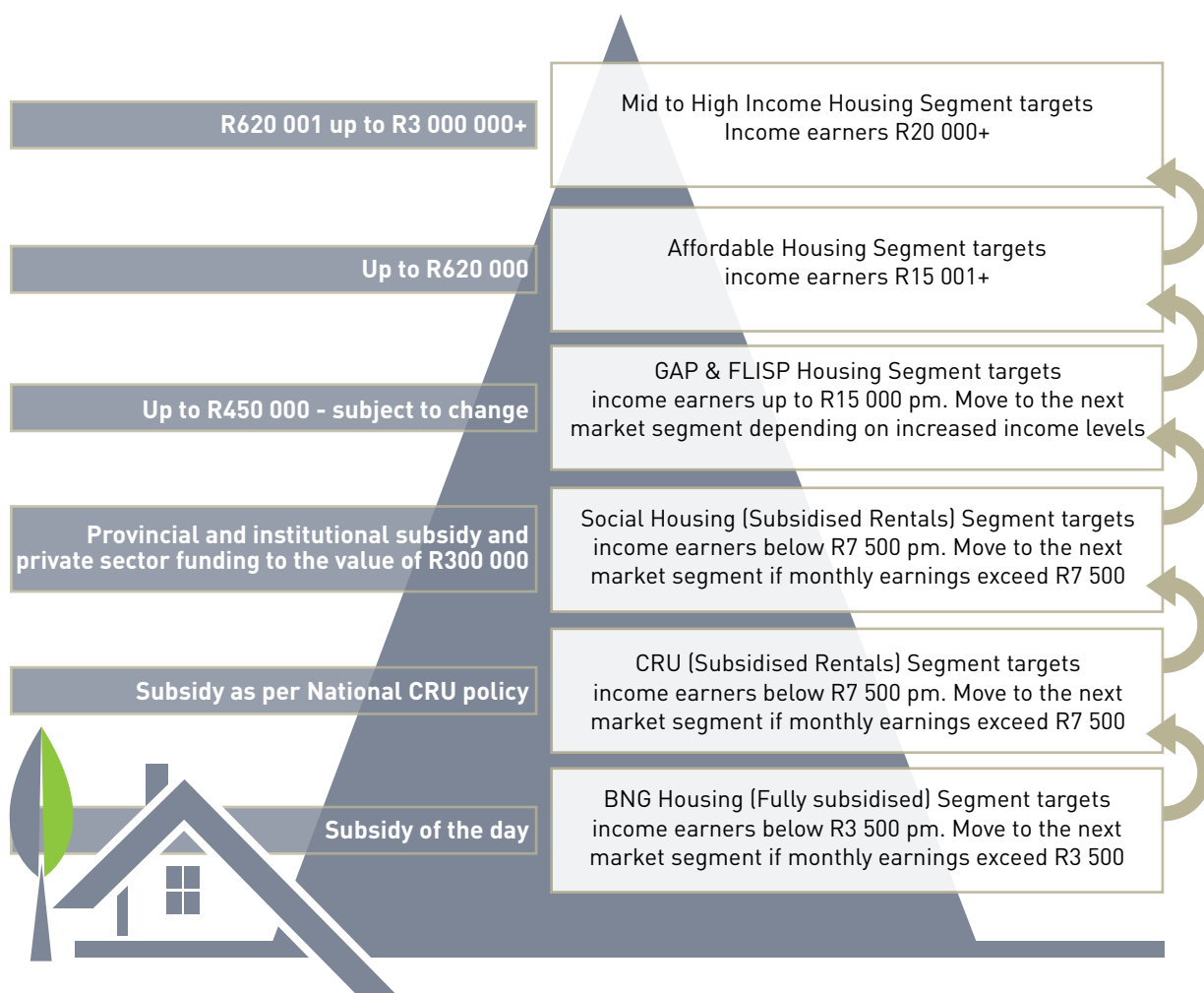
Identify projects & due diligence	Secure land	Township establishment	Infrastructure	Marketing & sales	Construction	Handover
A suitable property for specific target market is identified. A thorough due diligence determines the viability of the project.	The Group acquires the land parcel, secures development funding.	Town planning and architecture is done in-house.	Installation of roads, stormwater, water, sewer and electrical infrastructure.	Marketing of residential units (sectional title and free-standing) on serviced stands.	The majority of construction is done in-house and 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 studies.	Control: Land ownership enables the Group to control the development process and partner with the private and/or public sector.	Timelines: Town planning processes dictate development programmes. Our approach ensures project timelines are determined and managed in-house.	Tendered out: Infrastructure is installed by third party contractors.	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 increase its project management capacity.	Quality assurance: Quality is of utmost importance, ensuring client satisfaction and protecting against reputational risk associated with bad workmanship.
Risk: The Group is not hesitant to incur costs prior to acquisition to ensure the land can be developed.	Approach: A Land Availability Agreement will suffice if the Group is able to develop the land in partnership with, not on behalf of partners.	Leading practices: Specialists such as urban designers add value, ensuring that leading practices and trends are incorporated in our projects. Lessons learnt are applied.	Ownership: Acquisition of a civil engineering firm has been considered, but opportunity cost cannot be justified currently.		Risk: The Group does not construct units on risk; construction only commences once client funding is secured.	
		Un-zoned: The Group prefers the acquisition of un-zoned land to allow zoning inline with project requirements.				

Our Markets and Products

Currently the Group has capped its exposure in the mid to high income housing segment at 20%, and at 80% for Integrated developments.

Integrated developments offer consumers a range of options with regard to tenure, providing ownership and rental opportunities. The wide range of housing typologies caters for various income levels, targeting income earners from below R3 500 up to R15 000+ per month (combined income). People of different income segments within the same developments, create stable communities.

Our turnkey approach and experience in integrated developments will serve us well as market activity increases as a result of initiatives like catalytic and mega projects





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 their property according to their financial capability whilst remaining in the same community. This enhances social upliftment by retaining role models in the community leading to more sustainable integrated suburbs.

Renewed commitments are made by Government to ensure that developments include all social classes to promote social cohesion.



Housing Types:

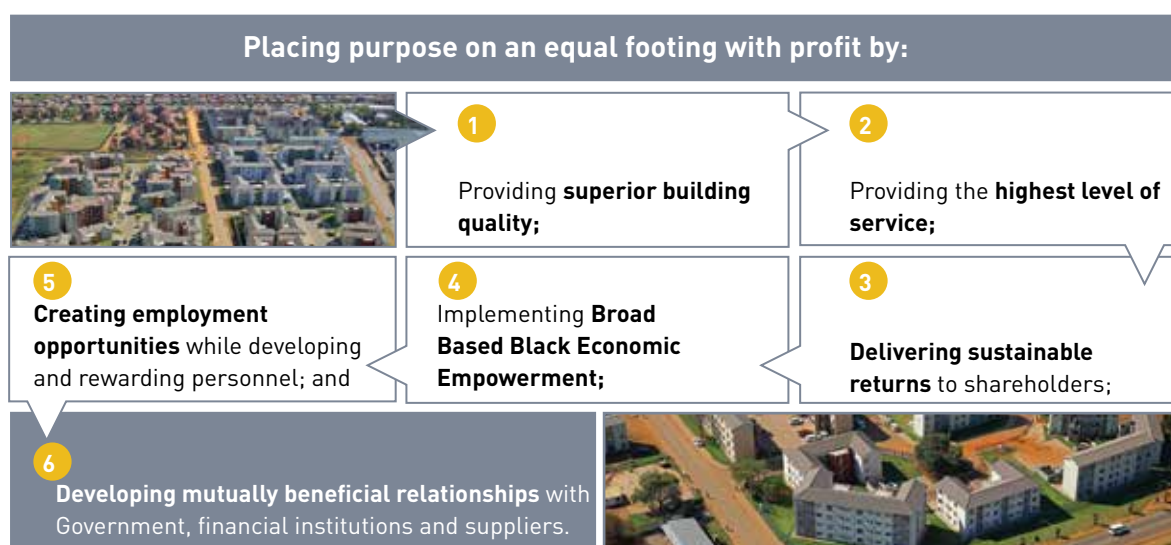
- ▶ **Mid to High Income Housing** – Full and sectional title residential units aimed at home owners in the bonded market, outside the Financial Services Charter (FSC)
- ▶ **Affordable Housing** – Full and sectional title residential units aimed at home owners in the bonded market regulated by the (FSC).
- ▶ **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, of 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)).



Our Integrated Strategy - How We Do It

Through delivery of quality affordable products, we remain a preferred development partner for the private and public sector, maximising value creation for shareholders. A “hands-on” flexible business model provides the framework for our strategy, facilitating a fast response to market demand and providing us with the ability to cater to the changing needs of clients and development partners.

Integrated developments focus on creating environments that support the development of sustainable communities



Integrated Development is Our Stated Speciality.

The creation of an environment that supports the wellbeing and development of sustainable communities is the central focus of integrated developments. The needs, interests and concerns of our stakeholders are vital to our planning and execution of our developments. We provide multiple forums for engagement (see Understanding our Stakeholders on page 51) to facilitate 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 see Our Economic Sustainability (page 60), Our Communities (page 75), and Human Capital Management (page 78).

Sustainability provides a framework for the business policies that guide our decisions

The principles of social, economic and environmental sustainability underpin every facet of our business.

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 78) to our response to environmental and social issues (pages 63 and 75). Within our corporate governance framework (page 91), 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, selected to govern its actions.

We help build communities by providing people with the tools to prosper – resulting in sustainable business

At the heart of our business - Our People

How we do business – making sustainable decisions in:

- ▶ Human capital management (page 78);
- ▶ response to environmental and social issues (pages 61 and 68);
- ▶ the communities we work in (page 73); and
- ▶ corporate governance (page 90).

Our Strategic Priorities

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

Strategic Priorities	Short and Medium term Strategy (3-5 years)	Long term Strategy (6 years+)
<ul style="list-style-type: none"> ▶ Ensure we remain focused on being the developer of choice in select markets ▶ Improve the Group BBBEE rating ▶ Develop mutually beneficial relationships with all stakeholders ▶ Reduce and contain the environmental impact of our operations ▶ Sales Implementation Management Systems (SIMS) to be implemented across the value chain to ensure continuity and sustainability 	<ul style="list-style-type: none"> ▶ Focus on the implementation of secure projects rather than securing new projects ▶ Marketing capacity increased 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 ▶ Continuously improving product offering and refining integrated development principles ▶ Reduction in interest charges to be prioritised ▶ Set the benchmark for the development of memorial parks in South Africa 	<ul style="list-style-type: none"> ▶ Establish Calgro M3 as the preferred partner to private sector and public sector with regard to integrated developments ▶ Assist Government in the improvement of service delivery and the eradication of the housing backlog ▶ Establish Calgro M3 as the market leader in the development of memorial parks ▶ Ensure sustainable returns to shareholders and stakeholders ▶ Differentiate through quality, service and superior building quality ▶ Create employment opportunities and reward personnel



Operating Environment

The Group is operating in an environment supported by 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. Support from the private sector comes in the form of a newly signed Social Pact between the Minister of Human Settlements and the private sector during October 2014.

Our target market is not driven by investment but by the need for housing. The interest rate cycle does not severely affect this market and when interest rates increase, it results in a client who previously qualified for a 60m² house, buying a 56m² house, 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 2015 we expect to see projects brought to market in line with the mega projects strategy of provincial government by a combination of new entrants and experienced developers.

The Group is confident that its turnkey approach, lessons learnt with regard to the implementation of large scale projects, and experience with high density projects will serve us well as activity increase.

The barrier for entry to the industry is increasing as the scale of projects, as envisaged by Provincial and National Government, excludes smaller players in the market. Prospective new entrants are further affected by the lack of finance available for land acquisition and the financial requirement to implement projects of scale.

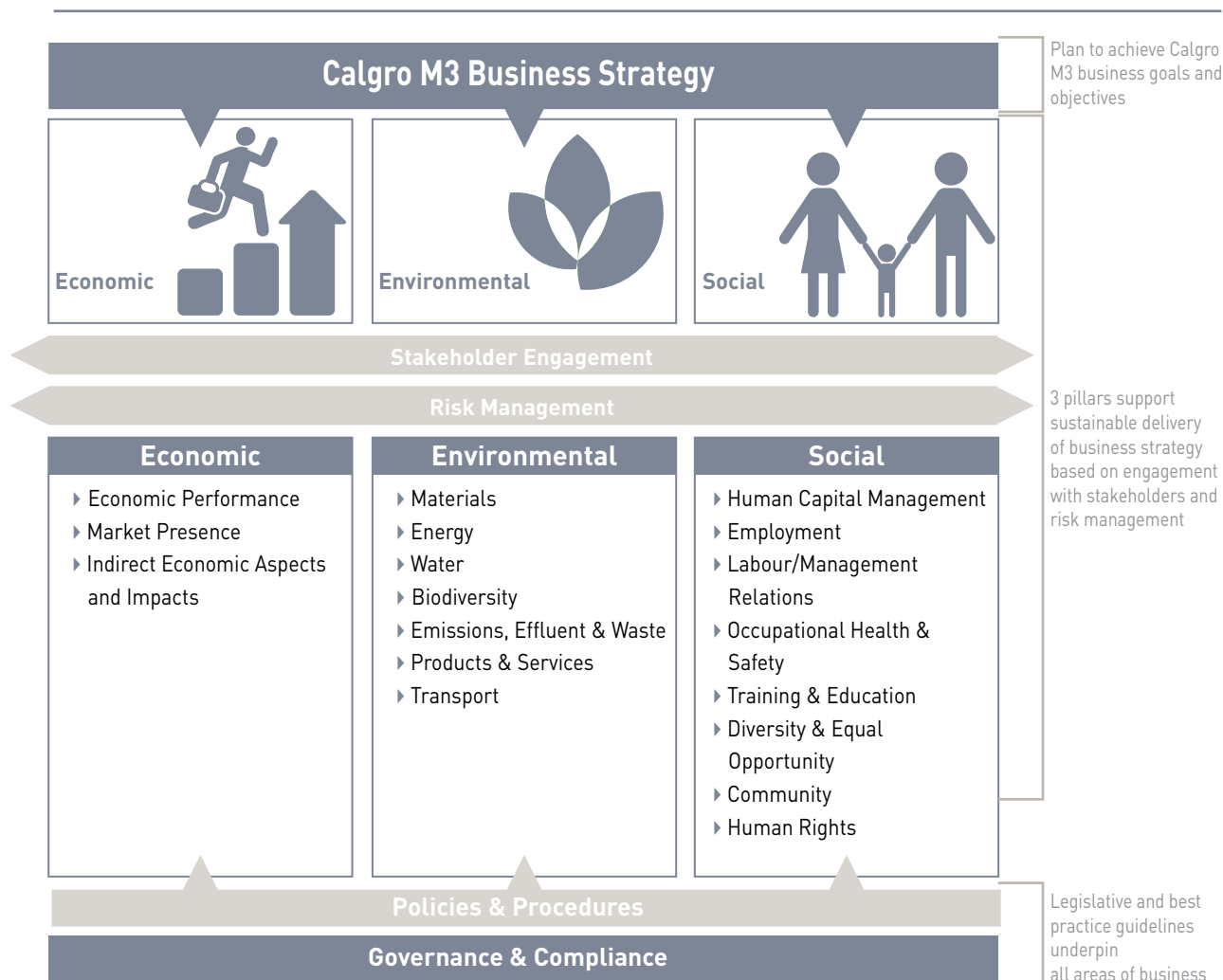
Marketing

Market demand steers the Group's marketing strategy. Exposure to various market segments are continuously monitored and adjusted to cater for changing demand.

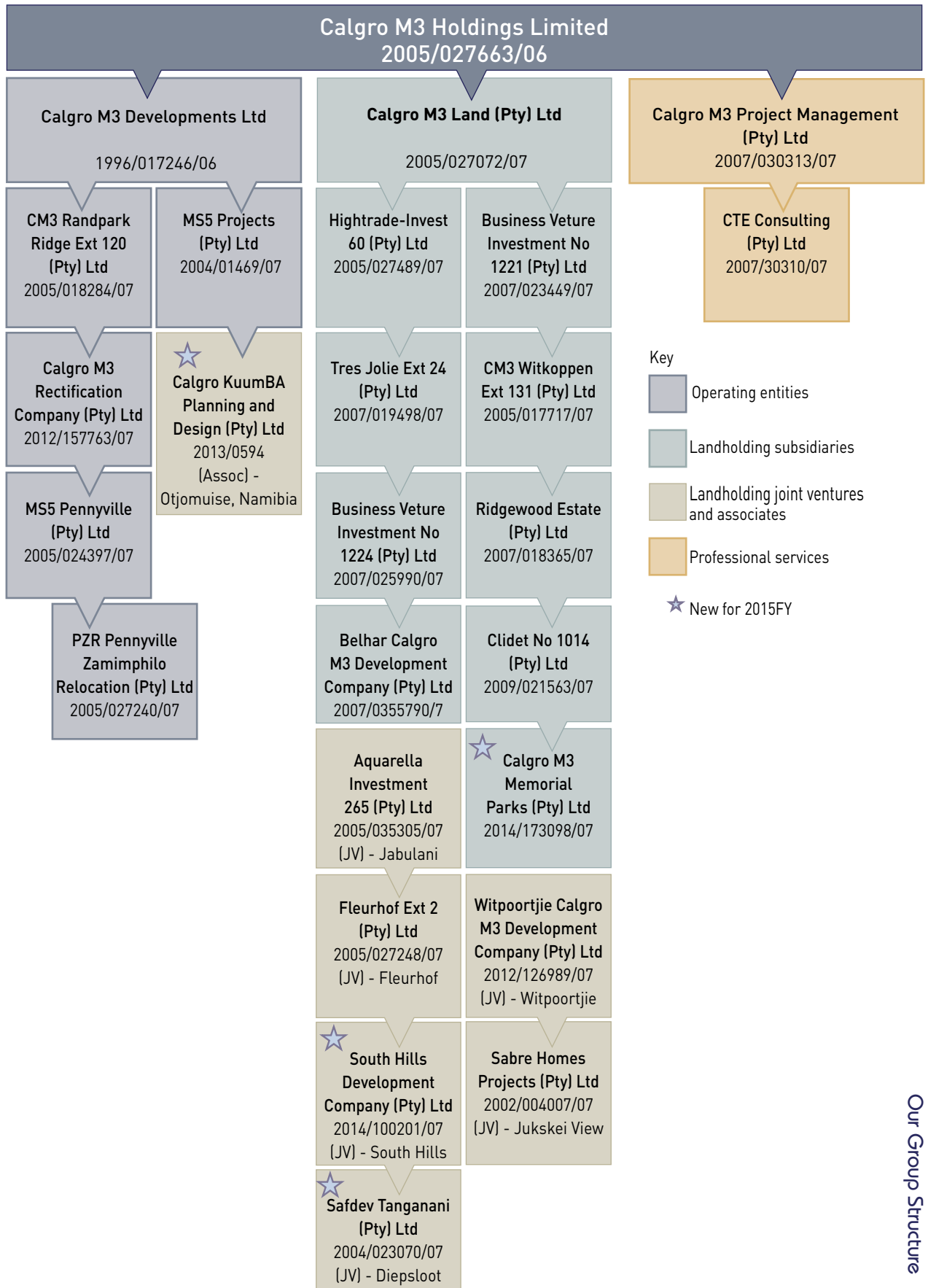
A careful balance between public and private sector exposure is maintained. Public Sector cycles are taken into account with an emphasis on: Government's need to deliver subsidised housing to meet electoral pledges (which results in higher exposure to fully subsidised units); and its drive for delivery of bonded properties to increase the tax base.

"1.5 million housing opportunities, including 110 000 housing opportunities for the gap market, 70 000 affordable rental opportunities, undertake 50 catalytic projects and install basic services and infrastructure in 2 000 informal settlements, while laying a foundation that will ensure that by 2030 all South Africans live in adequate housing"

National Minister of Human Settlements Lindiwe Susulu



Our Group Structure



What **We** Stand For



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.

How We Performed - Awards & Accomplishments

*Calgro M3 -
in pursuit of excellence*

Awards - 2014

Govan Mbeki

Award for Informal
Settlement Project
of the Year 2014 -
Fleurhof project



Govan Mbeki Award for

Best Finance Linked
Individual Subsidy
(FLISP) Housing Project
(Gauteng) of the Year 2014
- **Fleurhof project**



Govan Mbeki Award

for Best Housing
Project of the Year
2014 - **Fleurhof
project**



Govan Mbeki Award

for Best FLISP Housing
Project (National) of the
Year 2014 - **Fleurhof
project**



Govan Mbeki Award

for Social Housing
Project of the Year
2014 - **Jabulani CBD
project**



Calgro M3 Holdings, for
the second year, received
a merit award in the
Chartered Secretaries
South Africa and JSE
Limited Awards 2014
for "The Benchmark for
Integrated Reporting"



How We Perform

Adding value:



Taking energy efficient heating to the next level:

To complement the use of heat pumps, gas geysers 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.



Zero Fatalities

The Group was again not only fatality-free but free of serious injury on all construction sites.

Financial Highlights

Combined revenue including joint ventures		13.07%
Earnings per share: 2015: 114.65 vs 2014: 83.16		37.87%
Headline earnings: 2015: 109.69 vs 2014: 83.16		31.90%

Non-Financial Highlights

Moving toward 'Green homes'*

Number of energy conserving homes built:
2015 - 1 118; 2014 - 860

Social investment

Corporate Social Investment (CSI) spend:
2015 - R5.75 million from R4.2 million;

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


Achievements during the financial year:

- ▶ The Group's secured pipeline has increased from R17 billion to R19 billion;
- ▶ Breaking ground on
 - the South Hills project in partnership with Standard Bank SA and the City of Johannesburg;
 - the Jabulani CBD hostel redevelopment project after successfully relocating existing hostel residents; and
 - the long awaited Belhar project after resolving the delivery of bulk services for the area;
- ▶ We successfully handed over the first units in the La Vie Nouvelle retirement and lifestyle project to home owners.



Key Performance Indicators

- ★ BBBEE Level 3 contributor
- ★ Calgro M3's BBBEE initiative (Empowerment Trust) and its Broad Based Employee Share Ownership Scheme (Calgro M3 ESOP) demonstrate its commitment to improving BBBEE (see page 45)
- ★ Global Reporting Initiative Level 3 B
- ★ Construction Industry Development Board (CIDB) rating 9

 **CALGRO M3** celebrates
20 years in business



What Drives Us

The housing backlog in South Africa remains significant. Mixed-income integrated residential developments provide a solution to the development of sustainable communities as they incorporate socio-structures such as health, education, municipal and sporting facilities. 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%.

The Group has entered a new segment of property development, that of memorial parks as illustrated on page 19. We intend changing the face of cemeteries in South Africa and this will complement our current developments.

Statistics

South Africa's BNG housing backlog is estimated at in excess of **2.1 million houses**. Government wants to eradicate this backlog by 2030 and has introduced a number of new subsidy models to achieve this (**FLISP, GAP, CRU, etc.**)



About **four million South African** households fall into the **GAP and affordable** market where there is demand for homes of R300 000 to R620 000. Estimates put the shortage in the market at 700 000 units, growing by 100 000 units a year

Investment Proposition:

Strong financial position



20-year track record – quality outputs, stable growth



Turnkey integrated residential development capability



Experienced management team



Committed to sustainable business growth

Focused on meeting financial, social, environmental targets



Our Values



New Business Opportunity

Memorial Parks Concept

★ *First big South African Company off the national electricity grid*



Calgro M3
Memorial Park

- NASREC



2

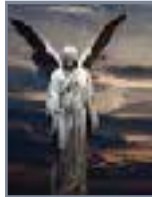
Calgro M3 pursuing memorial parks instead of traditional cemeteries, to add value to existing Calgro M3 developments and introduce a new burial option to our people

1

The concept resulted from the need for alternative land uses for large portions of Calgro M3-owned land not suitable for residential purposes, in the integrated housing developments

What is a Private Memorial Park?

Professionally managed and maintained



A sense of an accessible park rather than a graveyard

Privately owned and/or managed

State of the art security

Suitable for all denominations



Expands the offering and services of traditional municipal cemeteries

Design of the Green Office building

The fundamental principles of building "Green" are:

- *Structure design efficiency* • *Energy efficiency* • *Materials efficiency* • *Indoor quality enhancement*
- *Operations and maintenance efficiency* • *Waste and toxic reduction.*

The design of the office building will take into consideration, multiple passive design principles for instance:

- ▶ Elongated east-west axis and optimised north orientation
- ▶ Optimal northern orientation and frontages of offices on northern side of building
- ▶ Small openings and well shaded eastern and western windows and openings
- ▶ Large overhangs
- ▶ Bathrooms (service space) serve as buffer zones on eastern side of building
- ▶ Large north and south window openings to allow for optimal cross ventilation
- ▶ High volume spaces to allow for warm air to rise
- ▶ Zoning of internal spaces to allow different thermal requirements to be compartmentalised when required
- ▶ Low E- glass specified for windows
- ▶ Clearstorey windows and light shelves for optimal natural interior light (minimise use of internal electrical lighting)
- ▶ Highly insulated roofs
- ▶ Use of massing

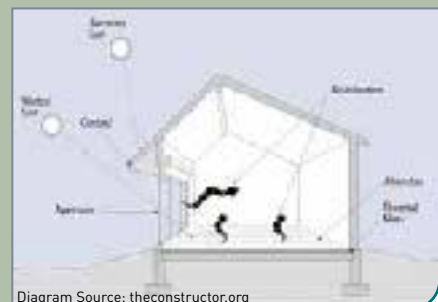


Diagram Source: theconstructor.org



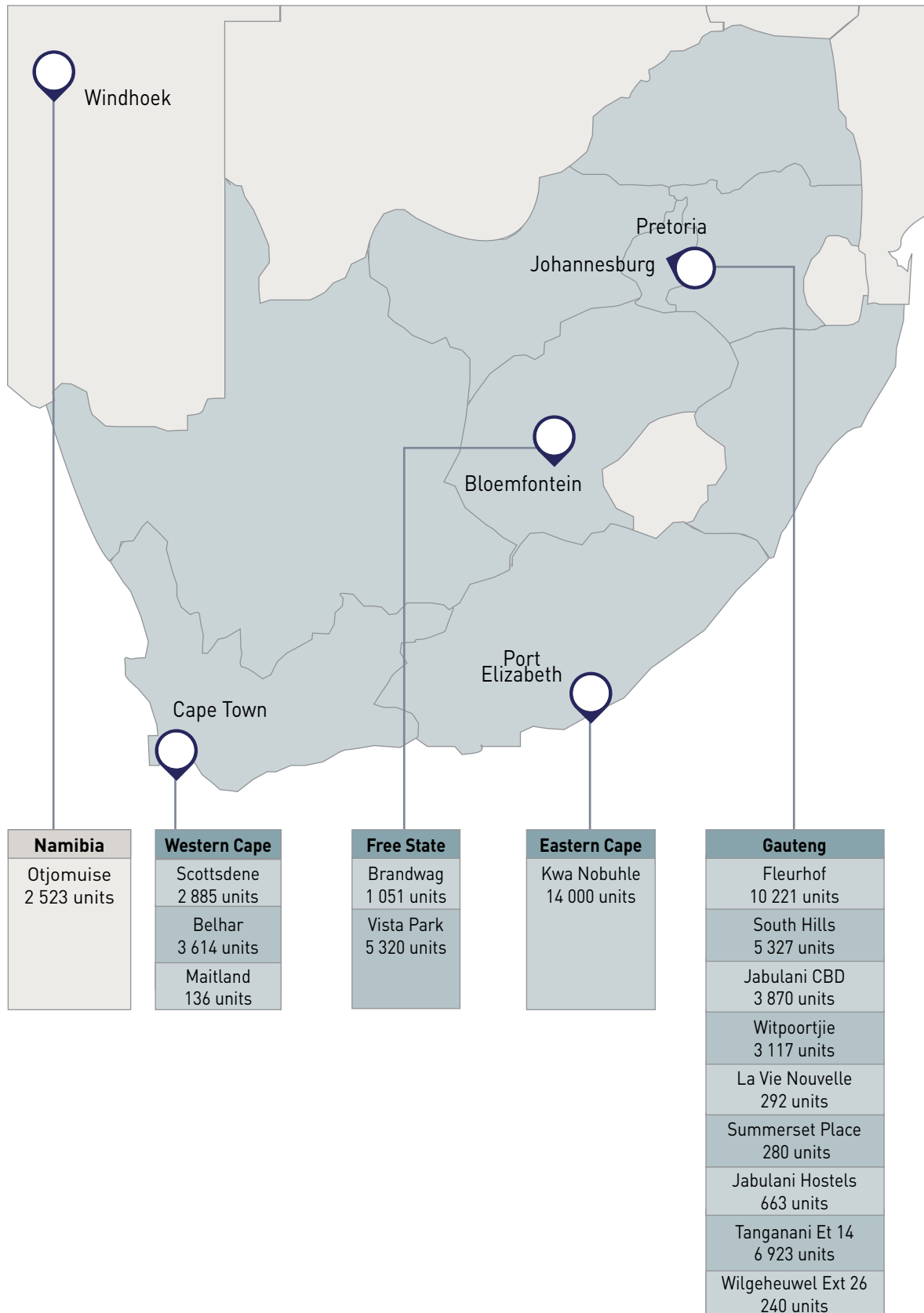
Our Key Risks

Risk Review and Assessment

	Risk	Risk Category	Mitigation Strategies	Company Specific Actions
1	BEE Compliance	Strategic	<p>First priority is to address management representation. Management implemented structures to ensure new appointments will increase representation of all groups.</p> <p>Second priority is to address ownership/shareholding. This is being done through the establishment of the Calgro M3 BBBEE Scheme (the Calgro M3 Empowerment Trust) and the Calgro M3 Broad Based Employee Share Ownership Scheme 2015 (Calgro M3 ESOP).</p>	<p>First priority: First senior appointment (Exco level) was made. Appointment of qualifying personnel on all levels to be pursued; Enhancement of the training of identified existing staff.</p> <p>Second priority: The Calgro M3 BBBEE Scheme establishes the Calgro M3 Empowerment Trust for the education and development of historically disadvantaged South Africans. Shareholding in Calgro M3 acquired by the Trust will ensure that an effective minimum 40% BBBEE shareholding in Calgro M3 is reached in line with the new BBBEE Charter.</p> <p>The Calgro M3 ESOP will see the establishment of an Employee Ownership Programme in terms of the BBBEE Codes of Good Practice. The ESOP will, via the Calgro M3 Employee Benefits Trust, subscribe to Calgro M3 shares, with at least 51% of the Units (as defined) allocated to Black People. This incentivises eligible employees of Calgro M3 or any associated company through participation in the capital growth of the Company, and will improve the BBBEE credentials of the Company (see page 45).</p>
2	Retention of Staff	Operational	<p>Market related or slightly above market related remuneration is paid to retain key personnel;</p> <p>External appointment of senior personnel to complement internal promotions;</p> <p>In-house training of identified junior personnel;</p> <p>Defined career paths to be discussed with identified key individuals; and</p> <p>Transparent succession planning throughout the Group.</p>	<p>Short-term incentive scheme implemented for senior/key personnel;</p> <p>Share appreciation rights scheme implemented;</p> <p>Imbalance in salaries on junior level was rectified; and</p> <p>Key personnel identified and incentivised accordingly.</p>

	Risk	Risk Category	Mitigation Strategies	Company Specific Actions
3	Capacity	Operational	Management capacity increased by strategic appointments and skills transfer; Capacity on departmental level addressed to relieve pressure at Department Head level while addressing succession planning; Departmental support functions closely monitored with regard to capacity; Marketing capacity to be expanded to ensure that construction capacity can be fully utilised; Planning department capacity increased for new projects as well as implementation of projects; and Construction capacity to be maintained and expanded when required.	Report back to Board during strategic sessions; Manco structure established to enhance and fast track skills transfer; and Construction capacity supplemented by external contractors. Reputable external contractors are being employed.
4	Cash Flow/Liquidity	Financial	No dividend declared; Cash retained on balance sheet (war chest); Bond Exchange facility closely monitored to ensure covenants adhered to; and Provisional facility with Financial Institution.	Single point cash flow control; Strict budgets and budget approvals; and Capital expenditure planning by Exco and supported by Manco.
5	Uncontrolled Growth	Strategic	Strict Board and stakeholder supervision and advice.	Exco is reviewing cash flows and controls monthly; All new projects approved by Exco with the support of Manco; and Continuous capacity building.
6	Reputational Damage because of sub-standard work	Reputational	Construction capacity retained in-house in order to "step in" should the need arise; Maintain relationship with NHBRC as watchdog for the industry; Appointment of reputable external contractors, suitably qualified and capable of delivering quality products within stipulated time-frames.	Good internal controls; Good relationship with appointed professional team; and Excellent quality controls in-house.
7	Macro Environment & Impact on Projects	Operational & Financial	Regular consideration of current economic factors, demographics, legal, political and social conditions, technological changes and social conditions.	Consideration of economic factors when pursuing new projects or extending current projects; Maintaining a neutral position with regard to political parties; Consideration of the financial means of communities to participate in projects and the social conditions relevant to the these communities; Consideration of technological changes on a regular basis; Consideration of changes in legislation on a regular basis; and ensuring compliance with current and changing legislation.

Our Geographic Footprint



Some of Our Projects - Who We Are Today

Scottsdene



- ▶ City of Cape Town (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 1 650 units under construction or completed

Otjomuise



- ▶ Tender awarded to Calgro M3 joint venture in Windhoek
- ▶ Public Private Partnership
- ▶ First Calgro M3 project outside South African borders
- ▶ Integrated development
- ▶ Phases 1A & 1B infrastructure completed
- ▶ 2 523 residential opportunities:
 - Freestanding family units
 - Multi-storey walk-up units
- ▶ Construction on Phase 1A commenced in August 2014 consisting of 1 187 units
- ▶ Contracts concluded for Phases 1B & 1C to commence with 1B during 2015

Tanganani



- ▶ Joint venture entered in with ESOP in Diepsloot
- ▶ Integrated development consisting of 6 923 units
- ▶ Integrated project based on Government BNG (Breaking New Ground) principles
- ▶ 2 596 BNG units with a 20m² back-yard
- ▶ Special dwelling units earmarked for CRU (Subsidised Rental for Private SHI's)
- ▶ FLISP multi-story unit and free hold affordable units
- ▶ Construction of two pedestrian bridges completed
- ▶ Upgrading of William Nicol as well infrastructure will commence 3rd quarter of 2015
- ▶ Project classified as mega project

La Vie Nouvelle



- ▶ Retirement and Lifestyle Estate in Broadacres
- ▶ 292 Sectional Title Ownership units, Freestanding simplex
- ▶ 36 Bed Frail Care facility
- ▶ Redesigned to adapt to market needs
- ▶ Energy efficiency measures such as gas reticulation for cooking and water heating implemented
- ▶ Rainwater harvesting implemented
- ▶ Fibre optic network
- ▶ Wetland rehabilitation
- ▶ Phase I sold out with infrastructure completed and last units under construction
- ▶ Phase 2 - eight units sold, construction of infrastructure and top structures to commence by June 2015

Jabulani Hostels phase 2



- ▶ Hostel redevelopment project in Jabulani, Soweto, consisting of 663 family units
- ▶ Calgro M3 successfully developed and constructed Jabulani Hostels Phase 1
- ▶ Calgro M3 awarded contract for Phase 2 in February 2014 consisting of infrastructure and top structure construction
- ▶ Construction commenced early December 2014 after delays encountered in vacating existing hostels to be demolished
- ▶ Unit typologies consisting of BNG (fully subsidised) and 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)
- ▶ Project classified as mega project
- ▶ Integrated Project based on Government's BNG (Breaking New Ground) principles
- ▶ 10 221 residential opportunities:
 - BNG units (fully subsidised)
 - Social Housing units (subsidised rental)
 - GAP/FLISP Housing units
 - Affordable Housing units
- ▶ Schools and crèches constructed and being developed
- ▶ In excess of 3 000 units have been completed to date with a further 1 800 units currently being constructed
- ▶ All bulk infrastructure required to be completed by the end of 2016
- ▶ All internal infrastructure required to be completed during 2017

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
- ▶ 5 327 residential opportunities:
 - BNG units (fully subsidised)
 - Social Housing units (subsidised rental)
 - GAP/FLISP Housing units
 - Affordable Housing units
- ▶ Construction of bulk, link and internal civil infrastructure commenced in November 2014
- ▶ Construction of bulk and link electrical infrastructure to commence end of May 2015
- ▶ Construction of the first BNG units to commence this year

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:
 - BNG units (fully subsidised)
 - Social Housing (subsidised rental), GAP and FLISP housing units
- ▶ ROD issued 2014
- ▶ Township Establishment approval expected end June 2015
- ▶ Bulk civil infrastructure to commence 2nd half of the year
- ▶ Internal infrastructure to commence 2nd half of the year

Witpoortjie Ext 52 & 57



- ▶ Affordable Housing Development situated on Main Reef Road, Witpoortjie
- ▶ 3 117 residential opportunities:
 - GAP/FLISP Housing units
 - Affordable Housing units
- ▶ Construction of bulk, link and internal infrastructure for Phases 1 & 2 complete
- ▶ Electrical infrastructure for Phase 1 complete, Phase 2 underway
- ▶ Construction of top structures to commence by September 2015

Belhar CBD



- ▶ Situated adjacent to the University of the Western Cape and the Cape Peninsula University of Technology
- ▶ 3 614 Residential opportunities:
 - Social Housing units (subsidised rental)
 - GAP, FLISP housing and student accommodation units
 - Affordable housing units
- ▶ Phase 1 bulk infrastructure complete
- ▶ Construction of 627 Social Housing units with internal infrastructure commenced
- ▶ Phase 2 Environmental Impact Assessment and Township Establishment approval obtained
- ▶ Phase 2 bulk and link civil and electrical infrastructure to commence in the second half of 2015

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
- ▶ Opportunities:
 - 3 870 multi-storey residential units
 - 3 Social Housing units
 - GAP, FLISP and Bonded units
- ▶ CoJ Rea Vaya Bus Rapid Transport System to link Jabulani CBD with Joburg CBD
- ▶ 1 282 Units completed to date

Brandwag

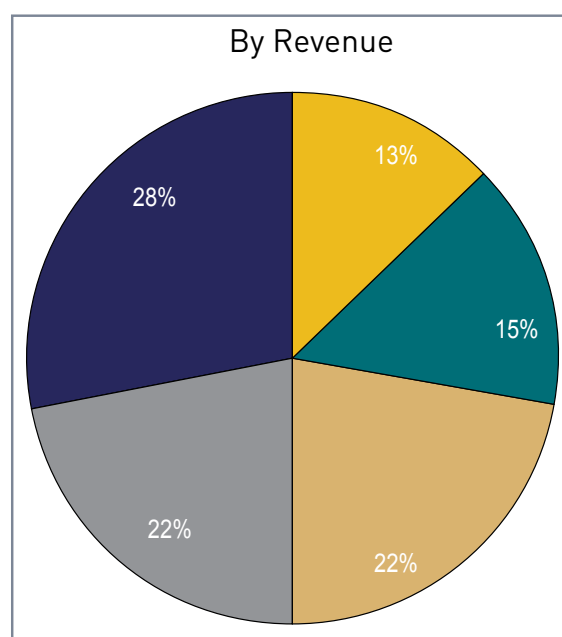
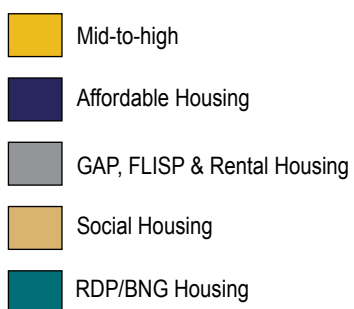
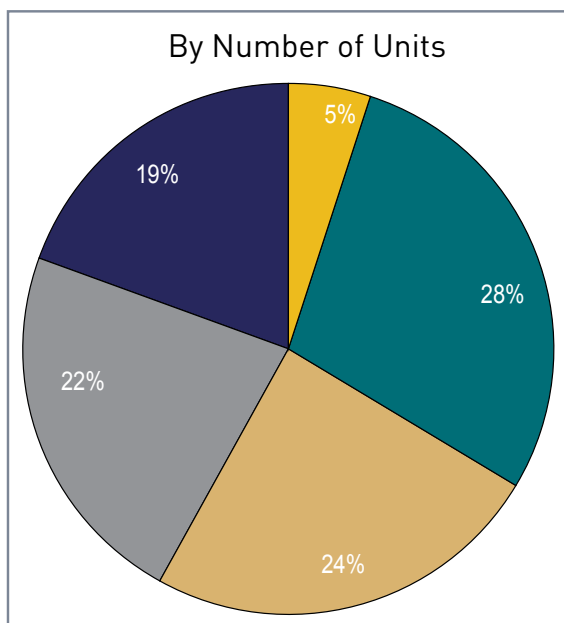


- ▶ Social Housing Development of 1 051 units to be constructed in three phases consisting of refurbishments and new builds in Bloemfontein
- ▶ Phase 1 complete
- ▶ Phase 2 new build units complete, refurbishments ongoing
- ▶ Phase 3 commenced January 2015

CoCT: City of Cape Town
CoJ: City of Johannesburg

Our Secure Pipeline

	Total no of residential units in project	Non-Subsidised						
		BNG (Multi-storey)	BNG (Free standing & semi-detached)	CRU / Social Housing (Multi-storey)	GAP, FLISP & Rental Housing (Multi-storey)	GAP / Affordable Housing (Free standing)	Above Affordable Housing	Remaining revenue to project completion R'mil
GAUTENG								
Fleurhof - Extension 2	10 221	3 186	-	1 431	3 480	2 124	-	2 236
Jabulani CBD – Soweto (Parcels A, B, C & D) - Only balance	2 460	-	-	300	2 160	-	-	402
Jabulani CBD – Soweto (Parcel K)	1 410	705	-	564	141	-	-	469
Jabulani Hostels Phase 2 - Soweto	663	-	-	-	-	-	-	209
Witpoortjie – Joburg	3 117	938	-	779	300	1 100	-	735
South Hills – Jhb	5 327	2 242	-	-	468	1 525	-	1 908
Tanganani Ext 14	6 923	-	2 596	3 159	575	593	-	2 479
Summerset	280	-	-	-	-	280	-	63
Wilgeheuwel Ext 29	240	-	-	-	-	240	-	196
La Vie Nouvelle - Fourways	292	-	-	-	-	-	292	292
Balance of mid to high	624	-	-	-	-	-	-	1 123
EASTERN CAPE								
Kwa Nobuhle – Port Elizabeth	14 000	-	-	2 333	2 333	4 373	2 040	5 013
WESTERN CAPE								
Scottsdene – Cape Town	2 885	549	-	1 141	724	210	-	435
Belhar - Cape Town	3 614	-	-	1 254	2 325	35	-	1 044
Maitland – Cape Town	136	-	-	-	136	-	-	63
FREESTATE								
Vista Park Ext 3 – Bloemfontein	5 320	1 596	-	1 500	1 045	1 179	-	1 905
Brandwag – Bloemfontein	1 051	-	-	1 051	-	-	-	17
NAMIBIA								
Namibia - Otjomuise - phase 1	2 523	-	-	-	-	2 523	-	798
Total number of units - contracted projects	61 098	9 216	2 596	13 512	13 687	14 182	2 434	19 618



Our Board



Pumla Fundiswa Radebe (59)**

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 Chairperson to the Calgro M3 Board in June 2007.

Ben Pierre Malherbe (49)

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 he 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 (46)^**

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 (74)^ **

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 has 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. John will not be available for re-election as he has reached the age of 75 and will be retiring later this year.

Willem Jakobus (Wikus) Lategan (34)

CA(SA)

Financial Director

Wikus served as a member of the SAICA National Members on the Business Executive and is also Chairperson of the SAICA Northern Region and Business Council. He was nominated as one of the top twelve CA(SA)'s in Accountancy SA's 35-Under-35. Formerly Audit Manager at ARC, Wikus joined Calgro M3 as Financial Director in August 2008.

Hatla Ntene (60)

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 (61)^**

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 (48)

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 as COO of Calgro M3 in December 2009.

Frederik (Derek) Johannes Steyn (52)

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 and 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.

Hugh Colin Cameron (63)^

CA (SA)

Hugh is a chartered accountant by profession and a retired partner of PricewaterhouseCoopers. In 1999, post the merger Pricewaterhouse Coopers & Lybrand, he was appointed as the firm's mining leader and was responsible for Europe, the Middle East and Africa. In 2002 he was appointed the firm's global mining leader, responsible for mining practices worldwide. In addition to specialising in mining, he also gained extensive experience in other industries, notably property, construction, insurance and investment and industrial products. He was also a member of the firm's governing board for 12 years until he retired. He served as a member of the advisory panel of the International Accounting Standards Board. Hugh is currently an independent non-executive director of Impala Platinum Holdings and a trustee of the Sishen Iron Ore Community Development Trust. Hugh was appointed to the Calgro M3 Board as a Non-executive Director on 8 May 2015.

^ Audit and Risk Committee

** Remuneration Committee and Nomination

Executive **Committee** - (Exco)



Back L/R: Wayne Williams, Manda Nkuhlu, Deon Steyn, Wikus Lategan
Front: Ben Pierre Malherbe and Derek Steyn

Management **Committee** - (Manco)



Tinus Erasmus, Waldi Joubert, Bryan Blieden, Charles le Roux and Charl Cornelissen

Management Message

FROM THE DIVISIONAL DIRECTORS' COMMITTEE

Unlike the “times” so famously described by Charles Dickens, the Divisional Directors' Committee, which effectively makes up the Management Committee (Manco), can report that 2015 was predominantly akin to “the best of times”.

In 2015, Manco accepted a lot more responsibility for overall operational management of the Company, with the Executive Committee (Exco) providing guidance and taking a more advisory role. This change was the result of a strategic decision by Exco to strengthen the Company in terms of succession planning. It is the first step in a long-term process. While obtaining balance in this new territory was challenging at times, we are happy to report that we made strong strides on a number of fronts that will see this process translate into future benefits for the Company and all its stakeholders.

Positive progress was made in the areas of:

- ▶ Transfer of knowledge;
- ▶ improvement of skill sets;
- ▶ communication, both internally and externally; and
- ▶ improvement in the main areas of the cash conversion cycle.

Areas that will require more focus in the 2016 financial year are:

- ▶ Continuous improvement of timelines in terms of handover of properties to new owners; and
- ▶ unlocking internal human capital.

Knowledge and skillset transfer will remain a priority. They will be driven by a mentorship programme and by Manco.

Internal and external communication is embraced as a competitive advantage and will continue to enjoy the wholesale support of, and buy-in from Manco and Exco. Respect for the rights and concerns of stakeholders is non-negotiable, and clear and acceptable communication creates the foundation for true stakeholder engagement on key issues.

This industry is very exposed to legislation, governance and various regulatory requirements, all directly impacting our delivery timeline. Manco takes full cognisance of this reality and will jointly and pro-actively manage timelines and processes to ensure growth is obtained for all stakeholders.



Most importantly, the drive to unlock human capital amongst our personnel is one of our core focus areas for 2016 and beyond. The Company has accumulated a dedicated and capable team of people and we believe that unlocking this internal pool of talent is not only socially and morally the correct thing to do, but will also benefit the Company. It will further strengthen the business culture, improve skills and boost outputs, measurably improving our bottom line.

In conclusion, Manco wishes to thank two special groups of people who were instrumental in achieving the success seen in 2015: Exco for the guidance, trust and support it has provided so palpably; and our personnel for their continued loyalty, dedication and efforts.

Together, as a team, we look forward to the challenges that 2016 might bring.

Foreword of Our Chairperson

Dear valued shareholders and stakeholders,

I am honoured and pleased once again, to present my report for the Calgro M3 Group for the year ended 28 February 2015.

Overview

Although the global economic environment is well documented and pressure on the construction industry as a whole has led to uncertain trading conditions, the Group delivered another solid set of results.

Post-recession challenges continue to influence all of our markets, but Calgro M3 is fortunate to operate in a market where the need for housing outweighs the financial challenges. It is however the Group's resilient value proposition and Calgro M3's positioning through diverse investments in the integrated housing market that continue to secure the long-term pipeline that has in the past, and will in the future, secure Calgro M3's success. The success of this strategy is evident in our performance which has continued to improve over the past five years.

The Group continues to pursue its long-term strategy to deliver sustainable returns to shareholders, by focusing on a combination of organic growth and geographic expansion. While Calgro M3 has been building on its reputation as the leader in integrated housing in South Africa, we have, in the process, created value for our shareholders, attracted innovative and motivated employees, and contributed to the communities we operate in, to ensure a successful, sustainable business for the future.

It gives me great pleasure to report that the Group has entered into a joint venture on an integrated development, in line with the Minister of Human Settlements' initiative, which incorporates women in construction and ensures that women will be involved in the roll-out of the Minister's national targets. Our subcontractor data base was also increased to accommodate women in construction, in the installation of infrastructure.

Ensuring Robust Growth

Within the context of our business model and strategic priorities there are specific areas of focus that will assist in ensuring robust growth for the future:

Innovation to create value is our first commitment, not just in products and services, but in everything we do and everywhere we operate. We need a constant flow of new ideas and different approaches to meet the challenges and opportunities of the future;

Second, and with point one in mind, we need to ensure that we remain the residential developer of choice in selected markets;

Third, our national footprint is receiving attention with focus on local representation and supporting decision-making on a local level;





On-going investments in new projects and infrastructure on current projects have reinforced the Calgro M3 Group's resilient business model

Fourth, we have assumed greater accountability for quality. We have redefined standards and processes ensuring that superior building quality is maintained; and

Last but certainly not least, we will continue to foster a purpose-driven organisation and develop leadership at every level of our Company, with special focus on partnerships with women in construction. This is essential for us to deliver on the responsibilities we assume as being the market leader.

Addressing a South African Challenge

Our diversified and turnkey business model gives us a unique perspective on the needs, fears, frustrations and hopes of the people in need of houses, or even just a roof over their heads. We believe, by making sure all South Africans have a roof over their heads, it does not result in just a happier life, but also one that has much greater economic stability and provides a foundation for individual and societal advancement. I am very proud of the progress we have made towards our purpose of caring for the people, one family at a time. But all of us are keenly aware of the gaps that still exist.

There is a substantial gap and shortfall in the South African housing market. This was brought to the public's attention again during last year's mine workers' strike, as well as the general service delivery protests.

Can we close this significant gap? We are committed to convening a dialogue that recognises and addresses this gap. We work with communities, local government partners and several other stakeholders to make a meaningful difference and take action to improve the lives of people.

Conclusion

The Group has delivered a pleasing performance in an increasingly challenging environment. On behalf of the Board, I thank Ben Pierre and his executive team for their outstanding leadership. My fellow Non-executive Directors provide valuable insight and guidance and I thank them for their on-going support.

Thank you to our employees across the country who have ensured that the Group continues to strengthen its market position. Finally, to all our external stakeholders, including our customers, shareholders, Government, community forum, suppliers, industry regulators and business partners, thank you for your continued support.

PF Radebe
Chairperson
8 May 2015

Our History - 1995-2015

1995	 <p>Derek Steyn and Deon Steyn</p>	<p>Calgro established by Derek Steyn and Deon Steyn, later joined by brother Douw Steyn.</p>
<p>M3 Developments established by Ben Pierre Malherbe and Brand Malherbe.</p>	 <p>Brand Malherbe and Ben Pierre Malherbe</p>	2000
2001	 <p>CALGRO M3</p>	<p>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.</p>
<p>The Group completes its first 1 000 houses aimed at the affordable market, diversifies into mid to high income residential market.</p>		2002
2007	 <p>JSE</p>	<p>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.</p>
<p>Embarks on its first integrated residential project of 2 800 units, namely Pennyville Ext 1.</p>		2008
2009		<p>Group breaks ground on the R2.65 billion, 10 221-unit Fleurhof integrated development.</p>

2010



Pennyville completed.

Secured **Jabulani CBD** project of 3 870 units of R1.1 billion.

Awarded **Jabulani hostels** redevelopment first phase of 500 units.

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.



2011

2012



Calgro M3 lists on the JSE Main Board. Secured the second project in Western Cape, the **Belhar** project, estimated turnover R1 billion.

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

Agreement signed for R5 billion, 14 000 units **Kwa Nobuhle** in the Eastern Cape Province.

Completion of first phase of **Jabulani hostel** development.

Environmental approval to proceed with R2 billion, 5327-unit **South Hills** development.

Jukskei View sold out.

Installing infrastructure on the R499 million, 292-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 23 - 25.



2013

2014



Award of the R798 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 R735 million **Witpoortjie** and R145 million **Sagewood projects**.

Break ground on the R2 billion **South Hills** development.

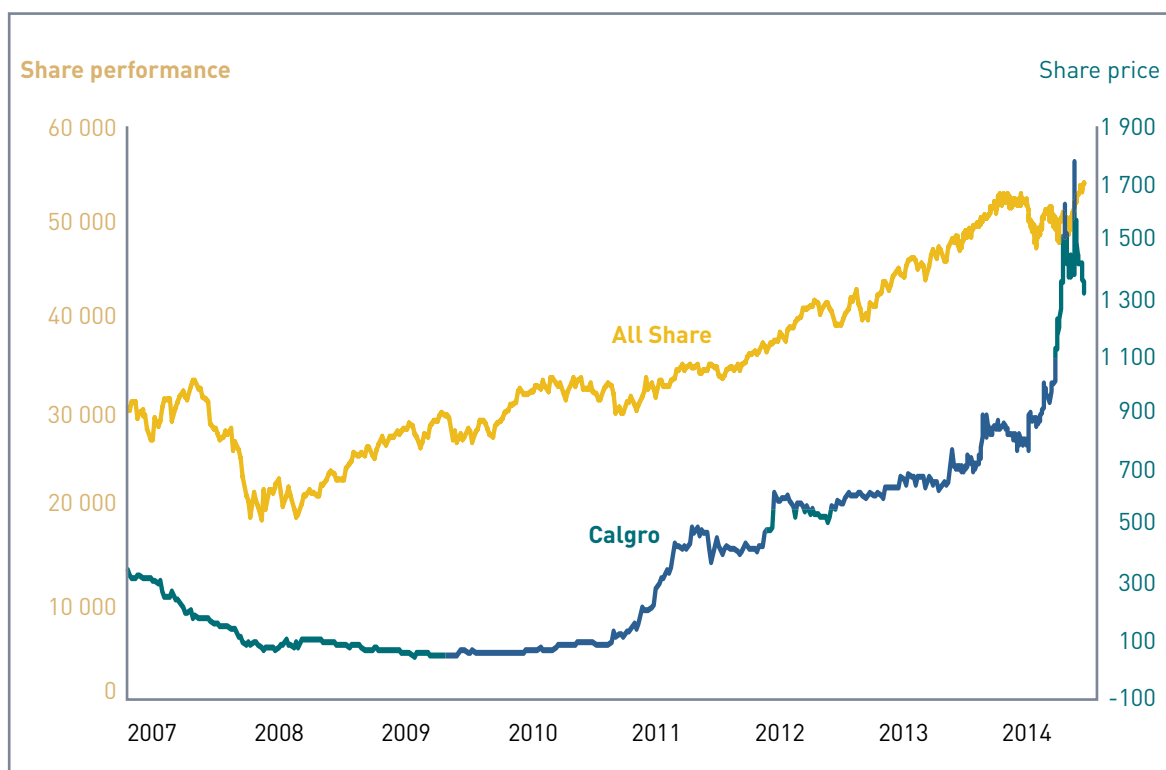
Entered into JV with Esor to develop the R2.5 billion **Tanganani Ext 14** project.

Entered into development agreement to develop the R1.9 billion **Vista project**.

Our Five-Year Financial Review

Rands	2015	2014	2013	2012	2011
Group Income Statement					
Revenue	932 204 729	784 942 989	798 394 052	514 913 160	281 849 367
Gross profit	174 871 192	112 989 404	147 958 530	79 514 647	35 024 294
Gross profit %	18.76%	14.39%	18.53%	15.44%	12.43%
Operating profit	83 801 167	52 850 634	89 373 753	43 218 758	(370 832)
Share of profit of joint ventures and associates - net of tax	86 826 674	66 161 456	29 405 992	34 326 274	16 342 776
Profit before tax	168 149 043	115 214 661	117 240 277	77 935 723	15 310 618
Basic earnings per share (cents)	114.65	83.16	71.84	51.44	13.34
Headline earnings per share (cents)	109.69	83.16	71.84	51.44	13.48
Net asset value per share (cents)	455.30	340.72	257.56	185.72	134.28
Tangible net asset value per share (cents)	423.06	314.77	231.75	159.82	108.57
Group Balance Sheet					
Inventories	498 089 210	385 826 228	264 579 692	249 305 202	234 945 651
Construction contracts	198 211 436	179 486 749	139 250 724	85 459 296	40 646 024
Net cash position	130 565 085	62 892 583	198 342 958	103 690 964	10 913 020
Retained income	482 747 300	337 031 142	231 335 823	140 032 285	74 652 237
Borrowings	492 131 943	470 929 440	299 889 542	225 111 270	154 261 721
Trade and other payables	221 637 558	156 056 986	153 155 913	113 541 488	44 329 083
Group Cash Flows					
Cash (utilised in)/generated from operations	119 533 705	(252 754 959)	49 486 223	69 829 415	68 474 479
Tax paid	(20 380 552)	(5 183 498)	(16 553 902)	(11 634 136)	(11 764 586)
Net cash (utilised in)/from operating activities	50 203 159	(291 953 186)	12 585 354	39 276 482	24 266 155
Net cash (invested in)/from investing activities	(2 635 207)	(16 090 602)	8 268 506	(16 243 150)	9 137 120
Net cash from financing activities	20 104 550	172 593 413	73 798 134	69 744 612	(11 287 417)
Net (decrease)/increase in cash and cash	67 672 502	(135 450 375)	94 651 994	92 777 944	22 115 858
Cash and cash equivalents at the beginning of the year	62 892 583	198 342 958	103 690 964	10 913 020	(11 202 838)
Cash and cash equivalents and bank overdraft	130 565 085	62 892 583	198 342 958	103 690 964	10 913 020
Financial ratios					
Return on net assets	25.17%	39.14%	44.45%	26.83%	9.93%
Return on net tangible assets	27.08%	26.42%	31.00%	31.25%	12.29%
Current ratio	1.45	1.43	1.44	1.43	1.49
Market capitalisation at year-end - ordinary shares	1 689 159 000	874 448 000	653 294 000	546 530 000	82 615 000

Our Share Performance



Annual Return - From 2008 to 2014

Calgro	23.74%
All Share	9.33%
Small Caps	10.25%
Alt X	-14.17%

Summary								
Price % Change								
	Calgro	% Change	All Share	% Change	Small Caps	% Change	Alt X	% Change
2/28/2005	-	-	-	0.00	-	-	-	-
2/28/2006	-	-	19 395	0.00	20 898	0.00%	-	-
2/28/2007	-	-	26 292	35.56	29 204	39.74%	-	-
2/29/2008	289	-	28 506	8.42	30 737	5.25%	1 766	0.00
2/28/2009	70	-75.78%	20 650	-27.56	20 091	-34.64%	620	-64.89
2/28/2010	38	-45.71%	26 262	27.18	27 690	37.82%	368	-40.71
2/28/2011	55	44.74%	32 954	25.48	32 298	16.64%	343	-6.62
2/29/2012	412	649.09%	33 975	3.10	34 689	7.40%	506	47.26
2/28/2013	421	2.18%	39 561	16.44	43 293	24.81%	490	-3.13
2/28/2014	631	49.88%	46 629	17.86	50 400	16.42%	567	15.75
2/28/2015	1 284	103.49%	53 218	14.13	60 861	20.76%	606	6.91



CEO & FD's Report

A strong pipeline, sustained growth , diversification and a focus on “green”.

The Group experienced a successful year, despite tough trading and market conditions in the construction sector. The Group's business model is based on a turnkey approach, variable costing and the diversification of risk through the development of products targeting a broad spectrum of the residential market. This allowed the Group to deliver a strong set of results.

In the context of demand for public private partnerships to implement the ambitious targets set by the National Department of Human Settlements, the Group's strong pipeline of secured projects strategically positions it to partner Government in the second phase of South Africa's transition to a national democratic society.

Strategy remained unchanged with its core business being property developer of choice in select markets.

The secured pipeline increased from R17 billion to R19 billion, due mainly to the acquisition of a 50% interest in the Tanganani Ext 14 project in Diepsloot from Esor. This acquisition is in line with the focus on capacity build-up during the previous two reporting periods. The Group has now reached a stage in its growth strategy where operations in the three provinces where it has projects under construction are sustainable. Calgro M3 will now consider venturing into a new province if a mutually beneficial contractual arrangement can be secured for the development of an integrated development that is in line with the targets of the National Department of Human Settlements and the province's Mega Projects policy. In terms of projects outside the borders of South Africa, the Group will limit its exposure to Namibia in the short term as teething problems, although resolved, delayed the implementation of the Otjomuise project in Windhoek.

The Group has ventured into an exciting new market segment in the property development sector - the development of private memorial parks - in an attempt to utilise land parcels not suitable for residential development and to de-risk the Group in terms of dependency on power utilities for the provision of power. This new venture will be launched on land specifically acquired for memorial parks.

Once the brand is established, the concept will be applied at existing projects on land not suitable for residential development in line with discussions held with the National Department of Human Settlements.

“The second phase of our transition to a national democratic society needs bold thinking and decisive action to completely eradicate the social, economic and special legacy of apartheid and colonialism. It requires men and women with the capacity to inspire actions that can turn dreams into reality. And it requires public representatives, public servants and leaders in all other sectors to remain true to the values of loyal service to the people.”

Gauteng Premier David Makhura,
State of the Province address, 27 June 2014.

The NDP envisages that by “2050, visible results from effectively coordinated spatial planning systems shall have transformed human settlements in South Africa into equitable and efficient spaces with citizens living in close proximity to work with access to social facilities and necessary infrastructure”, thus ensuring a key contribution to robust economic growth and social cohesion

In pursuing this new venture, the principle of property development based on a turnkey approach - the Group's core business - is retained. At the same time, Government is again assisted in service delivery as the Group provides town planning, installation of infrastructure and sales to end-users in a market segment where delivery of essential services to the broad community is failing. This new venture will be completely “off the grid” with no requirement for electricity from power utilities. This venture will be actively pursued in the residential market as well, with valuable lessons learned, implemented.

Significant achievements during the year ended 28 February 2015 include:

- ▶ Jobs created on construction sites were again in excess of 5 000;
- ▶ the Group was again fatality-free on all construction sites;
- ▶ Fleurhof won three 2014 Govan Mbeki Awards, namely Best FLISP Project of the Year, Best Informal Settlement Upgrade of the Year, and Best Integrated Project of the Year;
- ▶ receiving a merit award, for the second time “The benchmark for integrated reporting 2014”, from the Chartered Secretaries South Africa in association with Johannesburg Stock Exchange and Link Marketing Services;
- ▶ acquiring a 50% interest in the Tanganani Ext 14 project in Diepsloot from Esor;
- ▶ handing over the first units in the La Vie Nouvelle retirement and lifestyle project to home owners;
- ▶ breaking ground on the South Hills project in partnership with Standard Bank SA and the City of Johannesburg;
- ▶ breaking ground on the Jabulani CBD hostel redevelopment project after successfully relocating existing hostel residents;
- ▶ breaking ground on the long awaited Belhar project after resolving the delivery of bulk services for the area;
- ▶ not repeating construction losses experienced during the previous reporting period on the Jabulani project.

Operational Review

The expected decrease in exposure to infrastructure development post the 2014 election did not materialise. Momentum was maintained in the installation of infrastructure. At the same time, the Group benefited from a shift in focus towards construction of top structures.

The Group experienced increased urgency from Government towards the provision of infrastructure. Increasing pressure to facilitate service delivery through installation of infrastructure was noticeable as early as a few months after the 2014 election, and is likely to continue leading into local elections scheduled for 2016. The Group balanced the increased exposure to the installation of infrastructure with an increase in construction of top structures, resulting in increased margins.

The year under review did not deliver on expectations with regard to the number of units constructed. It did, however, set the foundation for sustained growth in the next reporting period and beyond. New projects breaking ground will not only contribute towards revenue and profit but will diversify the Group's exposure to specific projects.

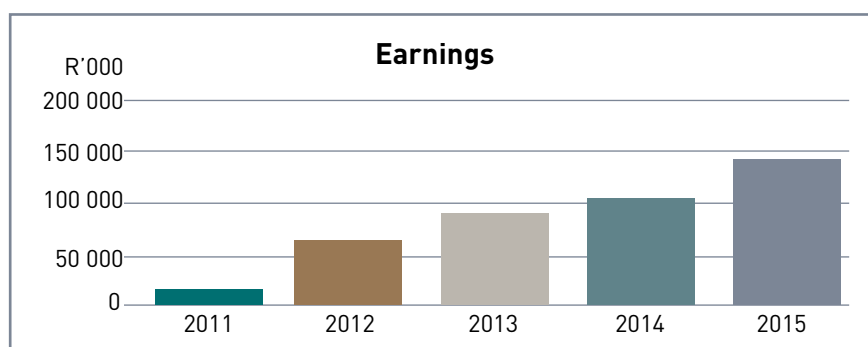
In line with the approach of focusing on property development, the use of external contractors has successfully been increased and the first units constructed by external contractors were well received in the market and handed over to clients during March 2015. The measures implemented to ensure that quality was maintained at the Calgro M3 level proved successful. This will allow the Group to grow and concentrate on its core business, namely property development.

The slow recovery of the mid- to high segment of the residential market resulted in the Group focusing its efforts in this market segment on the completion of the La Vie Nouvelle retirement and lifestyle project.

Group Results - General Overview

High - and low lights for the year ended 28 February 2015		
	2015	2014
Revenue – R'000 - ↑ 18.76%	932 205	784 943
Group combined revenue including JV's – R'000 - ↑ 13.07%	1 661 584	1 469 555
Earnings per share (cents) - ↑ 37.87%	114.65	83.16
Headline earnings per share (cents) - ↑ 31.90%	109.69	83.16
Cash – R'000	130 565	62 892
Pipeline – R'000	19 000 000	17 000 000
Net Debt to Equity %	62.47	94.22

We are pleased to report strong growth for the fifth consecutive year and a set of results with increased operating profit and earnings over the comparable period. Overheads have been inflated by an unexpectedly high share appreciation rights scheme (SAR) expense, brought about by a steep upward curve in the share price in December 2014 which, in turn, has had a dilutive effect on the results. If the share price had retained a similar growth pattern as in previous years, normalised headline earnings would have amounted to 145.27 cents per share which represents an increase of 54.89% (the calculation of the basic normalised earnings per share and normalised headline earnings per share can be found in note 38 to the financial statements of the Group).



The Group continued with its previously adopted approach, continuously supporting future profit growth through the preservation of cash to fund operational activities, and maintaining the quality of the secured pipeline. Value creation was maximised by actively managing developments and operations through the generation of cash profits, tight cost controls and the provision of market-leading homes and lifestyles to our clients.

Although the land portfolio is carried in the financial statements at a value of R550 million, the total external valuations of the Group's land portfolio, excluding joint venture partner interests, is maintained in excess of R1.4 billion.

Investment in future projects

Property development is capital or “capex” intensive by nature, with large initial capital requirements during the initiation and first phase of the project.

The fast-tracking of existing projects, coupled with intensified capital spend on new projects has had the expected impact on cash flow, but will ensure accelerated growth in the next financial year.



The aforementioned capital investments, which amounted to R174.4 million during the year, were predominantly funded by cash generated from operations. This was made possible by the fact that the majority of projects under construction are currently running cash positive.

As the Group continues to convert its existing pipeline into construction projects, and increases its pipeline beyond the medium term of five years, this type of capital investment will be required on an annual basis. The ability to adapt to changing market conditions remains a key focus element, enabling the Group to utilise cash where returns can be maximised. A return on equity of 33.73% was achieved, above the target ratio 30% .

Although the Group’s predominant focus is that of property developer, it operates various support services in terms of its turnkey approach to maximise shareholders’ long-term wealth. Management is focused on long-term gains and will therefore not hesitate to withdraw from a project if the due diligence process shows that long-term risk cannot be sufficiently mitigated. This was illustrated by the Group saying no to various projects during the year. Our model of acquiring un-zoned land ensures that a higher return is achieved once the zoning process is completed, even though this process is more time consuming. Through strategic decision making, careful planning, market analysis, and optimal timing, financial returns will be maximised for shareholders.

Business model with typical lines and capital commitments per phase



Financial performance

	2015	2014
Revenue – R'000	932 205	784 943
Group combined revenue including JV's – R'000	1 661 584	1 469 555
Other income – R'000	8 520	1 792
Gross profit margin %	18.76	14.39

Solid operating performances by the Fleurhof, Sagewood and Scottsdene projects boosted the Group's combined revenue to R1.661 billion. Towards the end of the financial year, the Belhar, South Hills and Jabulani Hostels projects started contributing towards revenue. With these projects now well underway, they will help drive growth for the 2016 financial year.

The gross profit margin was increased as a result of the Group's focus shifting to the construction of top structures post the 2014 election. Despite the shift in focus, the Group still managed to progress with the service installations for a further 1 437 housing opportunities during the year on the Fleurhof project.

Other income grew as a result of the "deemed gain on disposal of interest in joint ventures" of R6.22 million, when the Group acquired the remaining 24% of the Summerset project, which is now wholly-owned by the Group.

R'000	2015	2014
Administration expenses – R'000	98 900	58 378
Administration expenses excluding SAR expense – R'000	53 668	45 852

Operating profit includes an abnormal expense of R45.2 million (compared to R12.2 million in February 2014). This was the unexpectedly high share appreciation rights scheme provision brought about by the steep increase in the share price during December 2014. When this expense is excluded, operating cost is shown to have increased by 17%, which is 4% above the revenue growth, and which is primarily a result of capacity building in our project management and professional teams to accommodate future growth.

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.

Balance Sheet Position and the Group's Liquidity

	2015	2014
Net asset value per share - cents	445.30	340.72
Working capital invested in projects (inventories, construction contracts, work in progress and trade and other receivables) – R'000	881 553	789 760
Borrowings R'000	491 132	470 929
Net Debt to Equity ratio %	62.47	94.22
Current ratio	1.45	1.43
Cash on hand – R'000	130 565	62 893

Although capital applied for long-term growth during the year amounted to R174.4 million, capital tied up in projects only grew R91.79 million to R881.55 billion. This is an indication that although capital is applied to sustain growth, the Group was successful in sweating its assets and generating cash flow to support growth initiatives. This was demonstrated by cash on hand growing by R67.67 million while borrowings increased by only R21.20 million. If the capital applied for long-term growth, R174.4 million, is added to net cash generated from operations, an amount of R224.22 million in net cash generated from operations is arrived at, which indicates that the Group is converting its pipeline into cash. The Group realises the importance of cash flow in a capital intense industry, and cash flow is therefore closely monitored and managed.

The Group closely monitors the maturity analysis referred to in note 3.1 in the financial statements. These maturities are managed and controlled actively, to ensure alignment with the Group's cash flow cycle.

It is pleasing to note that the Group's statement of financial position continues to strengthen despite the growth phase the Group continues to find itself in, with:

- ▶ Net gearing ratios strengthening;
- ▶ cash balances increasing; and
- ▶ a consistent current ratio.

New Cemetery Venture

This opportunity came about after the Group investigated alternate uses for large portions of land that could not be developed as part of its normal integrated housing developments. The options investigated had to add value to the Group's existing developments and to the surrounding communities. Calgro identified the potential benefits of developing and managing cemeteries as a reasonable alternative use for its surplus land and a complementary business case to pursue.

The investigation indicated that Calgro M3 should pursue a memorial park cemetery model rather than the traditional cemetery model. The benefits of

memorial parks versus traditional cemeteries are well documented, but the salient differences and benefits of memorial parks are:

- ▶ Professional maintenance and upkeep;
- ▶ reservation of graves before death;
- ▶ high service levels and beatification;
- ▶ professionally maintained amenities; and
- ▶ world class security where both the loved one's tombstone and visiting family are safe.

All of this creates the assurance that loved ones have been buried in a place of dignity and tranquillity.

Going forward, Calgro M3 has decided to create a strategic plan that will include developing the requisite skills and capacity to pursue potential memorial park project opportunities on Calgro M3 owned land as well as private or state owned land. This model is seen as a complementary business to Calgro M3's existing business model, and will not detract from or distract Calgro M3 from the Company's core business.

The Group did not want the associated risks of building a new "brand" in one of its current successful projects, so has chosen to test the model independently, acquiring the Nasrec property for its first memorial park development. The development is well underway and an official launch is planned for the end of May 2015.

Share Appreciation Rights

During the year under review, the Group expensed R45.2 million in respect of the 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 7 of the financial statements for more information on this scheme.

As a result of the unexpected provision for the SAR, brought about by the steep increase in the share price during December 2014, the existing SAR scheme will not be extended. It will be replaced with an equity settled scheme once this scheme matures. All participants on the existing scheme have been offered the opportunity to buy the equivalent number of shares out of the existing scheme at the grant prices.

As the amendment to the proposed scheme cannot be forced on any participant, and not all participants have elected to take up the opportunity, a dilution of 5% is expected. Please refer to point 15 of the Notice of the Annual General Meeting for the proposed shareholders' approval. The Group is satisfied that the targeted return on equity of 30% should be achieved and therefore a growth beyond this dilution is projected for the following year.

New Broad Based Empowerment and Employee Benefits Trusts to be established

Calgro M3 is committed to BBBEE in South Africa and to meeting its BBBEE objectives. To achieve key ownership and shareholding goals, Calgro M3 will establish the Calgro M3 BBBEE Scheme and the Calgro M3 Broad based Employee Share Ownership Scheme (Calgro M3 ESOP).

Calgro M3 will issue 5 212 909 Calgro M3 shares in terms of the Calgro M3 BBBEE Scheme in favour of the Calgro M3 Empowerment Trust. The shareholding acquired by this Trust will ensure that an effective minimum 40% BBBEE shareholding in Calgro M3 is reached in line with the new BBBEE Charter. The Trust will be established as a Broad Based Ownership Scheme and registered as a Public Benefit Organisation. Trust income, to be generated through dividends and donations, and trust assets will, in line with Calgro M3's commitment to BBBEE in South Africa, provide for the educational and economic development needs, skills development, training and charitable donations to historically disadvantaged South Africans.

The Calgro M3 ESOP will see the establishment of an Employee Ownership Programme in terms of the BBBEE Codes of Good Practice. The ESOP will, via the Calgro M3 Employee Benefits Trust, subscribe for a maximum of 5 212 909 ordinary shares in the authorised share capital of the Company, with at least 51% of the Units (as defined) allocated to Black People in accordance with the BBBEE Codes. Trust income to be generated through dividends will be applied to incentivise eligible employees of Calgro M3 or any associated company by providing them with the ability to participate in the capital growth of the Company, and will improve the broad based black economic empowerment credentials of the Company.

There will be no dilutionary effect on current shareholders until such time as the shares that are issued in favour of the Calgro M3 Employee Benefit Trust and Calgro M3 Empowerment Trust in terms of the relevant schemes are sold by either of the said trusts.

In terms of the relevant scheme rules and trust deeds, the Calgro M3 Employee Benefit Trust and Calgro M3 Empowerment Trust are prohibited from trading with

the shares for a period of at least five years from the date of the issue of the shares, and then only in certain circumstances and with the consent of the Company, until a period of 10 years has passed.

It should be made clear that it is not the intention for the Calgro M3 Employee Benefit Trust and Calgro M3 Empowerment Trust to trade in its shares as this may affect the intended sustainability and infinite nature of the schemes. As such, the trading in shares before the expiry of 10 years from the issue of the shares is highly unlikely, and even thereafter will, in order to achieve the objectives of the schemes, remain minimal, if any.

In view of the above, the shares issued in favour of the Calgro M3 Employee Benefit Trust and the Calgro M3 Empowerment Trust will be treated as treasury shares and until such time as the relevant shares are traded, there will be no effect on the statement of financial performance of the Company.

Looking Forward

Towards the end of the financial year, three projects came on line with construction commencing in South Hills during November 2014, Belhar during January 2015 and the Jabulani Hostel redevelopment project during February 2015. The secured pipeline remains strong and is growing steadily to the higher levels previously recorded. Capacity created during the year under review will enable the Group to convert this pipeline into construction projects and build sustainability beyond the previously indicated period of five to six years.

The Group has nine projects running concurrently with the potential of a further two projects commencing during the 2015/2016 financial year, diversifying the Group's risk profile significantly.

The investment in infrastructure remains a key focus of all levels of Government to address economic development, decisive spatial transformation and the acceleration of social transformation. These are all addressed in the integrated human settlements developed by the Group in partnership with Government in an attempt to cater for this growing market segment.

New initiatives like the identifying and acknowledgement of "mega projects" and "catalytic projects" by the National Department of Human Settlements in partnership with provinces will set the stage for the provision of sustainable human settlements to be implemented on a scale previously not experienced in this country. These inter departmental structures and steering committees will see the investment of infrastructure aligned with the provision of bulk services and the provision of housing, leading to much needed sustainable human settlements.

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.

Sustainability

Calgro M3's commitment as a responsible corporate citizen to embed sustainability into every facet of its business and to deliver sustainable human settlements was taken to the next level in the affordable housing segment. We achieved this by starting to implement rainwater harvesting and gas reticulation, supplying gas for water heating and cooking to all units on some of our projects. We have embraced the green building concept, aiming to supply energy-efficient buildings and lower our carbon footprint. Please see pages 68 to 74 for more details on our efforts. Calgro M3 is also committed 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.

Occupational Health and Safety (OH&S)

The Group is delighted to report that from an OH&S perspective we were again fatality-free despite growth in activity and the number of 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.



BP Malherbe
CEO



WJ Lategan
FD





Sustainability **overview**

Our Integrated Approach

*We engage with
our stakeholders
to build the future
together*

BUILDING A SUSTAINABLE BUSINESS

The principle of sustainability underpins core business imperatives such as ensuring stable business growth and maximising profit for shareholders. We are keenly aware that the value we create for the business is closely tied to the value we create for our stakeholders – namely our investors, partners, suppliers, clients, our workforce and the communities we impact through our developments. In South Africa, where historical inequity has created a huge shortfall in housing, our role as a developer of integrated mixed-use residential housing is an important one. As our business grows, so does our potential to deliver positive social and developmental impact.

We build the future together

While the bricks and mortar residential developments we establish are an important measure of our output, the real value lies in creating an environment in which communities can thrive. Our goal is to deliver not just housing, but an environment that empowers and uplifts communities.

- ▶ From entry to exit, in all the phases of our operations, we focus on putting in place structures that will support 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, preserving it for future generations.

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

We are not seduced by opportunity and our risk is carefully managed. Our day-to-day focus is firmly on achieving consistent quality outputs, ensuring excellence in the management of our operations and capital, balancing our risk exposure, and nurturing our relationships with financiers, investors and partners. This provides the groundwork for stable growth. Adding value – to the business and our

stakeholders – is what ensures the sustainability of the business.

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. The Group's growing maturity will assist us to move forward 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

We define our stakeholders as any individual, group or organisation that is interested in, impacted by, or involved with us. This includes our shareholders, investors, clients, 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. We invest in 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.

Channels for engagement and dialogue with a wide variety of stakeholder groups are accessible via formal and informal meetings, forums, surveys, briefings and one-on-one reviews. We also ensure the local community is engaged in our developments, providing employment and skills development opportunities, as well as other platforms and forums for involvement. Our policy is to employ at least 50% of the workforce from the local community. Onsite community-chaired labour desks are set up at all projects to assist in the appointment of the local workforce. They also provide an innovative means to ensure continual hands-on stakeholder engagement, community involvement and buy-in, and 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 263 in 2014. An empowerment training programme, conducted in partnership with the Department of Labour and SARS, assists subcontractors to understand their rights and effectively manage their obligations.

By supporting and partnering with entrepreneurial South Africans in local communities, we help grow small businesses, strengthening the community but also Calgro M3, by adding valuable resources to our value chain.

Stakeholder engagement and feedback is valuable. It serves to:







- ▶ Highlight potential areas of risk;
- ▶ improve awareness of market trends and innovations;
- ▶ help us better understand the macro-economic climate, socio-political and cultural dynamics;
- ▶ obtain valuable feedback on the quality of our products and delivery;
- ▶ provide input for continuous business improvement and promote continual learning;
- ▶ inform the general public about integrated developments;
- ▶ 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 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 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. Commitment to Broad Based Black Economic Empowerment is demonstrated through the establishment of the Calgro M3 Broad Based Empowerment Trust, and the Calgro M3 Employee Benefits Trust.	pages 20, 55, 60, 76, 79, 86, 87 and 89
	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.	pages 68 - 70
	Acceptance of the integrated housing model by authorities.	Through relationship building, delivering on our partnerships with the public sector, and proving the effectiveness of integrated development, we build awareness and acceptance.	pages 9, 17, 57, 60 and 114
	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 75, 88
	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 81, 82
	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.	pages 68 -70 and 73

Understanding Our Stakeholders



Understanding and communicating with stakeholders plays a critical role within the Group, helping ensure continued growth and sustainability. Calgro M3 thus subscribes to meaningful, ongoing internal and external communication with all stakeholders.

EXTERNAL STAKEHOLDERS

Our goals

Through our communication with external stakeholders we aim to:

- ▶ Build strong stakeholder relationships to support the Company's sustainability framework;
- ▶ obtain support for the business concept and strategies;
- ▶ strengthen confidence in the Company, its brand, employees, management and products;
- ▶ share information regarding public and industry affairs;
- ▶ meet expectations in terms of compliance with legislation, regulations and standards relating to communication activities;
- ▶ obtain support for an accurate evaluation of Company shares;
- ▶ facilitate the raising of capital by providing an accurate picture of the Company's financial position for investors;
- ▶ manage the image of the Company, its products and activities; and
- ▶ facilitate the recruitment of employees, supporting the Company's drive to become an employer of choice.


INTERNAL STAKEHOLDERS

Our goals

Through our communication with internal stakeholders, we aim to:

- ▶ Make sure that the Company's goals, policies and guidelines are communicated and understood to the benefit of the employees, the Company and external stakeholders;
- ▶ give employees the information they need, when they need it, in order to increase understanding and commitment, build motivation and garner support for Company strategies;
- ▶ communicate with employees about decisions and events that affect them;
- ▶ cultivate support and an understanding for the Company's business objectives, strategies and values;
- ▶ increase each employee's understanding and knowledge of the Company and its development;
- ▶ provide clear and current information to employees on the Company policies and information vital to the Company with regard to the Company's corporate identity;
- ▶ ensure that the Company's Code of Conduct, as it relates to communication, is adhered to by all staff, whether permanent or temporary;
- ▶ the internal dissemination of success stories and good business solutions throughout the organisation, in order to spread creativity and encourage knowledge sharing and cross operating unit/project cooperation; and
- ▶ provide guidelines for employees with regard to general as well as to inter- and intra-Company social communications/interactions and to proactively mitigate risks of damaging press leaks or misinformation being spread to the public or Company clients or suppliers.

The following table describes the issues that are material to each of the Company's key stakeholder groups, and our response – i.e., how we ensure these issues are addressed.

<div>  Workforce </div>	
<p>The key resource of our Company is its people. Our employees, subcontractors and the unions that represent them are therefore a key stakeholder group. We endeavour to attract, motivate, develop and retain a skilled and sustainable workforce in order to meet the current and future business needs of the Company. We actively endeavour to become an employer of choice.</p>	
Material issues	Our response
Fair work practice	<ul style="list-style-type: none"> ▶ Open communication, fair management practices ▶ Partner with unions to address labour issues
Safety	<ul style="list-style-type: none"> ▶ We follow strict OH&S processes which are independently audited
Incentives and bonuses	<ul style="list-style-type: none"> ▶ We endeavour to pay market-related or above rates
Growth and development	<ul style="list-style-type: none"> ▶ We offer skills development opportunities ▶ Incubator process for subcontractors
Transformation	<ul style="list-style-type: none"> ▶ Transformation of the workforce
Succession planning	<ul style="list-style-type: none"> ▶ HR and Corporate Governance policies support succession planning
HIV/AIDS	<ul style="list-style-type: none"> ▶ We hold monthly sessions on HIV/AIDS and offer support
How we engage	
<ul style="list-style-type: none"> ▶ 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 ▶ Establishment of a Broad Based Employee Share Ownership Scheme will enhance employees' sense of belonging 	





Customers

Our customers are a vital part of our turnkey business model. Addressing their issues and concerns is of paramount importance to us. We regularly and consistently engage with residents and home owners - the end users of our product - as well as property developers and/or real estate owners and sellers who are subcontracted by the Company, and Government (our RDP housing client).

Material issues	Our response
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

How we engage

- ▶ Meetings
- ▶ Written communication
- ▶ Marketing campaigns
- ▶ Press releases
- ▶ Site visits
- ▶ Project updates
- ▶ Community forums
- ▶ Marketing surveys



Government – Local, Provincial, National

We partner with Government on developments, including the provincial and national authorities, liaising with the Departments of Health, Education and Social Services, to build communities.

Material issues	Our response
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

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



Shareholders | Investors | Analysts | Media

By providing a holistic and transparent view of the Company and its operations, clear communications of our strategy, sustained and controlled growth and a consistent return on investments, we build trust and confidence.

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

How we engage

- ▶ Regular presentations
- ▶ Meetings
- ▶ Project updates
- ▶ Investor relations
- ▶ Newsletters, press releases, printed notices
- ▶ Road shows (twice a year)
- ▶ Annual General Meeting
- ▶ Annual Company Report and published results
- ▶ Feedback emails
- ▶ Ad hoc telephonic dialogues
- ▶ Company website



Environmental Agencies | Interest Groups

Our key stakeholders in this group include environmental organisations, public interest and peer groups as well as industry partners interested in impacting or impacted by environmental issues. Our environmental responsibility extends beyond legal and regulatory requirements. It is our responsibility to reduce our environmental impact and continually improve our environmental performance in all our operations.

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

How we engage

- ▶ Meetings
- ▶ Conferences
- ▶ Launches



Suppliers | Service Providers | Specialist

Suppliers and service providers are our partners in our One Team approach to delivery. We create trust and stimulate collaboration, providing growth opportunities in a mutually respectful and beneficial way, with open and regular communications.

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

How we engage

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





JSE and other Regulatory Bodies

We endeavour to comply fully with regulations. We therefore engage with regulatory bodies on a regular basis to improve and ensure compliance.

Material issues

Statutory and legal compliance:
Full transparent disclosure
Adherence to guidelines such as: King III, CSI, GRI, OSH Act
Good corporate citizenship

Our response

We aim to comply with all requirements

How we engage

- ▶ Meetings
- ▶ Written communications
- ▶ Presentations
- ▶ Audits
- ▶ Business associations



Financial Institutions | Other Lenders | Auditors

We maintain excellent relations with our financial partners at all times, as securing finance for developments is vital to our operations. We pro-actively manage our cash flow, growth debt obligations and risk. To ensure financial excellence, we apply stringent measures and strictly comply with regulatory requirements. Furthermore, we focus on remaining flexible and agile to ensure 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.

Material issues

Sound financial management
Appropriate response to macro-economic environment
Access to, and disclosure of financial and related information
Liquidity
Comprehensive risk management and exposure levels
Interest cover and gearing ratio

Our response

World class financial management by a qualified team
Suitable governance structures to manage risk
Focused, flexible, and pro-active
In accordance with Basel 3 and the new constraints on banks, we meet the disclosure and compliance requirements of banks
We strategically retain substantial cash resources
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

How we engage

- ▶ Meetings
- ▶ Emails
- ▶ Presentations
- ▶ Project updates



Joint ventures and Other Partners

Vital to the success of our developments, are strong relationships with our joint venture partners, as well as the maximisation of value for all partners. We maintain clear lines of communications, meet our commitments and carefully manage risk.

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
How we engage	
<ul style="list-style-type: none"> ▶ Face-to-face meetings ▶ Progress reports ▶ Updates ▶ Launches ▶ Business partner and industry forums ▶ Co-facilitation sessions ▶ Emails ▶ Telephone calls 	





Communities in which We Operate

A critical component of our developments is community participation and locally based enterprise development. We respect the rights and needs of communities and actively seek to support their interests by involving them from start to finish.

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
How we engage	
<ul style="list-style-type: none"> ▶ 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 	

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.

The CEO and Directors of Calgro M3 embrace and are committed to the UN Global Compact Principles. They actively seek to address social, economic and environmental issues in all spheres of their operations, in their efforts to make a difference in the lives of the communities they serve.

1	Businesses should support and respect the protection of internationally proclaimed human rights; and	HUMAN RIGHTS PRINCIPLE	
2	Ensure that they are not complicit in human rights abuses.	HUMAN RIGHTS PRINCIPLE	
3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	LABOUR PRINCIPLE	
4	The elimination of all forms of forced and compulsory labour;	LABOUR PRINCIPLE	
5	The effective abolition of child labour; and	LABOUR PRINCIPLE	
6	The elimination of discrimination in respect of employment and occupation.	LABOUR PRINCIPLE	
7	Businesses should support a precautionary approach to environmental challenges;	ENVIRONMENTAL PRINCIPLE	
8	Undertake initiatives to promote greater environmental responsibility; and	ENVIRONMENTAL PRINCIPLE	
9	Encourage the development and diffusion of environmentally friendly technologies.	ENVIRONMENTAL PRINCIPLE	
10	Businesses should work against corruption in all its forms, including extortion and bribery.	ANTI-CORRUPTION PRINCIPLE	

Our Economic Sustainability



For Calgro M3, economic sustainability starts with value delivery and customer satisfaction: healthy, happy and more satisfied clients improve the marketability of our products, which generates more work, sees the employment of a larger labour force, increases our social impact and delivers a better financial performance. The upshot: a company that contributes to the sustainability of the larger economy in a sustainable way.

While Calgro M3's financial performance is a fundamental measure of its sustainability, the Company's contribution to the larger economic system can be seen in its impact on society and the flow of capital among its stakeholders.

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

Organisational and operational excellence;

Providing greater value to all stakeholders; and

Positioning the Company for future growth.

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

When our stakeholders prosper, we prosper. Consistent delivery against strategic objectives and steady growth instils investor confidence. 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 up and down the construction value chain can be considerable. It creates a wave of positive activity and growth. Calgro M3 also supports social, environmental and other aspects of sustainable development within the design, planning and execution of integrated developments. This further supports economic activity and growth.

To position the Company for future growth, the Group looks at operations, leadership, building relationships with stakeholders, building advantageous partnerships and creating a challenging and nurturing environment for employees. Regular engagement with stakeholders enables ongoing sharing of ideas, problem solving and innovation. Streamlined internal functions allow the Company 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 shared goals, namely providing socio-economic stability and growth for the people of South Africa.

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

Our Economic Value-added Goals:

To generate direct and indirect economic value for local communities from our operations

We develop entire communities, not just properties. 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. Funds enter the local economy via the payment of wages and purchase of construction materials. 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.

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 R20 billion could, taking into account direct and indirect employment opportunities, create more than 25 000 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 Calgro M3 on four developments. The research puts the man hours needed to build a 40m² 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.



Quality Management

Calgro M3 strives to create a culture of quality. It is critical to the ongoing success of the Group. Consistent delivery of quality products and services drives client satisfaction and provides a competitive advantage. It also removes the risk that sub-standard products pose to the workforce and end users.

Quality standards have been developed and are implemented throughout the Group, and any issues relating to quality are immediately addressed.

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.

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

The development of skills and livelihoods among members of the community contributes largely to sustainable upliftment of a community. This is the basis for the establishment of Calgro M3's policy on recruitment which requires that all efforts 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 76). At least 40% of all labour costs across all sites have traditionally been spent on local labour and suppliers of labour.

Calgro M3 has no formal policy with regard to local suppliers. While there is a requirement to make use of local suppliers, a balance must be struck between using local suppliers and buying in bulk to reduce pricing. End-users cannot be penalised at the expense of local suppliers and there can be no compromise with regard to quality. In the case where material is sourced locally, empowerment ratings will play a role in determining a supplier.



Corporate Social Investment (CSI)

Calgro M3's investment in social initiatives is aligned to its philosophy of community development. We invest in social development initiatives that help uplift and empower. We favour the support of projects in our residential developments, identifying opportunities where we can make a tangible difference, supporting the growth and development of individuals, nurturing vulnerable or needy groups, or strengthening the community.



Calgro M3's Corporate Social Investment spend for the period has risen to R5.75 million, from just over R4.2 million in 2014, and R1.5 million in 2013. A major portion of the additional funds are allocated to development of a new school and provision of a bursary for learners who will attend the school.

The Calgro M3 BBBEE Scheme will see the establishment of the Calgro M3 Empowerment Trust which will hold a number of Company shares. Established as a Broad-Based Ownership Scheme and registered as a Public Benefit Organisation, Trust income and assets will, in line with Calgro M3's commitment to BBBEE in South Africa, provide for educational and economic development, skills development, training and charitable donations to historically disadvantaged South Africans.

The Trust will, among others, carry out, support or facilitate community development; promote community-based projects relating to self-help, empowerment, capacity building, skills development or anti-poverty; provide training, support or assistance to community-based projects; build and equip clinics or crèches, community centres, sport facilities or other facilities of a similar nature; provide adult basic education and training; provide school buildings or equipment for public schools and educational institutions; provide scholarships, bursaries, awards and loans for study, research and teaching; and provide funds, assets, services or other resources by way of donation.

Our CSI Investments

Our CSI focus extends from construction and financial support of crèches to the development of shared public spaces. We also invest in skills development initiatives, support the development of health facilities and the rehabilitation and stewardship of sensitive environmental areas, and partner with organisations in initiatives that target social problems.

All our CSI investments are made within the framework provided by the Company's Sponsorship and Donation Policy. This policy favours investment in events, initiatives, organisations or institutions that have a proven track record in managing community initiatives and whose vision, reputation and objectives are consistent with those of the Company.

Key areas of potential sponsorship by the Company include initiatives that support its future growth; are directed at increasing the profile of the Company or community events, persons, organisations or institutions in the areas where the Company conducts its business; and initiatives or events that are beneficial to the Company's business activities, both directly and indirectly. During the year Calgro M3 donated R3 million to political parties.

In all instances, Calgro M3's investment in chosen initiatives is voluntary, 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 develop that land. Thus, where the Company develops public spaces, it donates 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 where 110 kids are enrolled, and the Pennyville Crèche where 107 children are enrolled. Management agents have been appointed to implement and run educational programmes for these crèches. 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.



Sporting facilities and additional recreational parks have been developed by Calgro M3 in the fully subsidised housing portion of the Scottsdene development.

Further education facilities have been developed at the Sagewood School adjacent to the Sagewood development in Midrand.

Financial awareness training for new and prospective homeowners has become a necessity. The Group provides education and awareness around the financial realities associated with home ownership, and specifically the practicalities of living in a sectional title environment. This is one of our most important CSI contributions to the sustainability of the community as it empowers homeowners to become financially stable; establish, grow and uplift themselves, potentially extending the cycle of sustainable growth by becoming role models in society and themselves giving back to the community.

Financial awareness training starts once the agreement of sale is completed. Our agreement of sale contains 14 descriptive statements pertaining to sectional title homeownership. For example, what may or may not be done in the communal environment and what financial costs are associated with this type of home ownership. Agents provide prospective owners with training on each of these statements.

When the mortgage loan is granted by the financial institution, the client is again visited and the finer implications of bond repayment are discussed. This includes creation of a detailed financial expenditure plan incorporating all associated costs, such as levies, rates and taxes, municipal effluent, insurance, etc. Thereafter, clients are required to undergo borrowers' education administered by Calgro M3 to enhance their already entrenched knowledge.

This practice has proven to be worth more than its weight in gold as it has led to a dramatic downscaling of consumer frustration and embarrassment for new homeowners in the sectional title lifestyle space, who were previously presented with requests for payments they had not budgeted for. As a result of this training, Calgro M3 development body corporates are financially healthy with sufficient funds to maintain buildings and uplift the general community.

Since this approach was implemented, complaints in this regards have dwindled to less than a percentage point of all new homes transferred to clients.

The need for body corporate and trustee training was also identified. We facilitate the inaugural meeting of the body corporate and ensure that a proper Board of Trustees is elected, and that all the primary portfolios are identified and allocated. We then remain involved with the management agent and the trustees (in some instances for periods exceeding two years) to ensure that knowledge through practical work and training sessions is properly shared and transferred. It is vital for the social cohesion of the body corporate and all its members that trustees are aware of their functional requirements and of their legal responsibilities. During this period we have supported many individuals to become community leaders in their respective surroundings. This has contributed to our goal of making a difference and changing lives.

Calgro M3 develops active open space systems and parks within development pockets. We consider this 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. This ensures the community understands the value of these parks and is able to maintain them.





- ▶ **Parks and open space systems** of this kind have been established at Fleurhof; landscaping has been done within fully subsidised housing pockets at Scottsdale; and open space systems have been put in place at the La Vie Nouvelle development. Recently, Calgro M3 has mandated the design of the Freedom Walk landscaping project. This is a non-motorised transport (NMT) route and system that will be created between the Florida Lake development, Fleurhof and the Klipspruit development in Soweto. The Freedom Walk project has also been extended to the Fleurhof and Belhar developments in Cape Town.
- ▶ **Improving community facilities** also adds value to communities. Calgro M3, together with its strategic partner Standard Bank, has committed to improve the community facility in South Hills by redesigning the swimming pool complex for recreational purposes, and enabling the use of a fire pond.
- ▶ **Environmentally sensitive areas have been identified and will be actively protected** at the Fleurhof, South Hills and Kwanobuhle developments. This will reduce the environmental impact of these developments and create awareness among residents and the community of the importance of ensuring the preservation and long term sustainability of the non-active open spaces within integrated developments.
- ▶ **Achieving a balance between densification and lifestyle needs** is important. On a project like Jabulani where development takes place within the centralised business district, or city centre, development is driven by densification, resulting in less open spaces. Similarly, at infill sites (e.g. Scottsdale), we operate in a built-up environment where parks have already been demarcated. At these sites we develop additional parks, and now also NMT systems and routes, to enhance the quality of living.



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, 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 ha	112 ha
Fleurhof Residential 1 units: 2 134 Multi-storey units: 8 065	20 ha	113 ha
Jabulani CBD Multi-storey units: 3 881	7 ha	11 ha
Scottsdene Residential 1 units: 1 020 Multi-storey: 1 865	0 ha (because this is an in-fill development, a separate park erven was not a tender or a town planning requirement)	12 ha (as part of each sectional scheme)
Kwanobuhle Residential 1 units: 1 446 Multi-storey: 12 301	133 ha	166 ha



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 79.

Wetland rehabilitation is taking place 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 73.



The preservation and restoration of heritage sites is managed in partnership with the relevant statutory regulatory bodies. A heritage study is being conducted at all development sites to ensure the preservation of our heritage. In the case of the Fleurhof project, a mine hostel classified as having heritage value was redeveloped by a professional team. Instead of merely saving the administration buildings as per regulatory guidelines, Calgro M3 preserved the complete hostel building. The structure has been carefully incorporated into the integrated development.

Community education and health 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 cumbersome, resulting in Calgro M3 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.

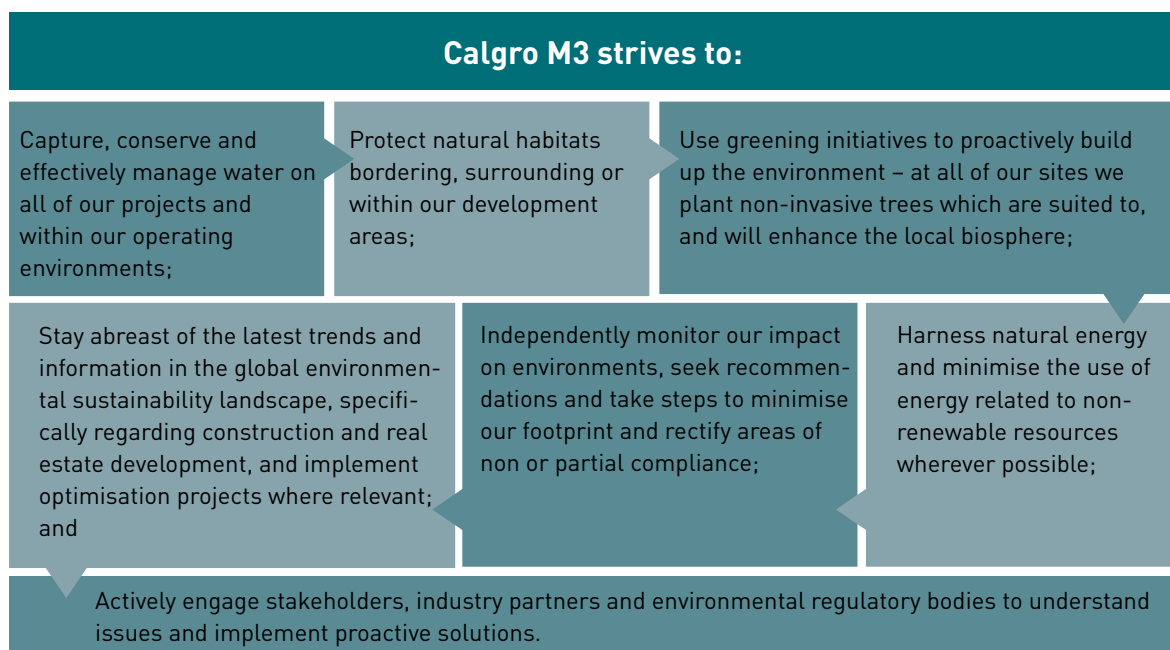
Our Environment



Our management approach to environmental sustainability is built upon a desire to leave behind something better than we started with. We believe it is our responsibility and our duty to reduce our environmental impact and continually improve our environmental performance. This is integral to our business strategy and operating methods. Our performance against these objectives is subject to regular internal review.

Sustainable development practices have the potential to leave a legacy of positive impact long after the life cycle of the construction project has ended

Construction and development of land for residential purposes can be highly destructive. By applying principles of sustainable development, we aim to leave a legacy of positive impact. Our efforts are aimed at increasing the saleability of properties but also at conservation and effective management of natural resources throughout all the phases of our operations. Independent monitoring of our impact on the environment, investigation and proactive implementation of solutions ensure we get it right. We encourage all our stakeholders to adopt these same principles.





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 and energy efficient appliances).

Energy

Calgro M3 remains a market leader in the development of affordable, “green” energy-efficient buildings within integrated developments. Energy efficient design lowers energy consumption, increasing affordability and sustainability.

Green building principles are applied in all Calgro M3’s integrated housing developments, including the Fleurhof, Jabulani, South Hills, Scottsdene and Belhar developments. 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. This translates into direct savings in terms of energy consumption.

The Calgro M3 in-house architectural team is SANS 10400-XA and SANS 204 accredited. This standard for achieving energy efficiency in all types of buildings has become part of the National Building Regulations.

Heat pumps that supply hot water to multi-storey developments contribute a 40% to 50% saving on electricity consumption by each residential unit. A total of 1 787 Social Housing units have been equipped with heat pumps on the Fleurhof, Jabulani and Scottsdene projects. Contracts have been concluded for a further 629 Social Housing Units to be equipped with heat pumps on the Belhar project. Consumption of water is lowered as the need to run the water before hot water appears is significantly reduced. This helps tenants save money on utilities, increasing affordability and contributing to timely rental payments. This is a major benefit to the Social Housing Institutions as it helps reduce risk in a very price sensitive market.

Induction geysers serve as alternatives to heat pumps. Individual induction geysers have been installed in 244 rental units at the Jabulani project. They reduce the time to heat water and therefore reduce the volume of hot water that needs to be maintained at any stage. This can reduce electrical consumption by 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 and the Department of Energy (DOE), Calgro M3 is able to offer homeowners fitment of solar geysers at minimal cost (R400).

A total investment in excess of R17.5 million has been made in heat pumps, gas geysers, induction geysers and gas reticulation at the Fleurhof, La Vie Nouvelle, Sagewood and Jabulani developments.

Gas: The cluster developments of Manyaleti, Cedar Crest, 22-on-Campbell, Silver Oaks, Sagewood, Summerset, Witpoortjie, La Vie Nouvelle and South Hills will make use of internal gas reticulation serviced from centrally positioned gas banks within each development. Gas is used for water heating and cooking. Through these initiatives, Calgro M3 has reduced the electricity requirement from 5kVA to 3kVA per residential unit, a saving of more than 30% on electricity consumption.

At La Vie Nouvelle, Sagewood and the South Hills projects, the reticulated gas systems comprises an underground bulk storage vessel that provides gas to the units via a gas pipeline which adheres 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

To reduce energy consumption various initiatives have been implemented at developments. These include energy saving light sources and prepaid metering of water and electricity supply. Savings depend 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.

Calgro M3 has reduced the electricity requirement from 5kVA to 3kVA per residential unit, a saving of more than 30% on electricity consumption

Water

Water is precious and costly. In a country where the scarcity of water is a matter of concern, construction is a heavy user of water. The affordability of water for lower-income residents in integrated developments 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 is fitted with a JoJo tank. This contributes to the capture and effective use of rain water for and by community members.

- ▶ At the Broadacres retirement village project, each unit is fitted with a 2 000 litre rainwater tank, which is used for gardening. 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.
- ▶ Rain water harvesting systems (1 000 litre tanks) will also be installed at the Summerset and Sagewood developments which are aimed at the affordable housing market. Calgro M3 partnered with large corporates to research the potential to utilise captured water for gardening, general cleaning and unit ablutions, and implement full-use systems. In low-income households, an average of 73% of total water 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.



Our Products and Services

To mitigate the environmental impacts of its products and services, Calgro M3:



Environmental authorisation for developments requires Calgro M3 to compile an environmental management plan based on environmental impact assessments, and sometimes also an ecological management plan to protect the environment during construction. Calgro M3 appoints an independent environmental control officer at each development to ensure that 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 deals with areas of high diversity in sensitive areas, and 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 required for Calgro M3's South Hills development, which included wetland rehabilitation.

Innovation, efficiency, quality, sustainability and affordability are key guiding principles for Calgro M3 in the design and execution of its developments.

- ▶ We collaborate 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 materials 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 leads the way in the development of new high density multi-storey housing typologies within subsidy structures that comply with new environmental (energy efficiency) and safety regulations, namely SANS 10400-XA of the National Building Regulations.
 - ▶▶ 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, Scottsdene and South Hills 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 (NHBR), a regulator body of the home building industry that sets minimum quality standard. This involvement helps define quality for the industry and ensures quality standards are met at Calgro M3's own developments.

Materials

In line with its commitment to environmental sustainability and conservation of global resources, the Group reduces the carbon footprint of its operations and products where it can by:

- ▶ Making use of locally manufactured materials;
- ▶ using pre-manufactured materials to prevent waste on site; and
- ▶ re-using and re-purposing materials where appropriate (see waste management page 74).

All materials selected for use within developments are checked for conformance with safety standards and building codes.

Biodiversity

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. We actively "green" our developments, AND we plant one tree per unit built.

Environmental and ecological management plans are compiled, approved, implemented and monitored for compliance at each project site. Landscaping is also done at each development. We make use of environmental impact assessors and landscaping companies to assess the environments to be greened and identify 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.

Some of Calgro M3's developments are being built on land where areas of high biodiversity have been identified. Construction poses a high risk to sensitive environments, so detailed design and planning based on thorough data analysis helps ensure environmental sustainability. Independent environmental consultants appointed by Calgro M3 apply for environmental authorisation, and independent environmental control officers manage and enforce the environmental management plans.



Biodiversity is the variety of all life and natural processes, including diversity within species, between species and of ecosystems



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. Due to its high biodiversity, 60% (91.6 hectares) of the total land for this development (which is owned by Calgro M3) is designated as a protected area. 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.
- ▶ **At the La Vie Nouvelle development** (26.8 hectares) in Broadacres, conservation of wetland areas includes rehabilitation.
- ▶ **The Kwanobuhle development** in Port Elizabeth is affected by a ridge as well as a wetland comprising of 41% (161 ha) of the development land.

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

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 (defined as a threatened plant species by the International Union for the Conservation of Nature, or IUCN) was identified. This plant will be protected through the Environmental Authorisation and a subsequent environmental management plan. The future relocation of the Red Data plants will be studied to ensure their survival. The local community will be educated about the plant as part of the conservation of the environmentally sensitive areas within the development.

Emissions, Effluents and Waste Management

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

Calgro M3 partners with local authorities at its developments to provide drop-off centres for biodegradable waste, recyclables and bulk waste that is not collected as part of the household waste collection service provided by municipalities. These centres are centrally located and easily accessible (within walking distance) by residents.

- ▶ These facilities can be found at South Hills, Pennyville Ext 5 (Hospital View), Boitekong, Kwa Nobuhle, Vista Park, Belhar, as well as the existing Fleurhof development.

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

Re-using building rubble is of significant benefit to the environment, and Calgro M3's bottom line.

- ▶ On the Jabulani CBD project, more than 10 000 cubic meters of building rubble has been recycled over a period of three years. The building rubble is crushed into building sand and re-used during the construction process.
- ▶ At Fleurhof, in excess of 120 000 cubic meters of rock that was excavated during the installation of civil infrastructure has been crushed and re-used during the construction of bulk and link roads, and as fill material for the construction.

This reduces the need to have the material removed from site and saves fuel consumption, lowering Calgro M3's carbon foot print on each project. The overall cost saving contributes 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 plans, which include waste management.

Transport

We recognise that the transporting of materials and the workforce can have a negative impact on the environment. We incorporate these considerations into transport logistics and planning prior to and during construction phases, ensuring economic and operational efficiencies, but also that impacts on the environment are minimised wherever possible. Policies dictate that vehicles used in construction be well maintained and safe. Policies also cover emissions and safety. [Are vehicles checked/reviewed?] Cognisance is taken of environmental impact studies during planning, ensuring sensitive areas are protected.

Transport is also an important factor for the communities within our developments. We thus consult with the relevant authorities and negotiate the integration of public transport routes and networks during the town planning phase of each development. Good examples are the City of Johannesburg Rea Vaya Bus Rapid Transport System link developed between Jabulani and the Johannesburg central business district. A non-motorised transport (NMT) route and system is also being created within and between developments (see page 66) promoting ease of movement and lessening the impact of vehicular emissions in developments.



Society - Our Communities

Calgro M3 is driven by a desire to make a tangible difference in the lives of individuals, families and communities through the environments it creates. We want to set a new standard - not just in housing but in community upliftment and development.

In our developments, we ensure the right support structures are in place, but we also add unexpected value - it's in the forethought and care we apply to deliver long-term benefits to homeowners and communities; it's in the values we uphold and the priority we assign to nurturing the environment, creating beauty, providing opportunity and setting the stage for growth. **Calgro M3 is in the business of building communities.** Respecting the rights and needs, and actively supporting the interests of these communities contributes to our success. To ensure we get it right, local community engagement, impact assessments and development programmes are implemented at all of our projects and operations. This facilitates buy-in and ownership by the community of the completed developments. In addition, through education, training, enterprise and skills development, we leave a lasting legacy of upliftment.

Calgro M3's integrated developments are multi-phase, multi-year projects. Our operations impact the communities in which they occur, presenting great opportunity but also elements of risk

We involve the community from day one:



Our developments deliver multiple benefits for local communities. Besides job creation and skills development, the developments increase access to education and to other public facilities, and there are numerous socio-economic benefits that emerge as communities are developed and strengthened.

A lasting legacy

To mitigate the risk to local communities that can accompany the completion of the development, Calgro M3 actively helps develop the community, providing education, training non-skilled and skilled local workers, and by supporting local small, medium and micro enterprises (SMMEs) through training partners. This leaves a lasting legacy of social and economic upliftment when the projects close.

Policies, guidelines and fairness - in the interest of the community

Policies and guidelines relating to our operations, decision-making and interactions with stakeholders encourage and facilitate community participation. They also **ensure rights are protected, that undue influence is not brought to bear, that social issues affecting communities are addressed, and that Calgro M3 complies 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 do not partake in lobbying or anti-competitive activities.
- ▶ We build and maintain solid relationships with trade unions and other representative bodies, and encourage regular two-way communication and engagement.
- ▶ Security on all our sites is sub-contracted to reputable firms that support the policies of the Group, including relevant aspects of human rights.
- ▶ Our investments in areas of corporate social responsibility (CSI) comply with Company guidelines (see our CSI initiatives on page 63).
- ▶ Mechanisms for engagement drive engagement with stakeholders (as discussed on page 51, 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. The residents of the partially subsidised and bonded components of our integrated low-cost residential developments are also all voluntary relocations. 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.

Fraud and Corruption - Zero Tolerance

Calgro M3 is committed to preventing and detecting fraud and corruption, and maintaining the highest standards of honesty, integrity and ethical conduct. We have a zero tolerance approach to fraud, corruption and theft. This approach is supported by our Fraud and Corruption Policy, helping define management and employee responsibilities in this area and entrench an anti-fraud and corruption culture.

Our Fraud and Corruption Policy ensures consistent and effective investigation, reporting and disclosure, and minimisation of fraud and corruption occurrences within the Group.

24-hour 'Ethics Hotline'



Calgro M3 has established a 24-hour 'Ethics Hotline' and engaged the services of Deloitte to manage it.

The Ethics Hotline is intended to encourage employees, stakeholders and members of the public to raise serious concerns relating to specific matters (including fraud and corruption) without fear of victimisation. No person will suffer any penalty or retribution for good faith reporting of any suspected or actual incident of fraud or corruption.

Should any employee or member of the public wish to make use of this service (with the option of remaining anonymous), kindly call the following toll-free number: 0800 204837, send a fax to 0800 007788 or send an e-mail to calgrom3@tip-offs.co.za.



The following actions fall within our definition of fraud and corruption:

- ▶ Theft of Company property, including information;
- ▶ forgery or alteration of Company documents;
- ▶ wilful destruction or removal of Company records;
- ▶ falsification of expense claims;
- ▶ unauthorised disclosure of confidential information to outside parties (other than in terms of relevant legislation or a court order);
- ▶ misappropriation or use of Company assets for personal gain;
- ▶ undertaking or assisting in illegal activity (including money laundering);
- ▶ acceptance of bribes or gifts to favour third parties; and
- ▶ unauthorised premium discounting.

This policy reduces the opportunity for fraud and corruption, 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 are assessed regularly** as part of the business' risk management process.
- ▶ **Risk awareness training** is undertaken on a regular basis with staff in high-risk functions.
- ▶ **The vigilance of management and staff** is increased as awareness of fraud and corruption risk is raised throughout the Company.
- ▶ **Each department within Calgro M3 is responsible** for considering its 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 its operations.
- ▶ **It is the responsibility of all employees** to immediately report all allegations or incidents of fraud and corruption. The availability of a 24-hour 'Ethics Hotline', manned by an independent party (Deloitte) is widely promoted throughout the Company.

Actions taken in response to incidents of corruption

The Group had a quiet year and no material matters were reported.

Through prior negotiation with City of Johannesburg Town Planning, Calgro M3 and The Rea Vaya Bus Rapid Transit System (BRT), fast, safe and affordable transport is available to commuters in the Calgro M3 housing developments.

Human Capital Management



It is Calgro M3's goal to make South Africa a better place for all by providing employment and homes to as many people as possible.

Human capital is an integral part of the Group's value chain. Without our people, we will not be able to do business - we would certainly not be able to deliver the high quality services and products we do to our valued stakeholders.

The Group recognises the importance of a transforming and ever-changing workforce. This has guided the development of the Group's Human Capital Strategy and work force model. It focuses on four areas - **Attract, Develop, Engage and Transform** - enabling the Group to unlock the potential of each of our valued employees.

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, continued throughout 2014.

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

As a reflection of the value we place on our people and in recognition of their important contribution to Calgro M3's success, the Group is establishing a Broad Based Employee Share Ownership Scheme which will, via the Employee Benefits Trust, act as an incentive to eligible employees, facilitating their participation in the capital growth of the Company.

HR Governance and Compliance

The Calgro M3 Group, as a responsible employer, complies with and enforces regulatory requirements and the 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.

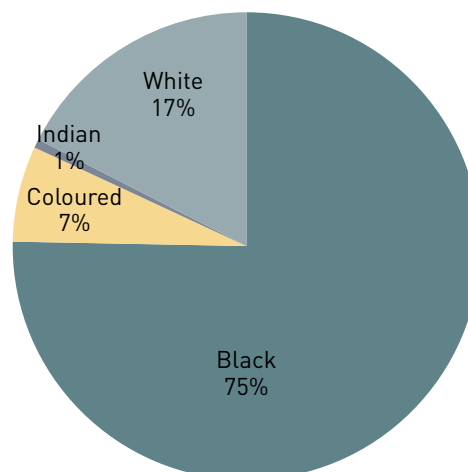
Transformation

The Group understands the importance of implementing the Broad-Based Black Economic Empowerment (BBBEE) guiding principles set out by the South African Government across all levels within the Group. The Group views the BBBEE principles as an opportunity to contribute to building an empowered nation. The Group was appraised across the seven BBBEE pillars according to the Construction Sector Codes gazetted on 5 June 2009. In 2014, the Group advanced to a Level 3 BBBEE rating and showed a marked improvement across multiple pillars.

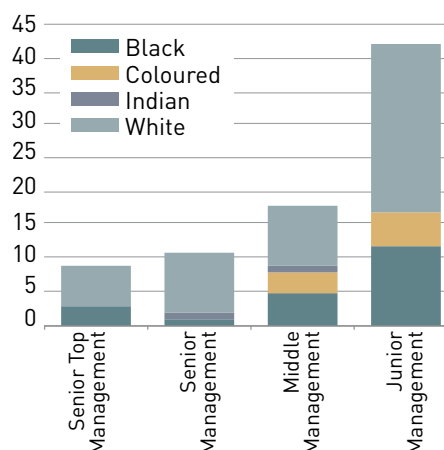
The Group's workforce transformation has changed slightly from the previous year. The workforce demographics are more closely aligned to the national demographics of South African society in terms of the reported Economically Active Population.

"Providing employment is the best form of social service, as it serves you, others, your country, your world - the entire society." Amit Kalantri

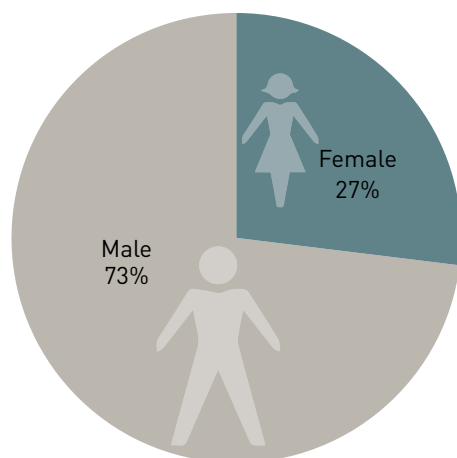
Current Workforce - 2015 FY



Occupational Levels



Employment Equity - gender split



Employment Equity

The Group is also pleased to present an improved employment equity and management control score. This was achieved through the appointment of a number of young black managers who are both talented and ambitious. Two key appointments in this category included Manda Nkuhla and Veriksha Baijoo.

Manda holds a BSc honours degree from the University of Cape Town and an MBA from the Gordon Institute of Business Science (GIBS UP). He has over 12 years' experience in the property industry and has held a number of senior management positions, specialising in the areas of property finance, investment and strategy. Before joining Calgro M3, Manda was the investment manager for the Social Housing Regulatory Authority (SHRA) where he managed the organisation's investment and project implementation operations. Manda was appointed as project manager at Calgro M3 in September 2014.

Veriksha has over 10 years of experience in Strategic Human Resources and holds a Bachelor of Science degree from the University of KwaZulu-Natal. Veriksha has a vast amount of experience in both the public and private sector. She was appointed as the Group Human Resources Manager in October 2014.

In terms of gender, we are making some progress, with women as a percentage of all employees growing to 27%, up from 25% last year. The Group actively supports a policy of equal remuneration for men and woman.

Skills Development

Skills development is a very important aspect of the Group's Human Resources Strategy. The Group identifies strongly with Government's drive to improve and empower the South African workforce.

The Group is proud of its achievements in terms of training, and the learning and career development opportunities it makes available.

Internal Skills Development

In 2014, the Calgro M3 implemented a formalised mentorship programme across various management levels within the Group. The aim of the mentorship programme is to:

- ▶ Improve and enhance relationships between senior and junior employees;
- ▶ introduce a formalised process to encourage mentorship and knowledge sharing between employees; and
- ▶ improve the leadership and management skills of junior employees.

The Group commenced a skills audit across the Group and implemented an internal skills development and training programme. The programme included a weekly lecture to employees provided by employees from different departments and management levels. In total, the Group spent over R750 000 across various management levels on skills development and training. Over three quarters of this amount was spent on black employees. This amount includes time spent by senior managers mentoring junior and middle managers, as well as expenses paid towards tuition for employees on the various training programmes.





Learnerships

The Group has undertaken a student learnership programme with the University of Johannesburg to train future quantity surveyor students. The Group was also accredited by the Chartered Institute of Management Accountants (CIMA) as a Training Quality Partner to train future Chartered Management Accountants. The Group is very proud of this accomplishment as Calgro M3 is the only listed construction and property development company accredited by CIMA.

Preferential Procurement and Enterprise Development

Calgro M3 maintained its commitment to procuring goods and services from black businesses, spending over 68% of qualifying spend on various BBBEE businesses. Goods and services worth over R81 million were procured from business who are more than 50% black owned. There was a marked increase in the amount procured from businesses owned by black woman, with this figure reaching R31 million. The Group is aware that improvements can be made in this regard. Approximately R75 million was spent with small and medium sized businesses.

The Group's formalised Enterprise Development programme mentors small black-owned enterprises, helping them improve their performance across various spheres of business. This includes securing credit lines and discounts from suppliers, labour and employment relations, legal requirements as well as improving their technical skills across finance, human resources and construction. The Group contributed over R7 million towards this programme and hopes to improve on this figure in future.

The Group was also pleased to achieve full marks in the Socio Economic Development (SED) pillar of the BBBEE assessment. The Group takes its Corporate Social Responsibility seriously. Further details of the Group's SED programmes can be found under the Corporate Social Investment section (page 78) of the annual report.

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.
- ▶ Indigenous rights are respected. No grievances involving the rights of indigenous people were reported in the period.
- ▶ Human rights are upheld. Any grievances will be addressed and resolved through formal grievance mechanisms. No grievances relating to human rights abuses have been reported.



Health and Safety

The Group has once again successfully achieved zero fatalities and zero serious injuries to employees and subcontractors in this reporting period. Calgro M3 has a moral duty to play a leading role in the communities and the industry in which it operates. One of the ways it does this is through the sustainable management of the Health and Safety impacts of the business.

First and foremost we believe every individual has the right to a safe and healthy workplace and the right to return from work every day, safe and injury free. This is the common goal to which we are committed but it can only be achieved through dedication and the joint efforts of everyone involved.

We embrace good governance in our responsible management of Health and Safety concerns.

Specifically, the Company strives to achieve “zero injury”, “zero fatalities” and “zero loss of time” to people through the effective management of Health and Safety in all our operations in our industry. Effective management is established through the implementation of a robust Occupational Health and Safety (OH&S) management system that is based on the following three principles:

- ▶ **A “zero injury” mind-set.** 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 Calgro M3 OH&S standards and procedures. Each Employee is responsible for correcting behaviour that could result in an injury and reporting such behaviour to the OH&S officer.
- ▶ **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 OH&S-related matters is of vital importance.
- ▶ **Simple, non-negotiable standards and procedures.** Calgro M3 has adopted the principles of OHSAS 18001 as the foundation of its 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 the continual improvement of performance and compliance with applicable legal requirements.

2014: Fatality free & free of serious injury in the workplace

Work place safety	Every individual has the right to a safe and healthy workplace and the right to return from work every day, safe and injury free.		
A robust Occupational Health and Safety (OH&S) management system based on three principles: <div> 1 2 3 </div>	 "ZERO INJURY" MIND SET <div> 1 </div>	Our goals: "zero injury" "zero fatalities" "zero loss of time"	There is zero tolerance for Health and Safety misconduct.
 <div> 2 </div>		Simple, non-negotiable standards and procedures. <div> 3 </div>	
	Calgro M3 provide a safe working environment and appropriate equipment and tools.	Safety takes precedence over project programmes and cost.	 All employees must act and work in a safe manner at all times.

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.

Calgro M3 undertakes to provide a safe working environment and appropriate equipment and tools to all employees. Safety takes precedence over project programmes and cost. All employees must act and work in a safe manner at all times. Calgro M3 shall endeavour to protect the health and well-being of personnel during worksite activities and ensure that safety is the prime consideration during project execution.

The consequence of injuries is financial loss to both the individual and to the relevant project. Calgro M3 strives to achieve and maintain zero fatalities, zero lost time to injuries, zero restricted work and medical treatment injury cases, and zero total reportable injury frequency. To achieve this, Calgro M3 will display zero tolerance for Health and Safety misconduct.

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

HR Policies and Procedures

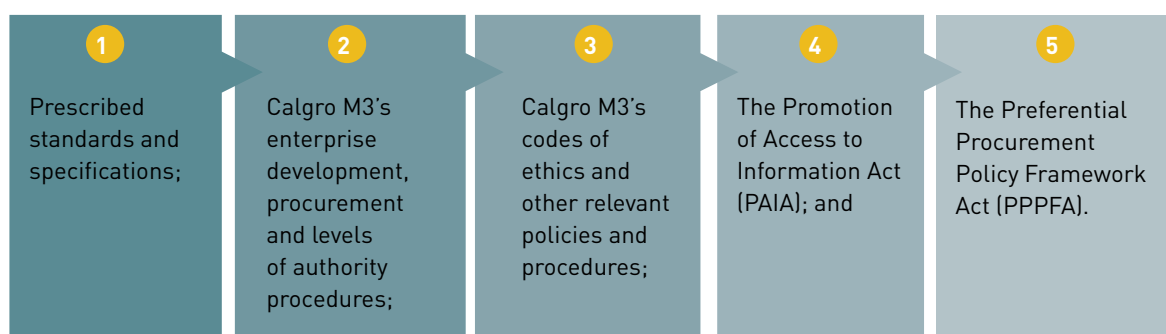
Non-discrimination

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 3 or better empowerment certificate in place. During the current year, the Group bettered its spend with black business owners to 68%, up from 50% a year ago.

Calgro M3's Preferential Procurement Policy aims to ensure that goods and services are procured by the Group in a manner that will realise best value for money, minimise risk and safeguard Calgro M3's interests, and be in accordance with:



Calgro M3 is committed to making every procurement opportunity a BEE procurement opportunity and will adopt the spirit of BBBEE in its procurement activities. Calgro M3 will, however, not compromise on health, safety, commercial, quality and service standards.

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. There have however, also been challenges in terms of labour relations on certain projects.

Code of Conduct and Ethics

The Group's success is dependent on the trust and confidence that is earned from employees, customers and shareholders. The Group's reputation is built on its values of integrity, respect and truthfulness, and its strong commitment to upholding the highest ethical standards. We gain credibility by adhering to our commitments, displaying honesty and integrity, and reaching Company goals through honourable conduct.

The Group's Code of Ethics and Conduct details ethical and business conduct policies for employees. This Code applies to the Group, its Board of Directors, all its employees and agents. It applies to employee interactions with clients, service providers, government and regulatory agencies, and the general public, and to interactions between employees. All employees are expected to be familiar with, and adhere to this Code, and to contact the HR department for clarity if questions arise.

Compliance, competition, dialogue

Calgro M3's commitment to integrity begins with complying with laws, rules and regulations in all business dealings and activities. Each employee must have an understanding of the Company policies, laws, rules and regulations that apply to their specific roles. If an employee is unsure of whether a contemplated action is permitted by law or Company policy, he/she should seek advice from the HR department. Each employee is responsible for preventing violations of law and for speaking up if they see possible violations.

Calgro M3 is dedicated to ethical, fair and vigorous competition. Employees will sell Calgro M3 products and services based on their merit, superior quality, functionality and competitive pricing. Calgro M3 will make independent pricing and marketing decisions and will not improperly cooperate or coordinate its activities with its competitors. Employees will not offer or solicit improper payments or gratuities in connection with the purchase of goods or services for Calgro M3 or the sales of its products or services, nor will they engage or assist in unlawful boycotts of particular suppliers.

It is important that employees respect the property rights of others. Employees will not acquire or seek to acquire by improper means a competitor's trade secrets or other proprietary or confidential information. Employees will not engage in unauthorised use, copying, distribution or alteration of software or other intellectual property.

To ensure that the Code remains effective, managers are responsible for addressing the ethical questions or concerns raised by employees and for taking the appropriate steps to deal with such issues promptly. Managers should not consider employees' ethics concerns as threats or challenges to their authority, but rather as an encouraged form of business communication.

The ethics dialogue should become a natural part of daily work.

Managers must take reasonable care to assure that subordinate employees comply with the Code. Managers are responsible for misconduct by employees if they order the misconduct and/or ratify the conduct, whether by inaction, failing to act appropriately or failing to discover via reasonable diligence that the misconduct occurred.

Calgro M3 takes a zero-tolerance approach to violations of this Code, failure to report actual or suspected violations of the Code, or retaliation against whistle blowers. Employees that are found to have violated this code or to have retaliated against whistle blowers will face disciplinary action.

This Code is not a comprehensive guide covering all ethical issues that employees may face; it 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 (see page 76).

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.



Human Capital Management Process

The Group's Human Capital Strategy and workforce model focuses on four areas:



Attract



Develop

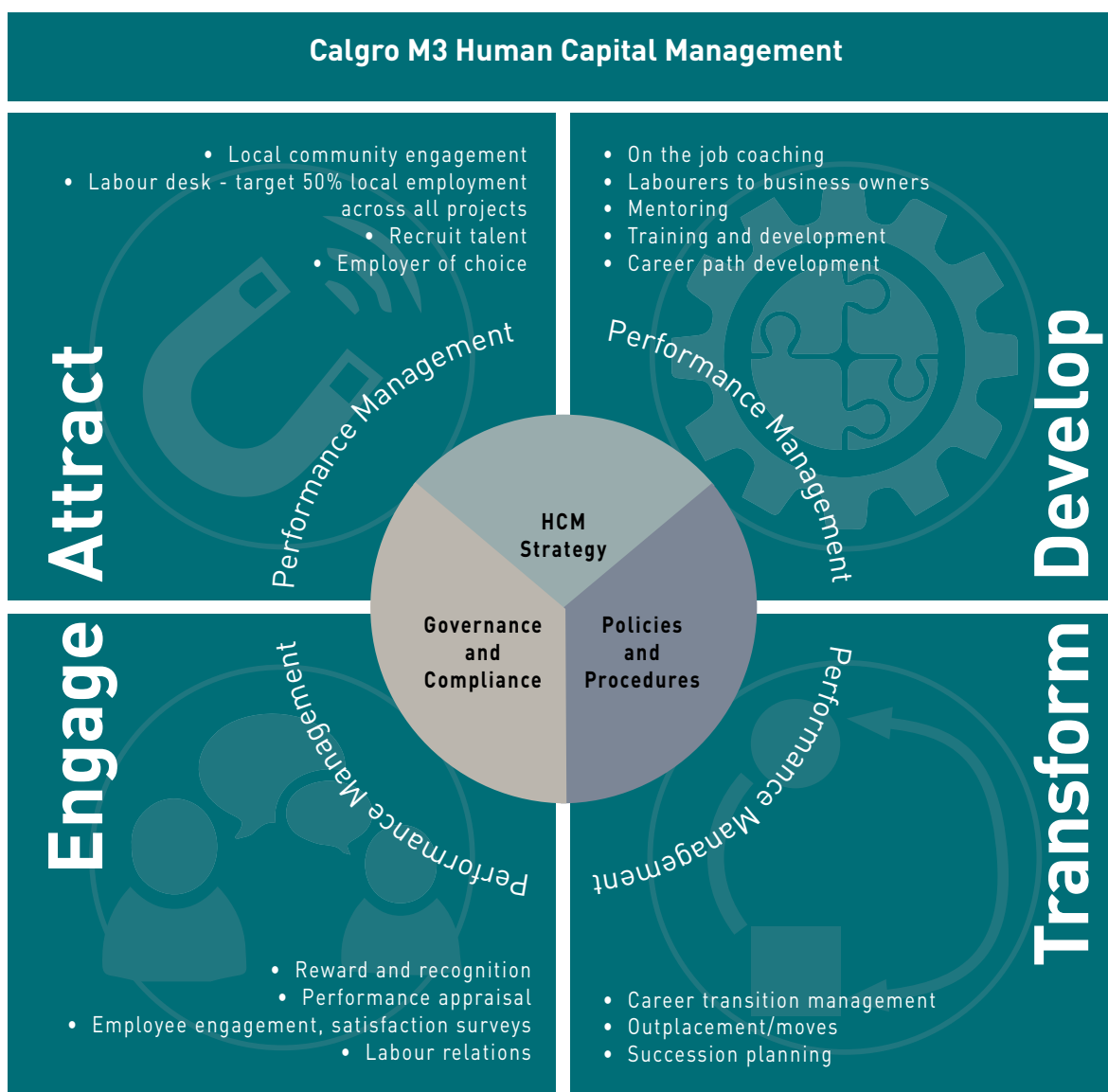


Engage



Transform

enabling the Group to ... unlock the potential of each of our valued employees.



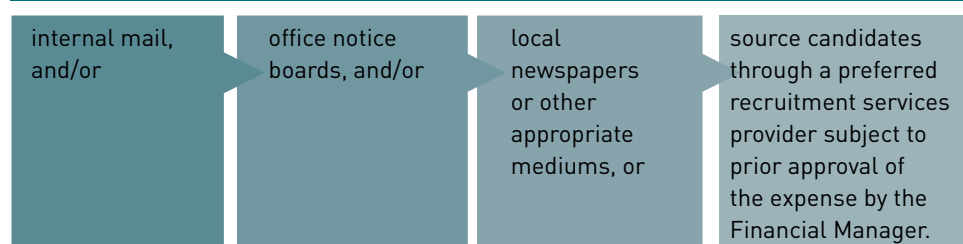


Robust human capital management processes at all levels of our operations are designed to attract and retain key skills and talent in a climate of skills shortage, and to ensure the Group's sustained success in the future.

For development projects, the Group's local recruitment policy stipulates that at least 50% of the workforce be recruited from local community, that their potential be 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.

If filling of the vacancy was approved, the Human Resources Department will advertise the vacancy in/on:



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 sub-contractor'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.

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, 6.25% increase to 102 employees (2014 - 96) due to capacity building for new projects expected to commence during the first half of 2015. Our waged staff complement has increased steadily by 5% to 430 (2013 - 410).

The total staff complement, including agents, has decreased by 3.65% to 502 (2013 - 521).

The total staff and subcontractor complement continues to grow, showing the Group's active participation in creating job opportunities.



Develop

Skills development is a priority. 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 skills development for existing staff, interns and students, and the development labour force.

Skills development typically comprises some or all of the following:

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

Continual learning, both formal and informal, is inherent in the Group's culture of sustainable growth and development. We want each employee 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. Concrete efforts in relation to development of skills plans, training, mentorship and learnership programmes are noted in the Skills Development segment (page 79).

Skills training for community members aims to develop people up the maturity curve to become self-supporting small business owners. They are then able to employ their own workforce, thereby uplifting the community and growing social sustainability. Our sub contractor "incubator programme" not only develops individuals in artisan skills, but assists subcontractors to deal with labour relations issues, SARS and the Workmen's Compensation Act, and provides them with informal mentoring on how to run their businesses successfully.



Engage

The Group' has put in place employee relations strategies that include staff engagement and effective communication at all sites.

Workplace forums and meetings provide a platform to improve engagement with employees and subcontractors. They help manage labour relations proactively, manage expectations and highlight any deterioration in trust between management and labour. Processes were introduced in 2013 to improve grievance management reaction times.

Onsite, operational management teams 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. 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 24-hour Ethics Hotline" initiative enables staff to confidentially and anonymously report concerns about unethical behaviour, corruption, fraud and any other forms of misconduct.

Employee relations to remain a focus for 2015 and beyond

Employee satisfaction surveys facilitate direct input by employees, assisting the Company to meet expectations. These will be accompanied by other staff engagement initiatives throughout 2015, such as 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 are continuously trained in employee relations. Our goal is to ensure 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 send a consistent message 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.

Employee Wellbeing and Safety

The Group makes every effort to create a safe and healthy working environment for its employees. It takes into consideration working conditions, the environment and the personal capacities of its employees, and employees' need to establish and maintain an appropriate balance between their work and private lives. Our aim: to prevent work-related injuries, fatalities and physical illness at work, while maintaining good working and functional ability of the employees. In terms of managing the environment, there is increasing recognition of the need to restrict smoking in the workplace for employee well-being, medical, legal and financial reasons. This includes recognising the health effects of passive smoking, managing the risk of liability from diseases caused by smoking, and encourage staff to give up smoking. Calgro M3 endeavours to protect non-smokers from exposure to second hand smoke and to enhance the air quality of the work environment for all employees, including visitors, complying with all relevant legislation in this regard.

The Group will continue to focus on employee assistance and wellness programmes in the future.

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 sub contractors 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.

No person employed by Calgro M3 may unfairly discriminate against an employee or an applicant for employment on the basis of his or her HIV status. This means that no person with HIV or AIDS shall be treated unfairly within the employment relationship or within any of Calgro M3's employment policies or practices, including with and in regard to:

- ▶ Recruitment procedures, advertising and selection criteria;
- ▶ appointment and the appointment process;
- ▶ job classification or grading;
- ▶ remuneration, employment benefits and terms and conditions of employment;
- ▶ job assignments;
- ▶ the working environment and facilities;
- ▶ training and development;
- ▶ performance evaluation systems;
- ▶ promotion, transfer and demotion;
- ▶ disciplinary measures short of dismissal; and
- ▶ termination of services.

An HIV & AIDS policy introduced by the Group just over a year ago 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 condoms that help protect against infection are made available at all our sites and are easily accessible to all our employees.



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	2015	2014	2013	2012	2011
Revenue	932 204 729	784 942 989	798 394 052	514 913 160	281 849 367
Less: Cost of materials, facilities and services	(754 318 891)	(605 938 240)	(572 554 493)	(369 366 142)	(249 203 547)
Value Added	177 885 838	179 004 749	225 839 559	145 547 018	32 645 820
Other income	8 520 994	1 792 524	1 264 531	566 983	4 153 152
Share of profit on joint ventures	86 826 674	66 161 456	29 405 992	34 326 274	16 342 776
Total Wealth Created	273 233 506	246 958 729	256 510 082	180 440 275	53 141 748
Distributed to utilised					
Employees - salaries, wages and other benefits	90 283 593	63 984 709	75 946 240	47 796 917	31 640 948
Sub-contractors - labour-only	10 660 461	61 597 783	59 103 170	52 900 488	3 378 362
Government - company taxation	22 519 972	9 519 342	25 936 739	12 555 675	(1 644 823)
Net finance costs	2 478 797	3 797 429	1 539 468	(390 691)	661 326
Maintain and expand the Group					
- profits retained	145 629 072	105 695 319	91 303 538	65 380 048	16 955 441
- depreciation, amortisation and impairment	1 661 611	2 364 147	2 680 927	2 197 838	2 150 494
	273 233 506	246 958 729	256 510 082	180 440 275	53 141 748



Corporate Governance

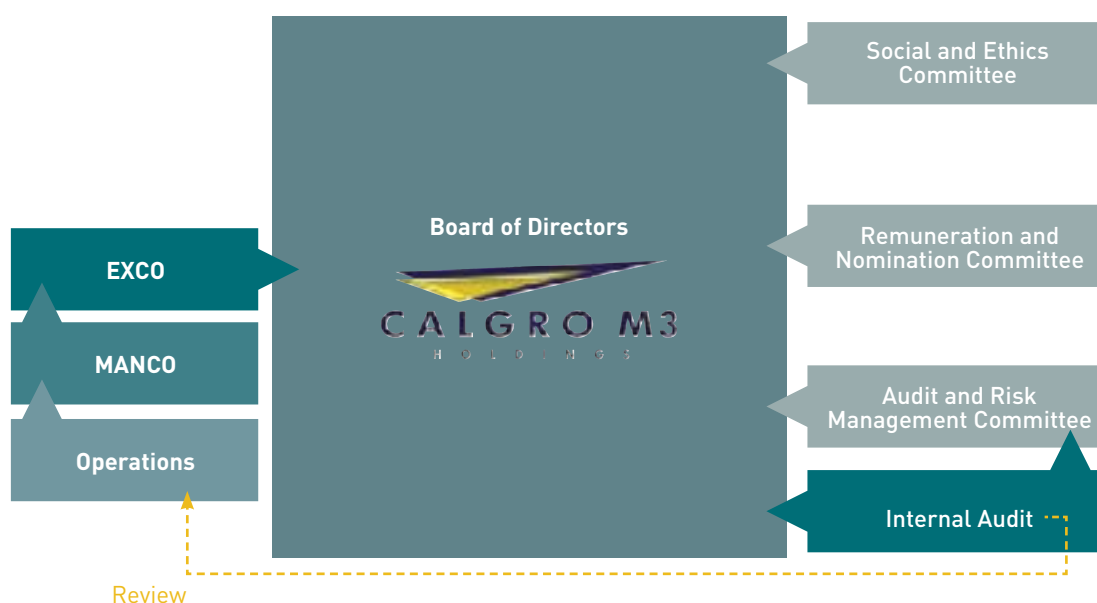
Governance Framework

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 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

Corporate Governance Structure



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 105.

Shareholders are referred 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.

Board Composition

The Board operates as a unitary board comprising four executive directors and five independent non-executive directors. The Board Chairperson is an independent non-executive director.

The Board is responsible to shareholders for the Group's performance. It is 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 reviews its composition and determines the optimal number and type of directors necessary to fulfil the role of the Board of Directors effectively and efficiently, on an annual basis. It also reconsiders appointments or changes to the Board as needed, in accordance with the growth cycle of the Group.

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 and reviewed by the Board on an annual basis. Similar principles and processes are in place 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 Board provides guidance and leadership deliberations, and oversees 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. These 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 February 2014	9 May 2014	23 July 2014	25 August 2014	10 October 2014
Pumla Radebe	✓	✓	✓	✓	Apology
Ralph Patmore	✓	✓	✓	✓	✓
Mdu Gama	✓	✓	✓	✓	✓
John Gibbon	Via Telecon	✓	Via Telecon	Via Telecon	✓
Hatla Ntene	✓	✓	✓	✓	✓
Ben Pierre Malherbe	✓	✓	✓	✓	✓
Wikus Lategan	✓	✓	✓	✓	✓
Derek Steyn	✓	✓	✓	✓	✓
Deon Steyn	✓	✓	✓	Apology	✓
Sponsor					
Grindrod Bank	✓	✓	✓	✓	✓
Audit & Risk Committee	25 February 2014	6 May 2014	8 October 2014		
Ralph Patmore	✓	✓	✓		
Mdu Gama	✓	✓	✓		
John Gibbon	Via Telecon	✓	✓		
Ben Pierre Malherbe	✓	✓	✓		
Wikus Lategan	✓	✓	✓		
Sponsor					
Grindrod Bank	✓	✓	✓		
Auditor					
PwC	✓	✓	✓		
REMCO Committee	29 April 2014	22 July 2014			
Pumla Radebe	✓	Apology			
Ralph Patmore	✓	✓			
Mdu Gama	✓	✓			
John Gibbon	✓	Via Telecon			
Attends sections of meeting by invitaion					
Ben Pierre Malherbe	✓	✓			
Wikus Lategan	✓	✓			
Social & Ethics Committee	25 February 2014	23 April 2014	22 July 2014	8 October 2014	
Mdu Gama	✓	✓	✓	✓	
Ben Pierre Malherbe	✓	✓	✓	✓	
Wikus Lategan	✓	✓	✓	✓	
Sponsor by invitation only					
Grindrod	N/A	✓	N/A	N/A	
Special Board Strategy Meeting	17 April 2014				
Pumla Radebe	✓				
Ralph Patmore	✓				
Mdu Gama	✓				
John Gibbon	✓				
Hatla Ntene	✓				
Ben Pierre Malherbe	✓				
Wikus Lategan	✓				
Derek Steyn	✓				
Deon Steyn	✓				

Information is supplied to the Board and its sub committees timeously to allow 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 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 Financial Director. The same rules and restraints apply where securities are held by immediate family members of directors or senior staff.

The Company Secretary 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 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.

This 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 executive and senior management 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 behaviour to optimise 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 25th and 75th percentiles, thereby ensuring that these employees are properly benchmarked within their respective disciplines.

Employee Benefits

Calgro M3 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 if a minimum return on average equity of 25% is achieved, was calculated based on profit pre tax on a sliding scale as follows:

< 20%	of 2014 PAT	- 3%
=	equal to 2014 PAT	- 6%
> 20%	of 2014 PAT	- 7%
> 40%	of 2014 PAT	- 8%
> 60%	of 2014 PAT	- 9%
> 80%	of 2014 PAT	- 10%
> 100%	of 2014 PAT	- 12%

Long-term Incentives

Share appreciation rights ("SAR") are conditional rights to receive monetary 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 115. Details relating to the Group's current SAR scheme can be found on page 115 and in note 34 (page 163) 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 2014 and February 2015 appear in note 37 of the financial statements.

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, 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. After year-end, Hugh Cameron was appointed to the Board and as an additional member to the Audit Committee (his CV can be found on page 29). Hugh was appointed as successor to John Gibbon who will retire during October 2015 when he reaches a age of 75, having served on the Board and as Chairperson of the Audit and Risk Committee since 2007.

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 and Risk Committee and has a direct line to the Chairperson of the committee.

The full Audit and Risk Committee report has been incorporated on page 110 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 two Exco members, BP Malherbe, WJ Lategan, and one independent non-executive director, ME Gama, as Chair. A quorum for this committee is two members of which one needs to be Dr Gama as Chairperson or another independent non-executive director attending the meeting on his behalf.

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

Social and economic development, including the Group's standing in terms of the goals and purposes of:

- ▶ The 10 principles set out in the United Nations Global Compact Principles;
- ▶ the OECD recommendations regarding corruption;
- ▶ the Employment Equity Act; and
- ▶ the Broad Based Black Economic Empowerment Act.

Good corporate citizenship, including the Group's:

- ▶ Promotion of equality and prevention of unfair discrimination and corruption;
- ▶ contribution to development of the communities in which its activities are predominantly conducted or within which its products or services are predominantly marketed; and
- ▶ record of sponsorship, donations and charitable giving.

The environment, health and public safety, including the impact of the Group's activities and of its products or services on:

- ▶ Sustainability;
- ▶ consumer relationships, including the Group's advertising, public relations and compliance with consumer protection laws; and
- ▶ Labour and employment, including:
 - ▶ The Group's standing in terms of the International Labour Organisation Protocol on decent work and working conditions; and
 - ▶ the Group's employment relationships and its contribution towards the educational development of its employees.

The responsibilities and duties of the Social and Ethics Committee shall focus primarily on:

- ▶ Group sustainability responsibilities;
- ▶ Group transformation responsibilities;
- ▶ Group Code of Ethics standards;
- ▶ the Companies Act and Social and Ethics Committee responsibilities; and
- ▶ the King III Report on Corporate Governance.

It shall consider with management any feedback from external providers (as relevant), any contraventions of the Group Code of Ethics and management's response and action taken in light of such events. It will also review the effectiveness of Group and division systems for monitoring compliance with laws and regulations.



It is furthermore responsible for:

- ▶ Identifying and monitoring the non-financial aspects relevant to the business of the Group and for reviewing appropriate non-financial information that goes beyond assessing the financial and quantitative performance of the Group;
- ▶ reviewing the effectiveness of the Group Affirmative Action Strategy on creating opportunities that will enable previously disadvantaged employees to prepare themselves to occupy more skilled and responsible positions within the organisation;
- ▶ reviewing the effectiveness of the Group's dealing with Safety, Health and Environmental issues and to provide the necessary guidance in developing and approving the policy, strategy and structure to manage Safety, Health and the Environmental issues;
- ▶ reviewing the effectiveness of the Group's contagious diseases strategy regarding the handling of HIV/AIDS training and education programmes, voluntary anonymous testing, anti-retroviral and crisis planning;
- ▶ reviewing the effectiveness of the Group's environmental strategy regarding:
 - ▶▶ The taking of reasonable measures to prevent significant pollution or degradation to the environment from occurring, continuing or recurring;
 - ▶▶ minimising and rectifying pollution or degradation that has already been caused;
 - ▶▶ disclosing the nature of their environmental policies, ethos and values; and
 - ▶▶ a commitment by all relevant Group companies becoming certificated with the required international safety and environmental standards.
- ▶ Reviewing the effectiveness of the Group's Social and Transformation Strategy regarding the submission of its Employment Equity and Skills Development plans to the relevant authorities and monitoring that they are on track to meet, if not exceed, the required targets;
- ▶ reviewing the effectiveness of the Group's Employment Equity strategy regarding principles of employment equity and ensuring the Group's compliance with the Employment Equity Act;
- ▶ to periodically assess and communicate the quality of key stakeholder relationships;

- ▶ to consider and communicate the results and evaluation reports relating to the Group's annual report performance and to ensure appropriate action is taken to address areas identified for improvement;
- ▶ assess the divisional reporting requirements in terms of adequacy and effectiveness in meeting the mandate of the Committee.
- ▶ perform other oversight functions as requested by the Board; and
- ▶ in performing its duties, the Social and Ethics Committee shall at all times adhere to the Group's Board Charter.

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. During the past few months Mr Williams has become more operationally involved due to his specific skillset and property law background. As the Board was concerned that his independence might be compromised in future by this involvement, Juba Statutory Services, represented by Sirkien van Schalkwyk, has been appointed as the Company Secretary effective 1 June 2015.

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. To further advance this function and fast track progress the Group also resolved post year-end during March to subcontract internal audit responsibilities to Sizwe Ntsaluba Gobodo with effect 1 April 2015. Furthermore, the Audit and Risk 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 systems of control only provide reasonable but not absolute assurance and nothing has come to their attention during the year to indicate a material breakdown in the systems of internal control.

Further details on financial risk management, including the Group's exposure to interest rate risk, credit risk and liquidity risk, are 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) from a strategic and high level operational level, assisted by Management Committee (Manco) on a detail operational level, is responsible for managing risk through the day-to-day rollout of effective risk management processes. A risk register on page 20 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.

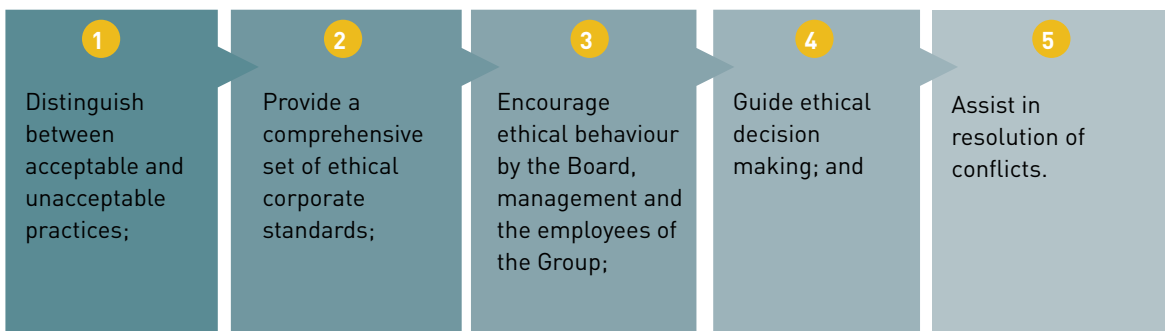
Information Technology

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.

No information has come to the attention of the Board that the systems of internal control over information technology are inadequate or ineffective. 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:



Communication and Engagement

Stakeholders

Communication and engagement with stakeholders is vital to ensure transparency. The Board is committed to appropriate disclosure in its communication and interaction with stakeholders. The CEO and Financial Director act as chief spokespersons for the Company and all investor related correspondence is dealt with by them.

It is the policy of the Group to pursue dialogue with institutional investors, engaging constructively within the frameworks provided by statutory and regulatory environments with regard to the dissemination of information. This helps ensure a fair and accurate representation and valuation of the Company and its performance. Grindrod Bank Limited acts as the Company's sponsor in compliance with the JSE Listings requirements.

The Company's Annual General Meeting provides an important platform for engagement with shareholders as attendance of these meetings offers them an opportunity to participate in discussions relating to Company agenda items and to raise potential issues and concerns. Explanatory notes setting out the effects of all proposed resolutions will be 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 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 51 to 58 (Understanding our Stakeholders) detail other platforms and means of communication and engagement between Calgro M3 and its broader community of key stakeholders who affect, or are affected by the Company.

The Group's sustainability information (page 48) further details Calgro M3's 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 51 to 58.



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 2014 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. To further advance this function and fast track progress the Group also resolved post year-end during March to subcontract internal audit responsibilities to SizweNtsalubaGobodo with effect 1 April 2015.
Accountability	Integrated reporting and disclosure	Internal audit function was implemented during the 2014 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 and Risk Committee and Audit and Risk Committee Chairman John Gibbon.

General Information

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

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

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

Postal Address
Private Bag X33
Craighall
2024

Published
11 May 2015

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.

Secretary: W Williams

Directors:
PF Radebe Independent Non-Executive
BP Malherbe Executive
ME Gama Independent Non-Executive
JB Gibbon Independent Non-Executive
WJ Lategan Executive
H Ntene Independent Non-Executive
RB Patmore Independent Non-Executive
DN Steyn Executive
FJ Steyn Executive
HC Cameron Independent Non-Executive
(appointed 8 May 2015)

Transfer Secretaries
Computershare Investor Services

Bankers
First National Bank

Auditors
PricewaterhouseCoopers Inc.

Sponsors
Grindrod Bank Limited

Shareholders' Diary

Financial year-end	28 February 2015
Year-end results	11 May 2015
Annual general meeting	To be advised
Interim report	October 2015



Group **Consolidated Financial Statements**

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Consolidated Statement of Changes in Equity 121	Consolidated Statements of Cash Flows 122	Notes to the Consolidated Financial Statements 123	Company Financial Statements 172

Certificate of the **Company Secretary**

I, Wayne Williams, hereby confirm, in my capacity as Company Secretary of Calgro M3 Holdings Limited that for the period ended 28 February 2015, 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
8 May 2015

Directors' Responsibility and Approval

The Directors are required in terms of the Companies Act 71 of 2008 to maintain adequate accounting records and are responsible for the content and integrity of the 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 reporting period and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors were engaged in expressing 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.

No information has been brought to the attention of the Directors, that the system of internal control does not provide 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 29 February 2016 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 118.

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 believes 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 119 to 182, which have been prepared on the going concern basis, were approved by the Board of Directors on 8 May 2015 and were signed on its behalf by:



BP Malherbe



WJ Lategan

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 period ended 28 February 2015. The Audit and Risk Committee is an independent statutory committee appointed by the shareholders of the Company. 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), RB Patmore and ME 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 management's 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.
- ▶ nominating for appointment a registered Auditor who is independent of the Company;
- ▶ determining the fees to be paid to the Auditor and the Auditor's terms of engagement;
- ▶ ensuring that the appointment of the Auditor complies with the provisions of the Act and any other legislation relating to the appointment of auditors;
- ▶ determining the nature and extent of any non-audit services which the Auditor may provide to the Company;
- ▶ pre-approving any proposed agreement with the Auditor for the provision of non-audit services to the Company;
- ▶ preparing a report to be included in the annual financial statements for the year;
- ▶ receiving and dealing 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;
- ▶ making submissions to the Board on any matter concerning the Company's accounting policies, financial controls, records and reporting; and

- ▶ performing 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;
- ▶ ensuring that the business continuity plan was properly documented and that this plan addresses critical continuity activities;
- ▶ 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 269A of the Companies Act. During the year under review, three 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)	6 years
RB Patmore	BCom, MBL (SBL)	4 years
ME Gama	PhD(Finance)	3 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 work 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 in this regard to the Board, in order for the Board to report thereon.

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. No information has been brought to the attention of the Audit and Risk Committee that they Systems of internal financial controls are not effective, and are not an appropriate basis for the preparation of reliable financial statements.

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 note 39 of the financial statements.

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	6/5/2014	8/10/2014	24/2/2015
JB Gibbon	X	X	X
RB Patmore	X	X	X
ME Gama	X	X	X
WJ Lategan	✓	✓	✓
BP Malherbe	✓	✓	✓
PWC	✓	✓	✓
W Williams	✓	✓	✓
Sponsors	✓	✓	✓
X - 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 2015 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 2016 AGM. The Audit and Risk Committee has satisfied itself that both PwC and Mr van Staden are accredited with the JSE Limited as required.

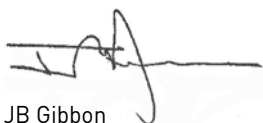
EXPERTISE AND EXPERIENCE OF FINANCIAL DIRECTOR AND THE FINANCE FUNCTION

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
8 May 2015

Directors' Report

The Directors submit their report for the period ended 28 February 2015.

1. Nature of business

Calgro M3 Group is a mixed-use housing development group, established in 1995 in South Africa. 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-aménities 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, based on the forecasts prepared by management. 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 set out fully the financial position, results of operations and cash flows of the Group (pages 119 to 122) and Company (pages 172 to 175) for the period ended 28 February 2015 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 infrastructure development; Sale of land and developments; and Professional services. The three key residential products that these segments offer are: integrated housing; affordable housing; and mid-to-high income housing. These products are included within the Construction and infrastructure development, as well as the Sale of land and development segments.

3. Events after Reporting Period

Please refer to note 40 in the consolidated financial statements.

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 segments of the Group.

On 31 March 2014, the Group acquired the remaining 24% of the share capital and 50% of the voting rights of Clidet No 1014 (Pty) Ltd, a unlisted South African property development company. The Group previously owned 76% share capital and 50% of voting rights. The investment was previously accounted for as a joint venture. The total deemed consideration was R53 739 299. Goodwill of R8 035 371 arose and was recognised through the transaction on assumption of control.

Particulars of the joint ventures and associates (note 9) and the principal subsidiaries (note 43) are set out in 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:

	2015	2014
R'000		
Profit	64 289	25 006
Losses	(8 405)	(3 710)

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:

	Direct 2015	Direct 2014	Indirect 2015	Indirect 2014
Ordinary Shares				
BP Malherbe	-	-	14 500 000	14 500 000
WJ Lategan	4 450 000	4 357 970	-	-
FJ Steyn	-	-	10 194 461	10 194 461
DN Steyn	-	-	10 500 000	11 007 651

Refer to note 37 for details of the Directors' emoluments.

7. Share Appreciation Rights

The share appreciation rights (SAR's) which are granted to directors and selected employees are divided into two main categories with various SAR issues within each category. Total number of SAR's outstanding is 10 378 172 (2014 FY - 9 050 000) and is divided into two categories: Category 1 - 4 978 172 SAR's (2014 FY - 4 850 000) and Category 2 - 5 400 000 SAR's (2014 FY - 4 200 000).

1 744 839 Category 1 SAR's were granted (2014 FY - Nil) and 1 616 667 Category 1 SAR's were exercised (2014 FY - Nil) by directors and selected employees during the 2015 financial year. 1 200 000 Category 2 SAR's were granted (2014 FY - Nil) and nil Category 2 SAR's were exercised (2014 FY - Nil) by employees during the 2015 financial year.

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.

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 2015	500 000 000
Total number of ordinary shares in issue at 28 February 2015	127 100 000

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

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

Please refer to note 39 in the consolidated financial statements.

13. Directors

Name	Position	Date appointed	Contract expiry
Pumla Fundiswa Radebe	Independent Chairperson	29.06.2007	
Ben Pierre Malherbe	Chief Executive Officer	05.08.2005	3 months notice
Mduduzi Edward Gama	Independent Non-Executive	10.01.2012	
John Braidwood Gibbon	Independent Non-Executive	01.11.2008	
Willem Jakobus Lategan	Finance Director	05.08.2008	3 months notice
Hatla Ntene	Independent Non-Executive	12.10.2007	
Ralph Bruce Patmore	Independent Non-Executive	18.01.2011	
Deon Noel Steyn	Chief Operating Officer	14.12.2009	3 months notice
Frederik Johannes Steyn	Strategic Planning Director	05.08.2005	3 months notice
Hugh Colin Cameron	Independent Non-Executive	08.05.2015	

14. Secretary

Wayne Williams has resigned as Company Secretary of Calgro M3, effective 31 May 2015. Juba Statutory Services, represented by Sirkien van Schalkwyk, has been appointed in his stead from 1 June 2015.

As required by the JSE Listings Requirements, the Board has satisfied itself that the Secretary has appropriate qualifications, expertise and experience. In addition, the Board has satisfied 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:

No 1 Carlsberg
430 Nieuwenhuyzen Street
Erasmuskloof Ext 2
0181

Postal address:

PO Box 4896
Rietvalleirand
0174

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 2015:

Shareholders' spread	No. of shareholders	%	No. of shares	%
1 - 1 000 shares	840	39.14	419 712	0.33
1 001 - 10 000 shares	973	45.34	3 679 436	2.89
10 001 - 100 000 shares	266	12.40	7 884 902	6.20
100 001 - 1 000 000 shares	49	2.28	13 606 296	10.71
1 000 001 shares and over	18	0.84	101 509 654	79.87
	2 146	100.00	127 100 000	100.00

Distribution of shareholders		%
Nominee and trusts	50 950 580	40.09
Financial institutions and other corporations	31 353 091	24.67
Empowerment	24 558 264	19.32
Individuals	16 925 823	13.32
Private and public companies	3 312 242	2.60
	127 100 000	100.00

Public/non-public shareholders		%
Directors and associates of the holding company	45 664 291	35.93
Public shareholders	81 435 709	64.07
Non-public shareholders	-	0.00
	127 100 000	100.00

Shareholders with an interest of 3% or more in shares		%
LLC Pershing	15 890 635	12.50
BPM Family Trust	14 000 000	11.01
Snowball Wealth Pty Ltd	13 702 304	10.78
DNS Trust	10 500 000	8.26
FJS Trust	10 194 461	8.02
LCH Chou	6 200 000	4.88
Hendrik Brand Trust	6 019 830	4.74
WJ Lategan	4 450 000	3.50
DGS Trust	4 360 472	3.43
	85 317 702	67.12

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 119 to 182, which comprise the statements of financial position as at 28 February 2015, 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 2015, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and 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 2015, 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
Sunninghill
8 May 2015

Consolidated Statement of Financial Position

as at 28 February 2015

(Figures in Rands unless otherwise stated)

	Notes	2015	2014
ASSETS			
Non-current assets			
Investment property	6	5 743 370	5 743 370
Property, plant and equipment	7	1 753 893	2 611 600
Intangible assets	8	40 970 966	32 985 680
Investment in joint ventures and associates	9	229 567 676	142 740 474
Deferred income tax asset	10	13 825 385	18 639 026
		291 861 290	202 720 150
Current assets			
Loans to joint ventures and associates	11	16 793 010	35 818 332
Loan receivable	12	5 756 677	5 756 677
Inventories	13	498 089 210	385 826 228
Current tax receivable		3 935 703	589 116
Construction contracts	14	198 211 436	179 486 749
Work in progress	15	14 152 960	4 401 965
Trade and other receivables	16	171 099 664	220 045 031
Cash and cash equivalents	17	130 565 085	62 892 583
		1 038 603 745	894 816 681
Total assets		1 330 465 035	1 097 536 831
EQUITY AND LIABILITIES			
Equity			
Equity attributable to owners of the parent			
Stated capital	18	96 021 721	96 021 721
Retained income		482 747 300	337 031 142
		578 769 021	433 052 863
Non-controlling interests	32	(86 671)	-
Total equity		578 682 350	433 052 863
Liabilities			
Non-current liabilities			
Deferred income tax liability	10	37 951 620	37 127 835
		37 951 620	37 127 835
Current liabilities			
Borrowings	19	492 131 943	470 929 440
Current income tax liabilities		61 564	154 261
Finance lease obligations	20	-	215 446
Trade and other payables	21	221 637 558	156 056 986
		713 831 065	627 356 133
Total liabilities		751 782 685	664 483 968
Total equity and liabilities		1 330 465 035	1 097 536 831

Consolidated Statement of Financial Position

Consolidated Statement of Comprehensive Income

for the year ended 28 February 2015

(Figures in Rands unless otherwise stated)

	Notes	2015	2014
Revenue	22	932 204 729	784 942 989
Cost of sales	23/25	(757 333 537)	(671 953 585)
Gross profit		174 871 192	112 989 404
Other income	24	8 520 994	1 792 524
Administrative expenses	25	(98 900 176)	(58 378 111)
Other expenses	25	(690 843)	(3 553 183)
Operating profit		83 801 167	52 850 634
Finance income	26	9 773 841	9 836 369
Finance costs	27	(12 252 639)	(13 633 798)
Share of profit of joint ventures and associates - net of tax	9	86 826 674	66 161 456
Profit before tax		168 149 043	115 214 661
Taxation	28	(22 519 972)	(9 519 342)
Profit after taxation		145 629 071	105 695 319
Other comprehensive income		-	-
Total comprehensive income		145 629 071	105 695 319
Profit after taxation and other comprehensive income attributable to:			
- Owners of the parent		145 716 158	105 695 319
- Non-controlling interests		(87 087)	-
		145 629 071	105 695 319
Earnings per share for profit attributable to the equity holders of the Company during the year (expressed in cents per share)			
- basic	38	114.65	83.16
- diluted	38	114.65	83.16

Consolidated Statement of Changes in Equity

for the year ended 28 February 2015

(Figures in Rands unless otherwise stated)

	Stated Capital	Retained Income	Total	Non- controlling Interests	Total Equity
Balance at 1 March 2013	96 021 721	231 335 823	327 357 544	-	327 357 544
Comprehensive income					
Profit for the period	-	105 695 319	105 695 319	-	105 695 319
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	105 695 319	105 695 319	-	105 695 319
Balance at 28 February 2014	96 021 721	337 031 142	433 052 863	-	433 052 863
Balance at 1 March 2014	96 021 721	337 031 142	433 052 863	-	433 052 863
Non-controlling share of equity*	-	-	-	416	416
Comprehensive income					
Profit for the period	-	145 716 158	145 716 158	(87 087)	145 629 071
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	145 716 158	145 716 158	(86 671)	145 629 487
Balance at 28 February 2015	96 021 721	482 747 300	578 769 021	(86 671)	578 682 350

Note

18

32

* This relates to the shareholding of the subsidiaries, Calgro M3 Private Memorial Parks (Pty) Ltd and Belhar Calgro M3 Developments Company (Pty) Ltd, where the Calgro M3 Group does not hold 100% of the shareholding.

Consolidated Statement of Cash Flows

for the year ended 28 February 2015

(Figures in Rands unless otherwise stated)

	Notes	2015	2014
Cash generated from/(utilised in) operations			
Cash generated from/(utilised in) operations	29	148 294 416	(252 754 959)
Finance income		3 267 608	2 003 519
Finance cost		(52 004 525)	(36 018 248)
Tax paid	30	(20 380 552)	(5 183 498)
Net cash generated from/(utilised in) operating activities		79 176 947	(291 953 186)
Cash flows invested in investing activities			
Purchase of property plant and equipment		(553 481)	(496 324)
Proceeds from the sale of property plant and equipment		113 924	-
Purchase of intangible assets		(230 898)	(412 135)
Acquisition of subsidiary		(24 905 973)	-
Loans advanced to joint ventures and associates		-	(15 542 144)
Proceeds of loans repaid by joint ventures and associates		-	360 001
Net cash invested in investing activities		(25 576 428)	(16 090 602)
Cash flows from financing activities			
Proceeds of borrowings		113 000 000	277 229 140
Repayment of borrowings		(98 928 017)	(104 635 727)
Net cash from financing activities		14 071 983	172 593 413
Net increase/(decrease) in cash and cash equivalents		67 672 502	(135 450 375)
Cash and cash equivalents at the beginning of the year		62 892 583	198 342 958
Cash and cash equivalents at end of the year	17	130 565 085	62 892 583

Notes to the Consolidated Financial Statements

1. General Information

Calgro M3 Holdings Limited (the "Company") and its subsidiaries (together "the Group") is a residential developer specialising in integrated developments aimed at the entry-level consumer. The Group's three main divisions 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.

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

2. Summary of Significant Accounting Policies

The most significant accounting policies have been moved next to the relevant notes in these financial statements. The remainder of the accounting policies not relating to a specific note is dealt with here. All policies have been consistently applied to all the years presented.

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 are presented in South African Rands.

2.2 Working capital cycle

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.

2.3 Significant estimates and judgements

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. The significant judgements have been disclosed in the applicable note.

These include:

▶ Fair value estimation	Note 4
▶ Impairment of goodwill	Note 8
▶ Assessment of joint control	Note 9
▶ Land under development held for sale	Note 13
▶ Impairment of trade receivables	Note 16
▶ Percentage of completion for construction revenue	Note 22
▶ Share-based payments	Note 34

2.4 New standards and interpretations

There were a number of new standards and interpretations effective and adopted in the current year none of which have a significant impact on the Group.

2.5 Standards and interpretations issued not yet effective

There are a number of new standards and amendments to new standards and interpretations which will only be effective after the 2015 year end. None of these are expected to have a significant impact on the Group, except for IFRS 15 'Revenue from contracts with customers' and IFRS 9 'Financial instruments'.

Topic	Key Requirements	Effective Date
IFRS 15 'Revenue from contracts with customers'	<p>This is the converged standards on revenue recognition. It replaces IAS 11 'Construction contracts', IAS 18 'Revenue' and related interpretations.</p> <p>Revenue is recognised when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service.</p> <p>The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:</p> <ul style="list-style-type: none"> ▶ Step 1: Identify the contract(s) with a customer; ▶ Step 2: Identify the performance obligations in the contract; ▶ Step 3: Determine the transaction price; ▶ Step 4: Allocate the transaction price to the performance obligations in the contract; and ▶ Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation. <p>IFRS 15 also includes a cohesive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.</p> <p>Management is currently in the process of assessing the impact of this new standard.</p>	01 January 2017
IFRS 9 'Financial instruments'	<p>The complete version of IFRS 9 replaces most of the guidance in IAS 39, 'Financial instruments: Recognition and measurement'. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39.</p> <p>For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value, through profit or loss.</p> <p>Management is currently in the process of assessing the impact of this new standard. It is however expected that the change in the impairment model will have the biggest impact on the Group.</p>	01 January 2018

2.6 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Group and all its subsidiaries. In the case of associates and joint ventures, those entities are presented as single line items in the statement of comprehensive income and statement of financial position (refer to note 9). Intercompany transactions and balances are eliminated upon consolidation. Consistent accounting policies have been applied across the Group in the preparation of the consolidated financial statements.

The Group treats transactions with non-controlling interests that do not result in a loss of control as equity transactions. Gains or losses on disposals to non-controlling interests are also recorded in equity.

2.7 Impairment of non-financial assets

The Group assesses at each end of the reporting period whether there is any indication that a non-financial asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset. Goodwill is tested annually for impairment regardless of any indicators of such.

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. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an individual non-financial 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 and is recognised directly in profit or loss.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amounts of the other assets in the unit on a pro-rata basis.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but limited to the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss. An impairment loss in respect of goodwill is not reversed.

2.8 Provisions and contingencies

Provisions are recognised when there is a present legal or constructive obligation as a result of a past event for which it is more likely than not that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Contingent assets and contingent liabilities are not recognised.

2.9 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in South African Rands, which is the group's presentation currency.

(b) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- (iii) all resulting exchange differences are recognised in other comprehensive income.

2.10 Financial instruments

2.10.1 Classification

The Group holds the following categories of financial assets and financial liabilities:

	Notes	2015	2014
Financial assets - loans and receivables			
Loans to joint ventures and associates	11	16 793 010	35 818 332
Loans & receivables	12	5 756 667	5 756 677
Trade and other receivables	16	158 895 914	206 407 275
Cash and cash equivalents	17	130 565 085	62 892 583
		312 010 676	310 874 867
Financial liabilities - financial liabilities at amortised cost			
Borrowings	19	492 131 943	470 929 440
Finance lease obligations	20	-	215 446
Trade and other payables	21	208 959 817	149 080 049
		701 091 760	620 224 935

2.10.2 Initial recognition and measurement

The Group initially records both financial assets and financial liabilities at fair value. Where transaction costs are incurred they are recognised as part of the initial cost of the financial instrument as the Group does not have any financial instruments classified as fair value through profit or loss.

2.10.3 Subsequent measurement

All of the Group's financial assets are categorised as 'loans and receivables' and are therefore subsequently measured at amortised cost. Amortised cost is the basis of moving the initial amount of the financial instrument (fair value of the instrument) to the maturity value of the instrument on a systematic basis using a fixed interest rate (effective interest rate) taking into account repayment dates and initial premiums or discounts. The carrying amount of amortised cost financial assets is adjusted for impairments.

All of the Group's financial liabilities are classified as 'financial liabilities at amortised cost' and are therefore subsequently measured at amortised cost.

2.10.4 Impairment of financial assets

Financial assets are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable.

Impairment is normally determined based on a realistic assessment of future cash flows discounted using the original effective interest rate compared with contractual amounts.

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.

The Group's trade receivables are impaired through use of an allowance account. The amount of the loss is recognised in profit or loss within administrative expenses. When the trade receivable is written off, it is written-off against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against administrative expenses.

3. Risk Management

3.1 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including cash flow interest rate risk), credit risk and liquidity risk.

Risk management is carried out by the executive committee and identifies and evaluates financial risks in close-cooperation with the Group's operating units. The Board of Directors is 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 (cash flow interest rate risk)

The Group's interest rate risk arises mainly from its borrowings (refer to note 19).

The interest rate exposure is monitored and managed by the executive committee and will not be hedged to limit interest rate risk. The executive committee monitors the cash flows relating to borrowings i.e. interest paid, more so than the changes in the interest rate. Refer to the statement of cash flows for more information on finance costs paid.

The impact on post-tax profit of a 1% shift would be a maximum increase/decrease of:

	2015	2014
1% increase/decrease on interest bearing borrowings	(3 150 000)	(3 392 243)

A 1% shift is considered appropriate by management taking into account the current economic environment that Group operates in.

(b) Credit risk

Credit risk consists mainly of loans to joint ventures and associates, financial guarantees to third parties, cash deposits and cash equivalents and trade and other receivables (including retention debtors). 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 (excluding trade receivables owing by joint ventures and associates) on an ongoing basis taking into account their financial position, past experience and other factors. Credit risk is limited due to the nature of trade debtors which consist of outstanding draw downs from banks and municipal institutions. In cases where management deems the risk level to be unacceptable, payment guarantees are insisted upon.

The Group considers its credit risk relating to the loans and trade receivables owing by joint ventures and associates on a case by case basis. Any credit risk related to loans to joint ventures and associates is mitigated by the fact that management has insight into the financial position of the joint ventures and associates as a result of the joint venture relationship.

The maximum exposure to credit risk the Group has in terms of the financial guarantees is R39 986 254 (2014: R24 059 398). The credit risk of the guarantees (registered bonds over the properties) are mitigated through land owned by the related party, which is held as security to the value of R125 243 950 (2014 - R174 309 648). For financial guarantees of the Group relating to joint ventures and associates, refer to note 33.

For loans to joint ventures and associates, loan receivables, trade and other receivables (including retention debtors), and cash and cash equivalents, the maximum exposure to credit risk is limited to what is disclosed in the statement of financial position.

(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 manages liquidity risk by monitoring forecasted cash flows.

The Group strives to match the maturity profile of borrowings 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 related cash inflows from these construction projects are however uncertain and dependant on factors not under the control of the Group.

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 Financial risk management (continued)

The table below analyses the Group'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.

at 28 February 2015	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	Total
Financial instruments recognised on the statement of financial position						
Borrowings	66 254 785	364 086 691	160 293 504	-	-	590 634 980
Trade and other payables	208 959 817	-	-	-	-	208 959 817
	275 214 602	364 086 691	160 293 504	-	-	799 594 797
Financial instruments not recognised on the statement of financial position						
Financial guarantee	-	39 986 254	-	-	-	39 986 254
	-	39 986 254	-	-	-	39 986 254
at 28 February 2014	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	Total
Financial instruments recognised on the statement of financial position						
Borrowings	139 292 595	61 359 770	350 792 218	33 154 749	-	584 599 332
Finance lease obligations	223 129	-	-	-	-	223 129
Trade and other payables	149 080 049	-	-	-	-	149 080 049
	288 595 773	61 359 770	350 792 218	33 154 749	-	733 902 510
Financial instruments not recognised on the statement of financial position						
Financial guarantee	24 059 398	-	-	-	-	24 059 398
	24 059 398	-	-	-	-	24 059 398

The above amounts will be repaid by utilising cash generated from operations, available cash, working capital facilities and refinancing of borrowings.

The Group has overdraft facilities with major banks to the value of R50 000 000 (2014 - 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. Management's intention is to use debt as a means to fund operations rather than to raise more capital.

The Group monitors capital on the basis of its debt/equity ratio. The maximum allowed Debt/Equity ratio for the Group is 1.5 : 1

Debt/Equity ratio

This ratio is calculated as net debt divided by equity. Net debt is calculated as total borrowings less cash and cash equivalents. Equity is calculated as the total equity per the statement of financial position.

	2015	2014
Net Debt		
Borrowings (refer to note 19)	492 131 943	470 929 440
Less: cash and cash equivalents (refer to note 17)	(130 565 085)	(62 892 583)
	361 566 858	408 036 857
Equity		
Stated capital	96 021 721	96 021 721
Retained income	482 747 300	337 031 142
	578 769 021	433 052 863
Net Debt/Equity ratio	0.6	0.9

4. Fair Values

Financial instruments

All of the Group's financial instruments are measured at amortised cost. To determine the fair value of the financial instruments future contractual cash flows are discounted using current market interest rates available to the Company for similar financial instruments.

With the exception of the Group's borrowings, the financial instruments carrying values equals their fair values, due to the short-term nature of the instruments.

Non-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.

Fair value table

The table below analyses the valuation levels used to determine the fair values of the applicable line items in the statement of financial position.

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)

Comparison of carrying and fair values of applicable line items in the statement of financial position

	Carrying values		Fair Value			
			Level 2		Level 3	
	2015	2014	2015	2014	2015	2014
Assets						
Investment property	5 743 370	5 743 370	-	-	6 600 000	6 270 000
Loans to joint ventures and associates	16 793 010	35 818 332	-	-	16 793 010	35 818 332
Loan receivable	5 756 677	5 756 677	-	-	5 756 677	5 756 677
Trade and other receivables	158 895 914	206 407 275	-	-	158 895 914	206 407 275
Liabilities						
Borrowings	492 131 943	470 929 440	508 697 726	481 710 185	-	-
Trade and other payables	208 959 817	149 080 049	-	-	208 959 817	149 080 049

Based on the Groups accounting policies no assets or liabilities are recognised at fair value at year end.

5. Segment Information

The appointed Chief Operating Decision Maker (CODM) within the Group is the Group Executive Committee (Exco). This is because it is Exco's responsibility to meet on a frequent basis to review budgets, allocate resources and assess the performance of its operating segments. At each Exco meeting, the progress towards strategic objectives, approving of budgets and comparing actual versus budgets for the period under review is discussed in detail.

The information provided to Exco summarises financial data and information into two tiers, these being:

- ▶ by type of activity (Construction and infrastructure, Sale of land and developments and Professional services); and
- ▶ a detailed breakdown of each project currently and potentially being undertaken by the Group.

5. Segment Information (continued)

At each Exco meeting, there are discussions held with other managers who are tasked with managing each designated operating segment. Information that is provided to Exco does not analyse project detail, but rather focuses on the overall results of the business activities, as a project may use activities from one or more of the operating segments.

The feedback provided by these individuals is per activity stream but may include project related matters where relevant to gain an understanding of performance during the period under review.

Exco then makes strategic and operational decisions based on the information provided by managers of the various operating segments as well as data and information provided by internal and external parties.

Exco 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 and associates as this information is not reviewed by Exco.

At 28 February 2015, the Group is organised on a national basis into three main operating segments:

- ▶ Construction and infrastructure - developing and constructing the various integrated residential projects;
- ▶ Sale of land and developments - acquiring land and developing it to ensure it is fit for the construction of the integrated project or alternatively selling the land; and
- ▶ Professional services - town planning and architectural services provided by the Group.

The Group's products consist of mid to high income housing as well as integrated developments. Integrated developments comprise affordable housing, social/grassroots affordable peoples' housing as well as Reconstruction and Development Project/Breaking New Ground housing. The operation of the three operating segments span the entire product range. The customer base includes financial institutions and the general public.

The segment information provided to Exco for the operating segments for the period ended 28 February 2015 has been provided below. The table indicates from where the Group's revenue has been earned, including its joint ventures and associates. The revenue earned by the joint ventures and associates, in their own capacities, has been disclosed in note 9.

A large portion of developments done by the Group is done through joint venture and associate arrangements. The joint ventures and associates sub-contract the Group to provide various services to these joint ventures and associates. The segmental revenue shown below has been broken down into the amount of revenue each segment of the Group has earned from these sub-contract arrangements.

2015	Construction and infrastructure	Sale of land and developments	Professional services	Total
Total segment revenue	732 247 671	180 833 619	19 123 439	932 204 729
Fleurhof Ext 2 (Pty) Ltd	417 232 111	-	9 349 255	426 581 366
Aquarella Investments 265 (Pty) Ltd	13 203 808	-	-	13 203 808
Clidet No 1014 (Pty) Ltd	1 568 189	-	-	1 568 189
Calgro Kuumba Planning & Design (Pty) Ltd	2 500 236	-	-	2 500 236
Witpoortjie Calgro M3 Development Company (Pty) Ltd	48 463 402	-	-	48 463 402
South Hills Development Company (Pty) Ltd	18 138 368	-	-	18 138 368
Third parties	231 141 557	180 833 619	9 774 184	421 749 360
Inter-segment revenue	-	-	-	-

2015	Construction and infrastructure	Sale of land and developments	Professional services	Total
Combined revenue*	1 461 627 161	180 833 619	19 123 439	1 661 584 219
Total segment revenue	732 247 671	180 833 619	19 123 439	932 204 729
Revenue of joint ventures and associates attributable to segments as a result of segmental activities	729 379 490	-	-	729 379 490
Fleurhof Ext 2 (Pty) Ltd	650 847 334	-	-	650 847 334
Aquarella Investments 265 (Pty) Ltd	37 888 672	-	-	37 888 672
Sabre Homes Projects (Pty) Ltd	51 893	-	-	51 893
South Hills Development Company (Pty) Ltd	20 899 913	-	-	20 899 913
Calgro Kuumba Planning & Design (Pty) Ltd	19 691 678	-	-	19 691 678
*Combined revenue is the total segment revenue plus the total revenue of joint ventures and associates. The revenue included represents the gross revenue of each joint venture and does not include any inter-group elimination. Refer to note 9 for details on revenue attributable to joint ventures and associates.				
Adjusted profit before tax for reportable segments	41 324 190	15 451 502	17 030 514	73 806 206
Operating profit	41 689 206	27 314 983	17 030 520	86 034 709
Finance costs	(365 016)	(11 863 481)	(6)	(12 228 503)
Assets per segment	234 761 358	498 089 210	18 307 960	751 158 528
Goodwill	36 549 922	-	4 155 000	40 704 922
Inventories	-	498 089 210	-	498 089 210
Work in progress	-	-	14 152 960	14 152 960
Construction contracts	198 211 436	-	-	198 211 436
Liabilities per segment	(137 730 095)	(354 401 848)	-	(492 131 943)
Borrowings	(137 730 095)	(354 401 848)	-	(492 131 943)

5. Segment Information (continued)

The segment information provided to Exco for the operating segments for the period ended 28 February 2014, in respect of the statement of comprehensive income and for the year ended 28 February 2014 for the statement of financial position is as follows. The segment names have been updated in the current year to reflect more accurately the description of activities performed by each segment. The classification and amounts have not been changed from the previous year.

2014	Construction and infrastructure	Sale of land and developments	Professional services	Total
Total segment revenue	762 950 787	7 440 361	14 551 841	784 942 989
Fleurhof Ext 2 (Pty) Ltd	350 577 835	-	7 888 674	358 466 509
Aquarella Investments 265 (Pty) Ltd	63 811 142	-	2 110 722	65 921 864
Clidet No 1014 (Pty) Ltd	2 628 380	-	318 800	2 947 180
Sabre Homes Projects (Pty) Ltd	44 034 757	-	2 310 477	46 345 234
Witpoortjie Calgro M3 Development Company (Pty) Ltd	12 246 858	-	1 181 700	13 428 558
Third parties	289 651 815	7 440 361	741 468	297 833 644
Inter-segment revenue	-	-	-	-
Combined revenue*	1 447 562 669	7 440 361	14 551 841	1 469 554 871
Total segment revenue	762 950 787	7 440 361	14 551 841	784 942 989
Revenue of joint ventures and associates attributable to segments as a result of segmental activities	684 611 882	-	-	684 611 882
Fleurhof Ext 2 (Pty) Ltd	556 974 152	-	-	556 974 152
Aquarella Investments 265 (Pty) Ltd	73 714 439	-	-	73 714 439
Sabre Homes Projects (Pty) Ltd	53 923 291	-	-	53 923 291
Adjusted profit before tax for reportable segments	29 877 421	(1 449 119)	13 270 758	41 699 061
Operating profit	43 346 955	(1 469 289)	13 270 759	55 148 426
Finance costs	(13 469 534)	20 170	(1)	(13 449 365)
Assets per segment	229 612 501	364 215 028	8 556 965	602 384 494
Goodwill	28 514 552	-	4 155 000	32 669 552
Inventories	21 611 200	364 215 028	-	385 826 228
Work in progress	-	-	4 401 965	4 401 965
Construction contracts	179 486 749	-	-	179 486 749
Liabilities	(131 796 274)	(339 133 166)	-	(470 929 440)
Borrowings	(131 796 274)	(339 133 166)	-	(470 929 440)

A reconciliation of adjusted profit before tax is provided as follows:

	2015	2014
Adjusted profit before tax for reportable segments	73 806 206	41 699 060
Group overhead costs	(2 233 542)	(2 297 791)
Total share of profit of joint ventures and associates - net of tax	86 826 674	66 161 456
Fleurhof Ext 2 (Pty) Ltd	85 794 209	66 161 456
Calgro KuumBA Planning & Design (Pty) Ltd	246 214	-
South Hills Development Company (Pty) Ltd	786 251	-
Profit before tax, finance income and finance cost	158 399 338	105 562 725
Finance income	9 773 841	9 836 369
Finance cost - unallocated to reportable segments	(24 136)	(184 433)
Profit before tax	168 149 043	115 214 661

Please refer to note 9 for details of the share of profits of joint ventures and associates.

The amounts provided to Exco with respect to total assets are measured in a manner consistent with that in the statement of financial position. These assets are allocated based on the operations of the segment.

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

	2015	2014
Segment assets for reportable segments	751 158 528	602 384 494
Unallocated:		
Deferred tax	13 825 385	18 639 026
Investment property	5 743 370	5 743 370
Property, plant and equipment	1 753 893	2 611 600
Intangible assets excluding goodwill	266 044	316 128
Investment in joint ventures and associates	229 567 676	142 740 474
Loans to joint ventures and associates	16 793 010	35 818 332
Loans and receivables	5 756 677	5 756 677
Current tax receivable	3 935 703	589 116
Trade and other receivables	171 099 664	220 045 031
Cash and cash equivalents	130 565 085	62 892 583
Total asset per the consolidated statement of financial position	1 330 465 035	1 097 536 831

Loans to joint ventures and associates and trade and other receivables are managed on a Group level, on a customer basis rather than an operating segment basis.

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

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

	2015	2014
Segment liabilities for reportable segments	492 131 943	470 929 440
Unallocated:		
Deferred tax	37 951 620	37 127 835
Current tax	61 564	154 261
Finance lease obligations	-	215 446
Trade and other payables	221 637 558	156 056 986
Total liabilities per the consolidated statement of financial position	751 782 685	664 483 968

6. Investment Property

Accounting policy

The Group owns three townhouses that are held to earn long-term rental income and for capital appreciation.

The investment property is initially recognised at cost and subsequently measured at cost less accumulated depreciation and impairment losses. Depreciation is provided to write down the cost, less estimated residual value over the useful life, which is 20 years for the townhouses. The cost of land is not depreciated.

The residual value of buildings exceeds the carrying amount, as a result, no depreciation has been provided.

	2015			2014		
	Cost	Accumulated depreciation	Carrying amount	Cost	Accumulated depreciation	Carrying amount
Investment property	5 777 257	(33 887)	5 743 370	5 777 257	(33 887)	5 743 370

Land and buildings under investment property have a fair value of R6 600 000 (February 2014 - R6 270 000). 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.

Rental income received in respect of investment property amounts to R514 812 (2014 - R544 584). Refer to note 24.

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

Accounting policy

The Group's long life assets mainly provide the infrastructure to enable the Group to operate. The assets are initially measured at cost. The cost of the assets are then recognised in the statement of comprehensive income over the useful lives of the assets as a depreciation charge.

The useful lives of the assets have been assessed as follows:

Item	Average useful life
- Plant and machinery, motor vehicles and leasehold improvements	5 years
- Furniture and fixtures and office equipment	6 years
- IT equipment	3 years

	2015			2014		
	Cost	Accumulated depreciation	Carrying amount	Cost	Accumulated depreciation	Carrying amount
Plant and machinery	3 111 292	(2 419 981)	691 311	4 187 173	(2 918 086)	1 269 087
Furniture and fixtures	273 026	(96 377)	176 649	2 219 929	(2 086 263)	133 666
Motor vehicles	427 098	(304 046)	123 052	1 243 830	(975 849)	267 981
Office equipment	375 977	(117 177)	258 800	1 063 683	(682 211)	381 472
IT equipment	937 115	(462 317)	474 798	1 525 216	(965 836)	559 380
Leasehold Improvements	31 945	(2 662)	29 283	1 073 341	(1 073 327)	14
Total	5 156 453	(3 402 560)	1 753 893	11 313 173	(8 701 573)	2 611 600

The only assets pledged as security under finance lease obligations are office equipment. The carrying amount of these assets are Rnil (2014: R175 814). All finance lease obligations were settled in the current year. Refer to note 20 for details of finance lease obligations.

Property, plant and equipment with a carrying amount of R29 025 (Cost - R6 710 201, Accumulated depreciation - R6 681 176) (2014 - R117 (Cost - R5 493 445, Accumulated depreciation - R5 493 328)) has been disposed of in the current year.

Additions of R553 481 (2014: R496 324) have been made in the current year.

Depreciation expense of R1 382 162 (February 2014 - R2 129 472) 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

Accounting policy

(a) Goodwill

Goodwill for the Group arose as a result of the acquisition of three subsidiaries, MS5 Pennyville (Pty) Ltd, CTE Consulting (Pty) Ltd and Clidet No 1014 (Pty) Ltd'. Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed.

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 and subsequently carried at cost less accumulated amortisation and any impairment losses.

Amortisation on computer software is calculated using the straight-line method to allocate its cost to the statement of comprehensive income over its useful life of two years.

(c) Estimates and key judgements

Management used estimates in determining the value in use calculation for the annual goodwill impairment test. Refer below for further detail.

	2015			2014		
	Cost	Accumulated depreciation	Carrying amount	Cost	Accumulated depreciation	Carrying amount
Goodwill	55 418 900	(14 713 978)	40 704 922	47 383 530	(14 713 978)	32 669 552
Computer software	618 623	(352 579)	266 044	586 414	(270 286)	316 128
	56 037 523	(15 066 557)	40 970 966	47 969 944	(14 984 264)	32 985 680

Amortisation expenses on computer software of R279 450 (February 2014 - R234 536) has been included in 'administration expenses' in the statement of comprehensive income.

Computer software with a carrying amount of R1 533 (Cost - R198 690, Accumulated depreciation - R197 157) (February 2014 - R22 (Cost - R507 207, Accumulated Depreciation - R507 185)) has been disposed of in the current year.

Additions to goodwill of R8 035 371 (2014: Rnil) were made in the current year as a result of the acquisition of the remaining shareholding of Clidet No 1014 (Pty) Ltd.

For details on the business combination please refer to note 31.

Impairment tests for goodwill

Goodwill is monitored at the operating segment level. The following is a summary of goodwill allocation for each operating segment:

	2015	2014
Professional services	4 155 000	4 155 000
Construction and infrastructure	36 549 922	28 514 552
	40 704 922	32 669 552

8. Intangible Assets (continued)

The recoverable amounts of the Construction and infrastructure and Professional services cash generating units (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 are as follows:

	Construction and infrastructure		Professional services	
	2015	2014	2015	2014
Gross margin	17.67%	17.67%	71.00%	71.00%
Pre-tax discount rate (real)	24.97%	24.97%	26.27%	26.27%

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% than the management estimates, the Group would still not recognise an impairment of goodwill.

If the estimated discount rate applied to the cash flows had been 5% higher than the management estimates, the Group would still not recognise an impairment of goodwill.

9. Investment in Joint Ventures and Associates

Accounting policy

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

Joint ventures are companies in which the Group has an investment where it, along with one or more other shareholders has contractually agreed to share control of the business and where the decisions about relevant activities require the unanimous consent of the joint partners. In both cases, the Group's statement of comprehensive income reflects its share of the entity's profit or loss after tax and the statement of financial position records the Group's share of the net assets.

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

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

Significant judgement and source of estimation uncertainty

The Group holds either more or less than 50% of the shareholding in a number of these entities. Refer below to the judgements management exercised in determining whether or not it has joint control over the various entities.

	% Voting power 2015	% Voting power 2014	% Holding 2015	% Holding 2014	Carrying amount 2015	Carrying amount 2014
Joint ventures						
Fleurhof Ext 2 (Pty) Ltd ^	50.00	50.00	70.00	70.00	228 533 993	142 739 784
Aquarella Investments 265 (Pty) Ltd#	50.00	50.00	14.00	14.00	14	14
Clidet No 1014 (Pty) Ltd*	100.00	50.00	100.00	76.00	-	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	-	-
South Hills Development Company (Pty) Ltd❖^	50.00	0.00	57.50	0.00	786 320	-
Safdev Tanganani (Pty) Ltd	50.00	0.00	50.00	0.00	500	-
					229 321 427	142 740 474
Associates						
Calgro Kuumba Planning & Design (Pty) Ltd	35.00	0.00	35.00	0.00	246 249	-
					246 249	-
					229 567 676	142 740 474

* Clidet No 1014 (Pty) Ltd was previously a joint venture and the Group now holds 100% of the issued share capital as well 100% of the voting rights. The investment is therefore accounted for as a subsidiary. Please refer to note 31 of the financial statements for details on the business combination.

^ Although the Group has majority shareholding in these entities, it does not have control of the Company 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, irrespective of the percentage shareholding or representation on the Board of Directors. Any decision regarding the relevant activities of these entities that significantly affect the returns of the entity are made with the unanimous consent of both parties.

Although the Group has minority shareholding in the entities, the Board comprises an equal number of representatives from both the Group as well as the majority shareholder. Both parties have equal voting rights, irrespective of the percentage shareholding or representation on the Board of Directors. The majority shareholder does not have sole control over the activities of the entity. This is because decisions regarding the relevant activities of the entity that significantly affect the returns of the entity are made with the unanimous consent of both parties.

❖ Although the Group hold 57.50% of the shareholding in South Hills Development Company (Pty) Ltd, it only equity accounts for 42.50% as 15.0% of the shareholding and related profits have been ceded to a third party.

The joint ventures and associate are managed by steering committees that contain an equal number of representatives from both the Calgro M3 Group as well as the other shareholders. The steering committees meets on a regular basis to discuss the relevant activities of the project. These activities include the authorisation of budgets, project feasibilities, cash flow forecasts, distributions, potential variation orders, cost over runs, determining of sales prices and the appointment of all contractors and professional teams. Any decisions related to the relevant activities that significantly affect the returns of the entity need to carry the unanimous consent of both joint venture partners, irrespective of the number of representatives a party has on the steering committee or directorate of the respective company.

Other than loans to joint-ventures and associates (note 11), trade and other receivables (note 16), commitments related to financial guarantees (note 33) and related party transactions (note 36) which arose in the ordinary course of business, the Calgro M3 Group has no further financial risks associated with this joint-venture and associates.

9. Investment in Joint Ventures and Associates (continued)

The projects which are managed by each joint venture or associate are as follows:

Name of company	Name of project
Fleurhof Ext 2 (Pty) Ltd	Fleurhof
Aquarella Investments 265 (Pty) Ltd	Jabulani CBD
Clidet No 1014 (Pty) Ltd	Summerset Place
Sabre Homes Projects (Pty) Ltd	Jukskei View
Witpoortjie Calgro M3 Development Company (Pty) Ltd	Witpoortjie
South Hills Development Company (Pty) Ltd	South Hills
Safdev Tanganani (Pty) Ltd	Diepsloot
Calgro Kuumba Planning & Design (Pty) Ltd	Otjomuise, Windhoek, Namibia

The place of business for all joint ventures and associates is South Africa with the exception of Calgro Kuumba Planning and Design (Pty) Ltd which place of business is in Namibia.

The functional currency of all joint ventures and associates are South African Rands with the exception of Calgro Kuumba Planning & Design (Pty) Ltd which is Namibian Dollars.

All the year ends of joint ventures and associates are consistent with those of the Group.

A detailed statement of financial position and statement of comprehensive income for each individual joint venture and associate is disclosed in the notes below. The impact of the cash flows on the Calgro M3 Group from these joint ventures and associates are also presented for each individual joint venture and associate in the notes below.

	Fleurhof Ext 2 (Pty) Ltd	
	2015	2014
Detailed statement of financial position		
ASSETS		
Current assets		
Construction contracts	527 740 273	501 656 281
Trade and other receivables	14 865 569	11 006 364
Current income tax asset	4 965 752	-
Cash and cash equivalents	1 031 555	3 052 110
	548 603 149	515 714 755
Total assets	548 603 149	515 714 755
EQUITY AND LIABILITIES		
Equity		
Share capital	101	101
Retained income	321 359 253	208 874 643
	321 359 354	208 874 744
Liabilities		
Non-current liabilities		
Deferred income tax liability	128 904 351	80 122 293
	128 904 351	80 122 293
Current liabilities		
Loans from shareholders	16 793 611	35 691 419
Trade and other payables	81 545 833	191 026 299
	98 339 444	226 717 718
Total liabilities	227 243 795	306 840 011
Total equity and liabilities	548 603 149	515 714 755

	Fleurhof Ext 2 (Pty) Ltd	
	2015	2014
Detailed statement of comprehensive income		
Revenue	650 847 334	556 974 152
Cost of sales	(477 146 326)	(426 274 814)
Gross profit	173 701 008	130 699 338
Other income	19 078	47 361
Administrative expenses	(2 918 832)	(1 044 113)
Operating profit	170 801 254	129 702 586
Finance income	543 960	984 481
Finance cost	-	(20 897)
Profit before tax	171 345 214	130 666 170
Taxation	(48 782 058)	(36 588 488)
Profit after taxation	122 563 156	94 077 682
Other comprehensive income	-	-
Total comprehensive income	122 563 156	94 077 682
Reconciliation of detailed financial information		
Reconciliation of the detailed information presented to the carrying amount of its interest in the joint venture.		
Summarised financial information		
Opening net assets at 1 March	208 874 744	114 797 062
Profit after tax	122 563 156	94 077 682
Closing net assets prior to dividend distribution to other joint venture partner	331 437 900	208 874 744
Dividend distribution to other joint venture partner	(10 078 546)	
Closing net assets	321 359 354	208 874 744
Interest in joint venture at 70%	232 030 777	146 236 568
Carrying value	232 030 777	146 236 568
Unrealised profits eliminated	(3 496 784)	(3 496 784)
Net carrying value	228 533 993	142 739 784
Reconciliation of investment in joint venture		
At 1 March	142 739 784	74 349 248
Share of profit	85 794 209	66 161 456
Unrealised profits recognised	-	2 229 079
Net carrying value	228 533 993	142 739 784
The impact of the cash flows on the Group consists of the following:		
Cash inflow from construction activities (net movement in trade debtors)	95 732 480	(148 437 371)
Cash inflow for loans from joint venture	-	-
Cash outflow for loans to joint venture	-	(11 384 622)
Net cash flows on the Group from joint venture	95 732 480	(159 821 993)

9. Investment in Joint Ventures and Associates (continued)

	Aquarella Investments 265 (Pty) Ltd		Clidet No 1014 (Pty) Ltd*	
	2015	2014	2015	2014
Detailed statement of financial position				
ASSETS				
Non-current assets				
Deferred income tax asset	6 579 858	-	-	16 365
	6 579 858	-	-	16 365
Current assets				
Construction contracts	394 468	4 136 723	-	-
Inventories	139 283 085	179 888 371	-	51 063 307
Trade and other receivables	7 626 069	10 531 542	-	19 649
Cash and cash equivalents	316 100	201	-	16
	147 619 722	194 556 837	-	51 082 972
Total assets	154 199 580	194 556 837	-	51 099 337
EQUITY AND LIABILITIES				
Equity				
Share capital	100	100	-	100
Retained income/(Accumulated loss)	(16 828 153)	8 908 231	-	(42 082)
	(16 828 053)	8 908 331	-	(41 982)
Liabilities				
Non-current liabilities				
Deferred income tax liability	-	3 490 480	-	-
	-	3 490 480	-	-
Current liabilities				
Borrowings	-	-	-	5 730 517
Loans from shareholders	157 028 005	140 522 837	-	45 131 060
Trade and other payables	13 999 628	41 635 189	-	279 742
	171 027 633	182 158 026	-	51 141 319
Total liabilities	171 027 633	185 648 506	-	51 141 319
Total equity and liabilities	154 199 580	194 556 837	-	51 099 337
Detailed statement of comprehensive income				
Revenue	37 888 672	73 714 439	-	-
Cost of sales	(73 490 851)	(76 223 705)	-	-
Gross loss	(35 602 179)	(2 509 266)	-	-
Other income	185 642	35 384	-	-
Administrative expenses	(405 661)	(381 879)	-	(61 199)
Operating loss	(35 822 198)	(2 855 761)	-	(61 199)
Finance income	15 476	13 290	-	2 752
Finance cost	-	(763)	-	-
Loss before tax	(35 806 722)	(2 843 234)	-	(58 447)
Taxation	10 070 338	794 846	-	16 365
Loss after taxation	(25 736 384)	(2 048 388)	-	(42 082)
Other comprehensive income	-	-	-	-
Total comprehensive income	(25 736 384)	(2 048 388)	-	(42 082)

Aquarella Investments 265 (Pty) Ltd		Clidet No 1014 (Pty) Ltd*	
2015	2014	2015	2014

*Clidet No 1014 (Pty) Ltd was previously a joint venture and the Group now holds 100% of the issued share capital as well 100% of the voting rights. The investment is therefore accounted for as a subsidiary. Please refer to note 31 of the financial statements for details on the business combination.

Reconciliation of detailed financial information

Reconciliation of the detailed information presented to the carrying amount of its interest in the joint venture.

Summarised financial information

Opening net assets at 1 March	8 908 331	10 956 719	-	100
Loss after tax	(25 736 384)	(2 048 388)	-	(42 082)
Closing net assets	(16 828 053)	8 908 331	-	(41 982)
Limitation due to contractual preferential right to profit in favour of the joint venture partner	16 828 053	8 908 331	-	41 982
Interest in joint venture at 14% and 76%	14	14	-	76
Carrying value	14	14	-	76

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.

Reconciliation of investment in joint venture

At 1 March	14	14	76	76
Share of profit	-	-	-	-
Remaining shareholding acquired (note 31)	-	-	(76)	-
Unrealised profits recognised	-	-	-	-
Net carrying value	14	14	-	76

The impact of the cash flows on the Group consists of the following:

Cash inflow from construction activities (net movement in trade debtors)	15 271 072	(392 556)	-	(279 742)
Cash inflow for loans from joint ventures	-	-	-	4 872 144
Cash outflow for loans to joint ventures	-	-	-	(4 872 144)
Net cash flows on the Group from joint ventures	15 271 072	(392 556)	-	(279 742)

9. Investment in Joint Ventures and Associates (continued)

	Sabre Homes Projects (Pty) Ltd		Witpoortjie Calgro M3 Development Company (Pty) Ltd	
	2015	2014	2015	2014
Detailed statement of financial position				
ASSETS				
Non-current assets				
Loans to shareholders	600	600	-	-
Deferred income tax asset	3 208 120	2 797 323	-	-
	3 208 720	2 797 923	-	-
Current assets				
Inventories/Construction contracts	854 243	2 229 398	115 489 316	59 333 316
Trade and other receivables	-	597 218	5 537 304	5 999 336
Cash and cash equivalents	2 313 659	2 345 706	1 000	2 413 665
	3 167 902	5 172 322	121 027 620	67 746 317
Total assets	6 376 622	7 970 245	121 027 620	67 746 317
EQUITY AND LIABILITIES				
Equity				
Share capital*	1 000	1 000	-	-
Accumulated loss	(4 776 011)	(3 670 003)	-	-
	(4 775 011)	(3 669 003)	-	-
Liabilities				
Current liabilities				
Borrowings	-	-	39 986 254	17 793 098
Loans from shareholders	3 978 922	3 560 658	-	-
Trade and other payables	7 172 711	8 078 590	81 041 366	49 953 219
	11 151 633	11 639 248	121 027 620	67 746 317
Total liabilities	11 151 633	11 639 248	121 027 620	67 746 317
Total equity and liabilities	6 376 622	7 970 245	121 027 620	67 746 317

*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.

Detailed statement of comprehensive income

Revenue	(903 414)	53 923 291	-	-
Cost of sales	622 825	(40 049 969)	-	-
Gross (loss)/profit	(280 589)	13 873 322	-	-
Other income	3 537	(2 354 141)	-	-
Administrative expenses	(866 945)	20 477	-	-
Operating (loss)/profit	(1 143 997)	11 539 658	-	-
Finance income	45 458	69 372	-	-
Finance expense	(418 266)	(1 585 162)	-	-
(Loss)/profit before tax	(1 516 805)	10 023 868	-	-
Taxation	410 797	(2 806 683)	-	-
(Loss)/profit after taxation	(1 106 008)	7 217 185	-	-
Other comprehensive income	-	-	-	-
Total comprehensive income	(1 106 008)	7 217 185	-	-

	Sabre Homes Projects (Pty) Ltd		Witpoortjie Calgro M3 Development Company (Pty) Ltd	
	2015	2014	2015	2014

Reconciliation of detailed financial information

Reconciliation of the detailed information presented to the carrying amount of its interest in the joint venture.

Summarised financial information

Opening net assets at 1 March	(3 669 003)	(10 886 188)	-	-
(Loss)/profit after tax	(1 106 008)	7 217 185	-	-
Closing net assets	(4 775 011)	(3 669 003)	-	-
Limitation due to contractual preferential right to profit in favour of the joint venture partner	4 775 011	3 669 003	-	-
Interest in joint venture at 60% and 75.83%	600	600	-	-
Carrying value	600	600	-	-

No share of profits or losses in Sabre Homes Projects (Pty) Ltd and 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 have 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 from the joint venture when they arise based on a pari pasu agreement between shareholders.

Reconciliation of investment in joint venture

At 1 March	600	600	-	-
Share of profit	-	-	-	-
Net carrying value	600	600	-	-

The impact of the cash flows on the Group consists of the following:

Cash inflow from construction activities (net movement in trade debtors)	943 200	(202 506)	(30 840 889)	(14 916 738)
Cash inflow for loans from joint ventures	-	-	-	-
Cash outflow for loans to joint ventures	-	-	-	-
Net cash flows on the Group from joint ventures	943 200	(202 506)	(30 840 889)	(14 916 738)

9. Investment in Joint Ventures and Associates (continued)

	South Hills Development Company (Pty) Ltd		Safdev Tanganani (Pty) Ltd	
	2015	2014	2015	2014
Detailed statement of financial position				
ASSETS				
Non-current assets				
Deferred income tax asset	-	-	-	330 126
	-	-	-	330 126
Current assets				
Construction contracts	20 899 913	-	-	-
Inventories	-	-	48 760 959	3 508 772
Amounts owing by related parties	-	-	-	1 116 562
Trade and other receivables	2 415 279	-	4 329 045	13 766 064
Cash and cash equivalents	55	-	-	1 993
	23 315 247	-	53 090 004	18 393 391
Total assets	23 315 247	-	53 090 004	18 723 517
EQUITY AND LIABILITIES				
Equity				
Share capital	120	-	1 000	1 000
Retained Income	1 850 002	-	-	622 373
	1 850 122	-	-	623 373
Liabilities				
Non-current liabilities				
Deferred income tax liability	719 445	-	-	-
	719 445	-	-	-
Current liabilities				
Amounts owing to related parties	-	-	48 880 035	5 615 243
Bank overdraft	-	-	941	-
Loans from shareholders	3 031 611	-	-	-
Trade and other payables	17 714 069	-	4 208 028	12 484 901
	20 745 680	-	53 089 004	18 100 144
Total liabilities	21 465 125	-	53 089 004	18 100 144
Total equity and liabilities	23 315 247	-	53 090 004	18 723 517
Detailed statement of comprehensive income				
Revenue	20 899 913	-	5 766 783	31 144 940
Cost of sales	(18 077 244)	-	(5 766 783)	(30 193 139)
Gross profit	2 822 669	-	-	951 801
Administrative expenses	(253 222)	-	(864 407)	(506 706)
Operating profit	2 569 447	-	(864 407)	445 095
Finance income	-	-	-	166
Profit before tax	2 569 447	-	(864 407)	445 261
Taxation	(719 445)	-	242 034	330 126
Profit after taxation	1 850 002	-	(622 373)	775 387
Other comprehensive income	-	-	-	-
Total comprehensive income	1 850 002	-	(622 373)	775 387

	South Hills Development Company (Pty) Ltd		Safdev Tanganani (Pty) Ltd	
	2015	2014	2015	2014

Reconciliation of detailed financial information

Reconciliation of the detailed information presented to the carrying amount of its interest in the joint venture

Summarised financial information

Opening net assets at 1 March	-	-	1 000	-
Issue of stated capital	120	-	-	-
Profit after tax	1 850 002	-	-	-
Closing net assets	1 850 122	-	1 000	-
Interest in joint venture at 42.5% and 50%	786 320	-	500	-
Carrying value	786 320	-	500	-

Reconciliation of investment in joint venture

At 1 March	-	-	-	-
Share of profit	786 320	-	-	-
Net carrying value	786 320	-	-	-

The impact of the cash flows on the Group consists of the following:

Cash inflow from construction activities (net movement in trade debtors)	(19 047 021)	-	-	-
Cash inflow for loans from joint ventures	-	-	-	-
Cash outflow for loans to joint ventures	-	-	-	-
Net cash flows on the Group from joint ventures	(19 047 021)	-	-	-

9. Investment in Joint Ventures and Associates (continued)

		Calgro Kuumba Planning and Design (Pty) Ltd	
		2015	2014
Detailed statement of financial position			
ASSETS			
Current assets			
Trade and other receivables	7 080 412	100	
Construction contracts	599 926		
Cash and cash equivalents	1 930 568	-	
	9 610 906	100	
Total assets	9 610 906	100	
EQUITY AND LIABILITIES			
Equity			
Share capital	100	100	
Retained income	703 468	-	
	703 568	100	
Liabilities			
Non-current liabilities			
Deferred income tax liability	361 180	-	
	361 180	-	
Current liabilities			
Loans from shareholders	1 500 000	-	
Trade and other payables	7 046 158	-	
	8 546 158	-	
Total liabilities	8 907 338	-	
Total equity and liabilities	9 610 906	100	
Detailed statement of comprehensive income			
Revenue	19 691 678	-	
Cost of sales	(17 728 498)	-	
Gross profit	1 963 180	-	
Administrative expenses	(881 661)	-	
Operating profit	1 081 519	-	
Finance income	740	-	
Profit before tax	1 082 259	-	
Taxation	(378 791)	-	
Profit after taxation	703 468	-	
Other comprehensive income	-	-	
Total comprehensive income	703 468	-	

Reconciliation of detailed financial information

Reconciliation of the detailed information presented to the carrying amount of its interest in the associate.

Summarised financial information		
Opening net assets at 1 March	100	-
Profit after tax	703 468	-
Closing net assets	703 568	-
Interest in associate at 35%	246 249	-
Carrying value	246 249	-
Reconciliation of investment in associate		
At 1 March	-	-
Share of profit	246 249	-
Net carrying value	246 249	-
The impact of the cash flows on the Group consists of the following:		
Cash inflow from construction activities (net movement in trade debtors)	(768 901)	-
Cash inflow for loans from associate	-	-
Cash outflow for loans to associate	-	-
Net cash flows on the Group from associate	(768 901)	-

10. Deferred Income Tax Assets/(Liabilities)

Accounting policy

Deferred tax assets and liabilities represent amounts of tax that will become recoverable and payable in future accounting periods. They generally arise as a result of temporary differences, where the time at which profits and losses are recognised for tax purposes differs from the time at which the relevant transaction is recorded in the accounts. A deferred tax asset represents a tax reduction that is expected to arise in a future period. A deferred tax liability represents taxes which will become payable in a future period as a result of a current or an earlier transaction. In respect of deferred tax assets, the Group only recognises a deferred tax asset when the availability of future profits necessary to support the deferred tax asset is probable.

Where a temporary difference arises in relation to the Group's investment in subsidiaries, associates or joint ventures a deferred tax liability can only be recognised by the Group if the Group cannot control the timing of the reversal of the temporary difference and it is probable that the temporary difference will reverse in future. Similarly a deferred tax asset can only be recognised by the Group if the temporary difference will reverse in the future and there will be taxable profit 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.

	2015	2014
Reconciliation of deferred tax (liability)/asset		
Opening balance	(18 488 809)	(12 955 671)
Construction contracts	(15 526 521)	(6 646 309)
Accelerated capital allowances for tax purposes	(7 303)	(8 150)
Accruals	(27 008)	-
Inventories	(6 913 348)	(3 548 881)
Unrealised profits - joint ventures and associates	(677 037)	(624 142)
Bonus accrual	3 572 800	-
Share appreciation scheme	16 815 194	-
Work in progress	(4 559 179)	657 742
Tax losses available for set off against future taxable income	1 488 557	4 636 602
Other	196 419	-
	(24 126 235)	(18 488 809)

The analyses of deferred tax assets and deferred tax liabilities are as follows:

Deferred tax liabilities		
Construction contracts	(47 448 866)	(33 036 481)
Capital allowances	(190 514)	(183 211)
Inventories	(10 026 122)	(4 721 535)
Bonus accrual	3 460 800	-
Share appreciation scheme	16 815 194	-
Work in progress	(3 962 833)	596 346
Unrealised profits - joint ventures and associates	979 100	-
Tax losses available for set off against future taxable income	2 008 156	-
Other	413 466	217 046
Deferred tax liabilities	(37 951 620)	(37 127 835)

	2015	2014
Deferred tax assets		
Construction contracts	(457 793)	656 343
Accruals	-	27 008
Inventories	8 315 614	9 924 375
Unrealised profits - joint ventures and associates	-	1 656 137
Bonus accrual	112 000	-
Tax losses available for set off against future taxable income	5 855 564	6 375 163
Deferred tax assets	13 825 385	18 639 026
	(24 126 235)	(18 488 809)
Deferred tax liabilities		
Deferred tax liability to be realised within 12 months	(44 550 178)	(32 223 089)
Deferred tax liability to be realised after more than 12 months	6 598 558	(4 904 746)
	(37 951 620)	(37 127 835)
Deferred tax assets		
Deferred tax asset to be recovered within 12 months	4 530 671	7 058 514
Deferred tax asset to be recovered after more than 12 months	9 294 714	11 580 512
	13 825 385	18 639 026

The Group did not recognise deferred income tax assets of Rnil (2014: R61 367) in respect of losses amounting to Rnil (2014: R219 168) 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.

11. Loans to Joint Ventures and Associates

Accounting policy

These loans are classified as loans and receivables, measured at amortised cost, and are recognised initially at fair value plus direct transaction costs.

	Interest Rate	Expected Repayment Date	2015	2014
Fleurhof Ext 2 (Pty) Ltd (unsecured)	Prime plus 2%	30 June 2015	16 793 010	15 028 438
Clidet No 1014 (Pty) Ltd (unsecured)*	Prime plus 2%	N/A	-	20 789 894
Loans to joint ventures and associates			16 793 010	35 818 332

	2015	2014
Reconciliation of loans to joint ventures and associates		
Principle loan amount	37 582 904	37 429 907
Loan reclassified as Loans to subsidiaries refer to note 31 for details on business combination	(20 789 894)	-
Unrealised profits eliminated	-	(1 611 575)
	16 793 010	35 818 332
Loans to be realised within 12 months	16 793 010	20 789 894
Loans to be realised after more than 12 months	-	15 028 438
	16 793 010	35 818 332

* On 31 March 2014, the Group acquired the remaining 24% of the share capital and 50% of the voting rights of Clidet No 1014 (Pty) Ltd, an unlisted South African property development Company. The Group previously owned 76% share capital and 50% of voting rights. The investment was previously accounted for as a joint venture.

12. Loans Receivable

Accounting policy

The loan receivable is a financial asset measured at amortised cost. Refer to the financial instrument accounting policy, note 2.10.

The Autumn Star Trading 910 (Pty) Ltd loan has a carrying amount of R5 756 677 (2014: R5 756 677) as at 28 February 2015, and is unsecured and interest-free. The loan is subject to litigation.

Management estimates that this claim will be settled prior to or by the courts in July 2015 and have therefore classified it as current. Judgement has been granted in Calgro M3's favour, but the defendant has appealed the decision. The appeal process is expected to be finalised by the end of July 2015.

13. Inventories

Accounting policy

Land owned by the Group which is being developed to get into a condition to start construction of the various projects is classified as inventory. The land may also be sold without any construction depending on the intention of management. 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, indirect labour, borrowing cost and other direct costs.

The amount of any write-down of inventories to net realisable value recognised as an expense in the period which the write-down occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Significant estimates and judgements

In assessing the net realisable value of land under development held for sale, valuers 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.

	2015	2014
Opening balance	385 826 228	264 579 692
Net additions	133 370 032	106 177 329
Borrowing costs capitalised	41 043 150	25 094 030
Disposals	(62 150 200)	(10 024 822)
Closing balance	498 089 210	385 826 228
Inventories to be sold within 12 months	120 725 390	86 937 456
Inventories to be sold after more than 12 months	377 363 820	298 888 772
	498 089 210	385 826 228

Please note that the normal operating cycle for inventory, construction contracts and work in progress is considered to be longer than 12 months.

Please refer to note 25 for inventories written down/(written up).

Inventories to the value of R31 310 736 (2014: R8 392 487) are stated at net realisable value.

14. Construction Contracts

Accounting policy

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.

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.

Variations in contract work, claims and incentive payments are included in contract revenue to the extent that they 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. Estimates are made by management to calculate the forecasted cost and the forecasted revenue of a project. The estimates used are in terms of an approved feasibility study. Management forecasts are approved by the board of directors and if third parties are involved, their approval is also obtained. Management performs monthly reviews of the work in progress schedule to update the forecasts costs and profits.

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' (refer to note 16).

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).

	2015	2014
The aggregate costs incurred and recognised profits to date	2 405 660 498	1 531 885 541
Less: Progress billings	(2 207 730 308)	(1 352 398 792)
Net statement of financial position balance for ongoing contracts	197 930 190	179 486 749
Excess billings over work done classified under trade and other payables	281 246	-
Statement of financial position balance for ongoing contracts	198 211 436	179 486 749
Construction contracts to be realised within 12 months	184 359 022	161 554 366
Construction contracts to be realised after 12 months	13 852 414	17 932 383
	198 211 436	179 486 749

Please note that the normal operating cycle for inventory, construction contracts and work in progress is considered to be longer than 12 months.

Borrowing costs to the value of R704 715 (2014: R2 506 529) have been capitalised (Note 27).

15. Work in Progress

Accounting policy

Work in progress relates to services rendered e.g. town planning and related professional services, which have not yet been billed to the customer.

	2015	2014
The aggregate costs incurred and recognised profits to date	14 152 960	4 401 965
Less: Progress billings	-	-
Net statement of financial position balance for ongoing work in progress	14 152 960	4 401 965
Work in progress to be realised within 12 months	14 152 960	4 401 965
Work in progress to be realised after 12 months	-	-
	14 152 960	4 401 965

16. Trade and Other Receivables

Accounting policy

Trade receivables are a financial asset measured at amortised cost. Refer to the financial instruments accounting policy in note 2.10 for further information.

Credit terms of trade receivables and trade receivables of related parties are generally 30 days from statement date.

	2015	2014
Trade receivables and retention debtors	158 268 653	206 262 749
Trade receivables	19 970 407	6 766 510
Trade receivables - related parties	131 458 363	190 478 844
Retention debtors - related parties	6 839 883	9 017 395
Value Added Tax	9 702 878	11 142 804
Prepayments	2 500 872	2 500 872
Other receivables	431 969	14 400
Securing deposits	195 292	124 206
	171 099 664	220 045 031

Please note that the normal operating cycle for inventory, construction contracts and work in progress is considered to be longer than 12 months.

Trade receivables and retention debtors fully performing

At 28 February 2015, trade receivables and retention debtors of R97 678 246 (2014: R188 786 382) were fully performing.

Trade receivables and retention debtors past due but not impaired

At 28 February 2015, trade receivables and retention debtors of R60 590 407 (2014: R17 476 367) were past due but not impaired.

16. Trade and Other Receivables (continued)

Aging of debtors	Related parties		Other debtors		Total	
	2015	2014	2015	2014	2015	2014
Less than 30 days	81 154 183	183 140 360	16 524 063	5 646 022	97 678 246	188 786 382
30 days and older	57 144 063	16 727 570	3 446 344	748 797	60 590 407	17 476 367
Total	138 298 246	199 867 930	19 970 407	6 394 819	158 268 653	206 262 749

Significant receivables from related parties

	Less than 30 days		30 days and older		Total	
	2015	2014	2015	2014	2015	2014
Fleurhof Ext 2 (Pty) Ltd	69 596 674	165 329 155	-	-	69 596 674	165 329 155
Aquarella Investments 265 (Pty) Ltd	115 055	14 598 261	3 012 968	3 800 834	3 128 023	18 399 095
Sabre Homes Projects (Pty) Ltd	-	753 200	-	190 000	-	943 200
South Hills Development Company (Pty) Ltd	8 212 210	-	10 834 811	-	19 047 021	-
Calgro Kuumba Planning and Design (Pty) Ltd	747 940	-	20 961	-	768 901	-
Clidet No 1014 (Pty) Ltd	-	279 742	-	-	-	279 742
Witpoortjie Calgro M3 Development Company (Pty) Ltd	2 482 304	2 180 002	43 275 323	12 736 736	45 757 627	14 916 738
Total	81 154 183	183 140 360	57 144 063	16 727 570	138 298 246	199 867 930

Trade receivables impairment

At 28 February 2015, trade receivables of Rnil (2014: R606 075) were written off as bad debt.

No allowance for doubtful debts was raised at 28 February 2015 as the majority of the receivables outstanding consisted of amounts owing from related parties. The other classes within trade and other receivables do not contain impaired assets. Management of the Group has insight into the financial position of all joint ventures and associates as at 28 February 2015 and do not believe that there are indicators that trade and other receivables and retention debtors are impaired at year-end. Please refer to note 9 for summarised financial information as well as detailed analysis of joint venture relationships.

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. Refer to note 4 for details of financial instruments. All trade and other receivables will be recovered in the next 12 months.

17. Cash and Cash Equivalents

Accounting policy

Cash and cash equivalents includes cash on hand and deposits held at call with banks.

Cash and cash equivalents include the following for the purposes of the statement of cash flows.

	2015	2014
Cash on hand	2 053	3 088
Bank balances	130 563 032	62 889 495
	130 565 085	62 892 583

Guarantees and suretyships

The bank has provided guarantees for a deposit on the lease of 33 Ballyclare Drive, Bryanston to the value of R740 167 (2014: R704 809).

18. Stated Capital

Accounting policy

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.

	2015	2014
Authorised		
500 000 000 ordinary no par value shares		
Issued		
127 100 000 ordinary no par value shares	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.

19. Borrowings

Accounting policy

Borrowings are classified as financial liabilities at amortised cost. Refer to the financial instruments accounting policy, note 2.10 for further details.

Borrowings are classified as current liabilities based on the operating cycle of the Group (refer to note 2.2).

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan. The fee is amortised over the life of the facility.

	Interest Rate	Expiration date	2015	2014
Bond exchange			492 131 943	470 929 440
Floating rate note - CGR 7	JIBAR plus 8%	22 July 2014	-	22 500 000
Floating rate note - CGR 8	JIBAR plus 10%	22 July 2015	22 500 000	22 500 000
Floating rate note - CGR 10	JIBAR plus 5.3%	08 December 2016	50 000 000	50 000 000
Fixed rate note - CGR 11	12.05% per annum	28 March 2016	56 000 000	56 000 000
Floating rate note - CGR 12	JIBAR plus 3.2%	14 November 2014	-	70 000 000
Floating rate note - CGR 13	JIBAR plus 4.5%	27 June 2016	222 000 000	222 000 000
Floating rate note - CGR 14	JIBAR plus 4.75%	13 February 2018	30 000 000	30 000 000
Floating rate note - CGR 15	JIBAR plus 4%	21 July 2017	24 000 000	-
Floating rate note - CGR 16	JIBAR plus 3.4%	22 September 2017	49 000 000	-
Floating rate note - CGR 17	JIBAR plus 3.7%	24 October 2017	40 000 000	-
Transaction cost amortisation*			(1 368 057)	(2 070 560)
Total borrowings			492 131 943	470 929 440

All borrowings are unsecured.

* The transaction costs are amortised over the life of the facilities. It is expected that these costs will be fully amortised when the facilities are settled.

19. Borrowings (continued)

The table below provides information regarding the present value of the borrowings to be settled within 12 months and after 12 months. For the undiscounted cash flows related to borrowings, refer to note 3.

	2015	2014
Borrowings to be settled within 12 months	22 500 000	92 500 000
Borrowings to be settled after more than 12 months	469 631 943	378 429 440
	492 131 943	470 929 440

General

The Directors have not breached the requirements of the Company's Memorandum of Incorporation in terms of their borrowing powers.

20. Finance Lease Obligations

Accounting policy

It is Group policy to lease certain plant and machinery, IT equipment and motor vehicles under finance leases. Please refer to note 7. The average lease term is 3 - 5 years and the average effective borrowing rate is prime.

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

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 on the remaining balance of the liability.

Minimum lease payments due	2015	2014
- within one year	-	223 129
Less: future finance charges	-	[7 683]
Present value of minimum lease payments	-	215 446
Present value of minimum lease payments due		
- within one year	-	215 446
	-	215 446

21. Trade and Other Payables

Accounting policy

Trade payables are financial instruments measured at amortised cost. Refer to the financial instruments accounting policy, note 2.10.

	2015	2014
Trade payables	104 676 024	97 637 398
Retention creditors	15 849 417	12 187 538
Accrued expenses	28 347 110	20 552 120
Share appreciation rights liabilities	60 054 266	18 669 993
Value Added Tax	10 199 338	3 800 660
Income received in advance	1 586 754	2 660 853
Accrual for leave pay	610 403	515 424
Deposits received	33 000	33 000
Excess billings over work done	281 246	-
	221 637 558	156 056 986

Refer to note 4 for details of financial instruments.

22. Revenue

Accounting policy

The Group earns revenue from the sale of land, through the rendering of services and construction contracts.

(a) Sale of developed land

The sale of developed land relates to the sale of land, classified as inventory, which is either developed or not. Revenue is recognised when the land is sold and all documents of ownership has been transferred.

(b) Rendering of services

The rendering of services relates to revenue generated from professional services provided by the Group e.g. townplanning etc. Revenue is recognised at the date that these services are rendered.

(c) Construction contracts

Revenue is recognised over the period of the contract on the 'percentage-of-completion' basis 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. In applying the recognition criteria in IAS 18 'Revenue', 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.

Significant judgement and source of estimation uncertainty

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.

Estimates are made by management to calculate the forecasted cost of a project. The estimates used are in terms of an approved feasibility study. Management forecasts are approved by the Board of Directors and if third parties are involved, their approval is also obtained. Management performs monthly reviews of the work in progress schedule to update the forecasts costs and profits.

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.

	2015	2014
Sale of developed land	85 265 157	7 440 362
Rendering of services	16 320 096	23 159 910
Construction contracts	830 619 476	754 342 717
	932 204 729	784 942 989

23. Cost of Sales

	2015	2014
Sale of developed land	62 150 200	10 024 822
Rendering of services	8 752 782	8 376 171
Construction contracts	686 430 555	653 552 592
	757 333 537	671 953 585

24. Other Income

	2015	2014
Bond commissions	840 798	671 335
Insurance refunds	229 513	175 120
Rental income	514 812	544 584
Gain on deemed disposal of interest in joint venture	6 221 641	-
SETA refunds and other income	714 230	401 485
	8 520 994	1 792 524

Rental income received relates to investment properties as stated in note 6.

25. Expense by Nature

	2015	2014
Advertising	2 128 265	2 085 609
Auditor's remuneration	1 823 445	1 767 770
Bad debts	16 285	606 075
Net construction costs	686 430 555	653 552 592
Construction costs	704 873 996	693 788 617
Movement in construction contracts	(18 443 441)	(40 236 025)
Depreciation on property, plant and equipment and amortisation on computer software	1 661 612	2 364 008
Directors' fees - non executive	1 374 333	1 349 000
(Profit)/loss on disposal of property, plant and equipment and computer software	(83 392)	139
Net land development costs	62 150 200	10 024 822
Land development costs	174 413 182	131 271 358
Movement in inventory	(112 262 982)	(121 246 536)
Town planning and architecture	8 752 782	8 376 171
Lease rentals on operating leases	4 746 590	4 456 338
Legal fees	919 815	1 632 568
Professional fees	1 895 828	68 499
Salaries and wages	28 180 645	22 818 663
Share Appreciation Rights expense	45 231 939	12 525 770
Sponsorships	796 346	-
Write-down of construction contracts	-	5 725 157
Write-down/(write-up) of inventory	690 842	(2 171 974)
Other	10 208 466	8 703 672
Total cost of sales, administration expenses and other expenses	856 924 556	733 884 879

26. Finance Income

Accounting policy

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.

	2015	2014
Bank	3 267 608	2 003 517
Related parties (interest from joint ventures and associates)	6 506 233	7 832 852
	9 773 841	9 836 369

27. Finance Cost

Accounting policy

Borrowing costs that are directly attributable to the acquisition, construction or production of 'land under development' (classified as inventories) are capitalised as part of its cost.

Borrowing costs that are directly attributable to the construction of the developments are treated as part of the construction contract costs.

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 and developing a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing cost incurred.

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

	2015	2014
Bank	388 961	188 392
Trade payables	522	105
Interest bearing borrowings	53 611 021	41 045 860
Finance cost	54 000 504	41 234 357
Less: amounts capitalised on qualifying assets (inventory)	(41 043 150)	(25 094 030)
Less: amounts capitalised on qualifying assets (construction contracts)	(704 715)	(2 506 529)
Total finance cost recognised in statement of comprehensive income	12 252 639	13 633 798

Finance costs capitalised to inventory and construction contracts have been incurred on general borrowings.

28. Taxation

Accounting policy

The majority of the companies within the Group are South African tax residents and will therefore pay taxes according to the rates applicable in South Africa which were enacted or substantively enacted at the reporting date. Most taxes are recorded in the statement of comprehensive income and relates to taxes payable for the reporting period or any adjustment to tax payable in respect of previous years (current tax). The charge also includes benefits and charges relating to when income and expenses are recognised in a different period for tax and accounting purposes (deferred tax).

Major components of the income tax expense

	2015	2014
Current		
Local income tax - current period	17 051 451	3 658 248
Local income tax - recognised in current tax for prior periods	(110 183)	327 958
	16 941 268	3 986 206
Deferred		
Current year	4 426 339	9 144 187
Under/(over) provision for prior year	1 152 365	(3 611 051)
	5 578 704	5 533 136
	22 519 972	9 519 342

28. Taxation (continued)

	2015	2014
Reconciliation of the income tax expense		
Applicable tax rate	28.00 %	28.00%
Disallowable charges	0.39 %	0.06%
Gain on deemed disposal of interest in joint venture	(1.04)%	-%
Share of profit of joint ventures and associates - net of tax	(14.45)%	(16.08)%
Tax losses for which no deferred income tax asset was recognised	- %	(0.60)%
Tax losses previously unrecognised	(0.20)%	0.01%
Under/(over) provision for deferred tax prior year	0.69 %	(3.13)%
Effective tax rate	13.39 %	8.26%

The estimated tax losses available for set off against future taxable income within the Group is R27 978 371 (2014: R31 690 446).

29. Cash Generated from/(utilised in) Operations

	2015	2014
Profit before taxation	168 149 043	115 214 661
Adjustments for:		
Bad debts	16 285	606 075
Depreciation and amortisation	1 661 612	2 364 008
(Profit)/loss on disposal of property, plant and equipment and computer software	(83 392)	139
Unrealised profits recognised in revenue	-	(2 229 078)
Write-down of construction contracts	-	5 725 157
Write-down/(write-up) on inventory	690 842	(2 171 974)
Finance income	(9 773 841)	(9 836 369)
Finance cost	12 252 639	13 633 798
Gain on deemed disposal of interest in joint venture	(6 221 641)	-
Share of profit of joint ventures and associates - Net of tax	(86 826 674)	(66 161 456)
Changes in working capital:		
Inventories	(20 057 249)	(105 430 846)
Trade and other receivables	53 697 229	(165 915 244)
Construction contracts	(18 019 972)	(32 004 339)
Work in progress	(9 750 995)	(2 169 915)
Trade and other payables	62 560 53	(4 379 576)
	148 294 416	(252 754 959)

30. Tax Paid

	2015	2014
Balance at beginning of the year	434 855	(762 437)
Current tax for the year	(16 941 268)	(3 986 206)
Balance at end of the year	(3 874 139)	(434 855)
	(20 380 552)	(5 183 498)

31. Business Combination

Accounting policy

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the asset transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

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.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

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

On 31 March 2014 (acquisition date), the Group acquired the remaining 24% of the share capital and 50% of the voting rights of Clidet No 1014 (Pty) Ltd, an unlisted South African property development Company. The total deemed consideration for the acquisition was R53 739 299. As a result of the acquisition, the Group increased its stake in the Summerset Project, located in Midrand, South Africa. None of the goodwill is expected to be deductible for tax purposes.

The goodwill of R8 035 371 comprises of the expected value of having a controlling stake as well as the synergies between its current Sagewood project and the Summerset project that are located next to each other.

The following table summarises the consideration paid for Clidet No 1014 (Pty) Ltd, and the assets acquired and liabilities assumed at the acquisition date.

Consideration at 31 March 2014

Cash purchase consideration	24 906 089
Fair value of previous shareholding	6 221 717
Carrying value of loan to joint venture at 31 March 2015	22 611 493
Total deemed consideration	53 739 299

Identifiable assets acquired and liabilities assumed at fair value

Cash and cash equivalents	116
Inventories	53 465 000
Trade and other receivables	236 510
Trade and other payables	(2 148 909)
Borrowings	(5 790 067)
Net deferred tax liability	(58 722)
Total identifiable net assets	45 703 928
Goodwill	8 035 371
Total deemed consideration	53 739 299
Net cash outflow on acquisition	(24 905 973)
Cash consideration paid	24 906 089
Less: Cash acquired	(116)
	-

31. Business Combination (continued)

The fair values of all identifiable assets acquired and liabilities assumed approximated their carrying value on acquisition date with the exception of inventory.

The fair value of inventory 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 inventory being valued.

In assessing the fair value of inventories, the valuator 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 land development are considered.

Clidet No 1014 (Pty) Ltd was consolidated from 1 April 2014. The Company did not contribute any profit from 1 April 2014.

32. Non-Controlling Interest

Summary of non-controlling interest where the Group owns less than 100% of shareholding is summarised below:

	2015	2014
Calgro M3 Private Memorial Parks (Pty) Ltd	(86 722)	-
Belhar Calgro M3 Development Company (Pty) Ltd	51	-
	(86 671)	-

33. Commitments

Financial guarantees

Accounting policy

Financial guarantee contracts are recognised as financial liabilities at the date the guarantee is issued. Liabilities arising from financial guarantee contracts, 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'; and
- ▶ the amount initially recognised (fair value) less, when appropriate, cumulative amortisation of the initial amount recognised is in accordance with IAS 18 'Revenue'.

The fair value of the financial guarantee is determined as the Group and Companies' exposure with regards to the net realisable value of the inventories pledged as security and the outstanding debt on the mortgage bonds.

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 maximum exposure the Group has in terms of the financial guarantee is R39 986 254 (2014: R24 059 398). The credit risk relating to the guarantee is mitigated through the land owned by Witpoortjie Calgro M3 Development Company (Pty) Ltd to the value of R125 243 950 (2014: R174 307 648) over which the bond is secured.

Rand Merchant Bank Limited

The Group's shareholding in Clidet No 1014 (Pty) Ltd was provided as security for the Rand Merchant Bank Limited Loan in Clidet No 1014 (Pty) Ltd. The carrying value of the loan is Rnil (2014: R5 788 116).

34. Share-Based Payments

Accounting policy

Share-based payments are remuneration payments to selected employees that take the form of award schemes in the Group. The Group's award schemes are all settled in cash, i.e. the employees do not receive shares or options at settlement. The year in which the employee renders services to the Group to obtain the award is the year in which the expense is recognised in the statement of comprehensive income with a corresponding increase recognised in the liability. The expense is determined by measuring the fair value of the liability at each year-end.

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

If the share-based payments vest immediately, the services received are recognised in full.

Significant judgement and source of estimation uncertainty

Management used the Binomial Tree Valuation method to determine the value of the options at issue date.

The share appreciation rights (SAR's) which are granted to directors and selected employees are divided into two main categories with various SAR issues within each category. 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			
	Issue 1	Issue 2	Issue 1	Issue 2	Issue 3	Issue 4
Date of grant	1 Mar 12	1 Mar 14	1 Mar 12	1 Sep 12	1 Sep 14	30 Sep 14
Number of options granted	4 850 000	1 744 839	4 200 000	600 000	600 000	600 000
Number of options exercised	(1 616 667)	-	-	-	-	-
Number of options forfeited	-	-	(600 000)	-	-	-
Strike price at grant date	R 4.08	R 6.46	R 4.08	R 4.08	R 7.74	R 7.78
Contractual life (Option life)	48 months	36 months	72 months	72 months	54 months	53 months
Settlement	Cash	Cash	Cash	Cash	Cash	Cash

Vesting conditions: If the price at each vesting date exceeds the hurdle price and service conditions are met.

Share appreciation rights reconciliation

	Category 1		Category 2			
	Issue 1	Issue 2	Issue 1	Issue 2	Issue 3	Issue 4
SAR's not vested at 1/3/2014	3 233 333	-	3 600 000	600 000	-	-
Forfeited	-	-	-	-	-	-
New SAR's granted	-	1 744 839	-	-	600 000	600 000
SAR's not vested at 28/2/2015	3 233 333	1 744 839	3 600 000	600 000	600 000	600 000

SAR's outstanding at the end of the period have the following vesting dates and amortised values thereof

Category 1	Issue 1	33.3% of the SAR's will vest annually from 1 March 2014 until 1 March 2016
	Issue 2	All the SAR's will fully vest on 1 March 2017
Category 2	Issue 1	25% of the SAR's will vest annually from 1 March 2015 until 1 March 2018
	Issue 2	25% of the SAR's will vest annually from 1 September 2015 until 1 September 2018
	Issue 3	25% of the SAR's will vest annually from 1 March 2016 until 1 March 2019
	Issue 4	25% of the SAR's will vest annually from 1 March 2016 until 1 March 2019

34. Share-Based Payments (continued)

The spot price on 28 February 2015 was R13.29. 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 spot price, measured 30 days prior to the vesting date was applied to calculate the strike price. The volatility used in the valuation was 38.97%.

The ZAR zero coupon swap curve as at the valuation date was used as the risk-free rate.

The amounts recognised in the financial statements (before taxes) for the share-based payment transaction with employees are as below:

	2015	2014
Expense		
Share appreciation rights expense	45 231 939	12 525 770
Liability		
Share appreciation rights liabilities	60 054 266	18 669 993

35. Employee Costs

Accounting policy

(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.

(b) Short-term benefits

The costs of short-term employee benefits include those payable within 12 months after the service is rendered, such as paid vacation leave, sick leave, and bonuses.

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.

(c) Bonus plans

The Group recognises 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.

	2015	2014
Salary and wages	66 598 638	57 164 902
Directors' emoluments	23 684 955	15 127 173
Executive directors	22 310 622	13 773 173
Non-executive directors	1 374 333	1 354 000
Salary and wages	90 283 593	72 292 075
Less: amounts allocated to qualifying assets (construction contracts)	(62 102 948)	(49 473 412)
Total employee costs	28 180 645	22 818 663

36. Related Parties

All joint ventures and associates are considered related parties to the Group. Refer to note 9 for a detailed list of all joint ventures and associates.

(a) Related party balances

(i) Loans to joint ventures and associates

During the period loans have been issued to joint ventures and associates, refer to note 11 for details.

(ii) Receivables from joint ventures and associates

During the period, the Group obtained receivables from joint ventures and associates, refer to note 16.

(b) Related party transactions

(i) Compensation paid to key employees and personnel

	2015	2014
Employee benefits	33 921 566	23 922 835
	33 921 566	23 922 835

(ii) Transactions with joint ventures and associates

	Finance income received		Contract revenue received		Services fees received	
	2015	2014	2015	2014	2015	2014
Fleurhof Ext 2 (Pty) Ltd	1 765 171	1 154 550	417 232 111	350 577 835	9 349 255	7 888 674
Aquarella Investments 265 (Pty) Ltd	1 295 473	3 580 114	13 203 808	63 811 142	-	2 110 722
Clidet No 1014 (Pty) Ltd	209 425	2 233 838	1 568 189	2 628 380	-	318 800
Sabre Homes Projects (Pty) Ltd	-	-	-	44 034 757	-	2 310 477
Calgro KuumBA Planning and Design (Pty) Ltd	-	-	2 500 236	-	-	-
Witpoortjie Calgro M3 Development Company (Pty) Ltd	3 096 055	864 350	48 463 402	12 246 858	-	1 181 700
South Hills Development Company (Pty) Ltd	140 108	-	18 138 368	-	-	-
	6 506 233	7 832 852	501 106 114	473 298 972	9 349 255	13 810 373

37. Directors' Emoluments

Executive Directors

The remuneration noted below is for services rendered in connection with the carrying on of affairs of the business within the same group of companies and joint ventures and associates.

	Remuneration and other benefits				Pension	
	Value of SAR's exercised	Salary as a director	Expense allowance	Performance related	On behalf of the director to a pension scheme	Total
2015						
BP Malherbe	595 000	2 397 552	144 000	2 944 118*	3 000	6 083 670
WJ Lategan	1 586 666	1 893 441	144 000	2 355 294*	94 672	6 074 073
FJ Steyn	595 000	1 944 735	144 000	2 355 294	97 237	5 136 266
DN Steyn	595 000	1 919 319	144 000	2 355 294	3 000	5 016 613
Total Executive Directors	3 371 666	8 155 047	576 000	10 010 000	197 909	22 310 622

* These amounts are inclusive of the deferred payments towards the newly anticipated long term retention executive scheme

37. Directors' Emoluments (continued)

2014	Remuneration and other benefits				Pension	Total
	Value of SAR's exercised	Salary as a director	Expense allowance	Performance related	On behalf of the director to a pension scheme	
BP Malherbe	-	2 161 555	144 000	1 632 060	3 000	3 940 615
WJ Lategan	-	1 740 273	144 000	1 305 648	87 014	3 276 935
FJ Steyn	-	1 793 924	144 000	1 305 648	89 696	3 333 268
DN Steyn	-	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

The remuneration noted below is for services rendered as a director of the Group.

	2015	2014
PF Radebe	306 167	335 000
H Ntene	127 000	75 000

Independent Non-executive Directors

The remuneration noted below is for services rendered as a director of the Group.

	2015	2014
RB Patmore	317 500	319 000
JB Gibbon	298 333	295 000
ME Gama	325 333	330 000
Total Non-executive Directors	1 374 333	1 354 000
Summary		
Executive Directors	22 310 622	13 773 173
Non-executive Directors	1 374 333	1 354 000
Total Directors	23 684 955	15 127 173

Prescribed officers

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	05/08/2005	1 month notice
Prescribed officer 2	05/08/2005	1 month notice
Prescribed officer 3	26/11/2007	1 month notice
Prescribed officer 4	01/07/2011	Resigned
Prescribed officer 5	01/03/2012	1 month notice
Prescribed officer 6	01/03/2014	1 month notice
Prescribed officer 7	01/09/2014	1 month notice

The remuneration noted below is for services rendered in connection with the carrying on of affairs of other companies in the same Group.

Short-term employee benefits			
	Paid and deferred remuneration	On behalf of the prescribed officer to a pension scheme	Total remuneration/benefits
February 2015			
Prescribed officer 1	2 368 609	91 230	2 459 839
Prescribed officer 2	1 859 792	71 634	1 931 426
Prescribed officer 3	1 672 962	120 000	1 792 962
Prescribed officer 4	-	-	-
Prescribed officer 5	1 427 851	83 239	1 511 090
Prescribed officer 6	1 844 978	3 000	1 847 978
Prescribed officer 7	679 186	14 130	693 316
	9 853 378	383 233	10 236 611

	Remuneration	On behalf of the prescribed officer to a pension scheme	Total remuneration/benefits
February 2014			
Prescribed officer 1	2 625 775	84 453	2 710 228
Prescribed officer 2	1 860 083	66 210	1 926 293
Prescribed officer 3	1 555 151	55 375	1 610 527
Prescribed officer 4	1 320 976	58 849	1 379 825
Prescribed officer 5	1 127 883	40 905	1 168 788
	8 489 869	305 792	8 795 662

Share Appreciation Right Scheme (SAR) issued to Directors and prescribed officers:

Number of SAR's				Value of SAR's granted		
	2015			2014	2015	2014
	Total	Exercised	Granted	Total		
Directors						
BP Malherbe	947 394	(250 000)	447 394	750 000	5 219 710	1 827 149
WJ Lategan	1 691 249	(666 667)	357 916	2 000 000	11 781 728	4 872 396
FJ Steyn	857 916	(250 000)	357 916	750 000	4 990 694	1 827 149
DN Steyn	857 916	(250 000)	357 916	750 000	4 990 694	1 827 149
	4 354 475	(1 416 667)	1 521 142	4 250 000	26 982 826	10 353 843
Prescribed officers						
Prescribed officer 1	623 697	(200 000)	223 697	600 000	3 832 241	1 461 719
Prescribed officer 2	600 000	-	-	600 000	4 056 908	1 010 542
Prescribed officer 3	600 000	-	-	600 000	4 056 908	1 010 542
Prescribed officer 4	-	-	-	-	-	-
Prescribed officer 5	600 000	-	-	600 000	4 056 908	1 010 542
Prescribed officer 6	600 000	-	-	600 000	3 417 834	791 179
Prescribed officer 7	600 000	-	600 000	-	792 806	-
	3 623 697	(200 000)	823 697	3 000 000	20 213 605	5 284 524

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

38. Earnings per Share

Accounting policy

Basic earnings per share

Earnings per share is calculated using the weighted average number of ordinary shares in issue during the period and is based on the net profit attributable to ordinary shareholders.

Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares and is based on the net profit attributable to ordinary shareholders, adjusted for the after-tax dilutive effect.

For the share options and share rights, a calculation is done to determine the number of the Group's shares that would be required at fair value to settle the monetary value of the rights, after deducting the unamortised share-based payment value. For the purposes of this calculation, the average annual market share price of the Group is used.

Headline earnings per share

Headline earnings per share is calculated using the weighted average number of ordinary shares in issue during the period and is based on the earnings attributable to ordinary shareholders, after excluding those items as required by Circular 2/2013 issued by the South African Institute of Chartered Accountants (SAICA).

	2015	2014
(a) Basic		
Profit attributable to shareholders	145 716 158	105 695 319
Weighted average number of ordinary shares in issue	127 100 000	127 100 000
Basic earnings per share (cents per share)	114.65	83.16
(b) Diluted		
There are no dilutive instruments in issue.		
Profit attributable to shareholders	145 716 158	105 695 319
Weighted average number of ordinary shares in issue	127 100 000	127 100 000
Diluted earning per share (cents per share)	114.65	83.16
(c) Headline		
Headline earnings is calculated as follows:		
Profit attributable to shareholders	145 716 158	105 695 319
(Profit)/loss on disposal of property, plant and equipment and computer software	(83 392)	139
Gain on deemed disposal of interest in Joint venture	(6 221 641)	-
Profit used to determine headline earnings per share	139 411 125	105 695 458
Weighted average number of ordinary shares in issue	127 100 000	127 100 000
Headline earnings per share (cents per share)	109.69	83.16
(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.		
Total assets	1 330 465 035	1 097 536 831
Less: Total liabilities	(751 782 685)	(664 483 968)
Net assets	578 682 350	433 052 863
Number of ordinary shares in issue	127 100 000	127 100 000
Net asset value per share (cents per share)	455.30	340.72

	2015	2014
(e) Other Key Performance Indicators (KPIs)		
Assets	1 330 465 035	1 097 536 831
Non-current assets	291 861 290	202 720 150
Intangible assets	40 970 966	32 985 680
Property, plant and equipment	1 753 893	2 611 600
Other non-current assets	249 136 431	167 122 870
Current assets	1 038 603 745	894 816 681
Equity	578 682 350	433 052 863
Liabilities	751 782 685	664 483 968
Non-current liabilities	37 951 620	37 127 835
Current liabilities	713 831 065	627 356 133
Net assets	578 682 350	433 052 863
Net tangible assets	537 711 384	400 067 183
Net working capital	324 772 680	267 460 548
Revenue	932 204 729	784 942 989
- % growth since prior year	18.76	-1.68
Gross profit	174 871 192	112 989 404
- % growth since prior year	54.77	-23.63
Operating profit	83 801 167	52 850 634
- % growth since prior year	58.56	-40.87
Profit before tax	168 149 043	115 214 661
- % growth since prior year	45.94	-1.73
Profit after tax	145 629 071	105 695 319
- % growth since prior year	37.78	15.76

38. Earnings per Share (continued)

	2015	2014
Number of ordinary shares in issue	127 100 000	127 100 000
Net asset value per share (cents per share)	455.30	340.72
<i>*calculated by dividing the net asset value, calculated by reducing the total assets by total liabilities, by the number of shares in issue</i>		
Tangible net asset value per share (cents per share)	423.06	314.77
<i>*calculated by dividing the net tangible asset value, calculated by reducing the total assets by intangible assets and total liabilities, by the number of shares in issue</i>		
Return on net assets %	25.17	24.41
<i>*calculated by dividing the profit after tax by net assets</i>		
Return on net tangible assets %	27.08	26.42
<i>*calculated by dividing the profit after tax by net tangible assets</i>		
Return on capital employed %	17.28	15.54
<i>*calculated by dividing the earnings before finance cost and tax by the sum of average debt and average equity</i>		
Current ratio %	1.45	1.43
<i>*calculated by dividing current assets by current liabilities</i>		
Return on equity %	33.73	31.30
<i>*calculated by dividing the earnings before finance cost and tax by average equity</i>		
Gross profit %	18.76	14.39
<i>*calculated by dividing the gross profit by revenue</i>		

39. 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, any material non-compliance with statutory or regulatory requirements or any pending changes in litigation that may affect the Group.

40. Events After the Reporting Period

There were no events after the period ended 28 February 2015 that warrant disclosure in this report.

41. Shareholders' Analysis

Please refer to Directors' Report page 117, note 20.



Company **Financial Statements**

Statement of Financial Position

as at 28 February 2015

(Figures in Rands unless otherwise stated)

	Notes	2015	2014
ASSETS			
Non-current assets			
Investment in subsidiaries	43	103 272 814	103 272 814
		103 272 814	103 272 814
Current assets			
Loans to Group companies	44	521 630 554	424 635 514
Current tax receivable		-	10 825
Trade and other receivables	45	192 303	16 250
Cash and cash equivalents	46	1 123 965	12 971 849
		522 946 822	437 634 438
Total assets		626 219 636	540 907 252
EQUITY AND LIABILITIES			
Equity			
Equity attributable to owners of the parent			
Stated capital	47	96 021 721	96 021 721
Retained income		10 650 277	9 719 285
Total equity		106 671 998	105 741 006
Liabilities			
Current liabilities			
Loans from Group companies	44	518 606 744	433 861 396
Current income tax liabilities		60 892	-
Trade and other payables	48	880 002	1 304 850
		519 547 638	435 166 246
Total liabilities		519 547 638	435 166 246
Total equity and liabilities		626 219 636	540 907 252

Statement of Comprehensive Income

for the year ended 28 February 2015

(Figures in Rands unless otherwise stated)

	Notes	2015	2014
Other income	49	3 200 000	2 900 000
Administrative expenses	50	(2 233 542)	(2 297 791)
Operating profit		966 458	602 209
Finance income	51	60 016 173	43 845 061
Finance costs	52	(59 620 006)	(43 813 584)
Profit before tax		1 362 625	633 686
Taxation	53	(431 633)	(257 865)
Profit after taxation		930 992	375 821
Other comprehensive income		-	-
Total comprehensive income		930 992	375 821

Statement of Changes in Equity

for the year ended 28 February 2015

(Figures in Rands unless otherwise stated)

	Stated capital	Retained income	Total equity
Balance at 1 March 2013	96 021 721	9 343 464	105 365 185
Comprehensive income			
Profit for the period	-	375 821	375 821
Other comprehensive income	-	-	-
Total comprehensive income	-	375 821	375 821
Balance at 28 February 2014	96 021 721	9 719 285	105 741 006
Balance at 1 March 2014	96 021 721	9 719 285	105 741 006
Comprehensive income			
Profit for the year	-	930 992	930 992
Other comprehensive income	-	-	-
Total comprehensive income	-	930 992	930 992
Balance at 28 February 2015	96 021 721	10 650 277	106 671 998
Note	47		

Statement of Cash Flows

for the year ended 28 February 2015

(Figures in Rands unless otherwise stated)

	Notes	2015	2014
Cash (utilised in)/generated from operations			
Cash (utilised in)/generated from operations	54	(11 467 379)	12 777 266
Finance income		64 435	9 154
Finance cost		(85 024)	(184 435)
Tax paid	55	(359 916)	(165 589)
Net cash (utilised in)/generated from operations		(11 847 884)	12 436 396
Net (decrease)/increase in cash and cash equivalents		(11 847 884)	12 436 396
Cash and cash equivalents at the beginning of the year		12 971 849	535 453
Cash and cash equivalents at end of the year	46	1 123 965	12 971 849

Notes to the **Company Financial Statements**

Included in the notes to the Company financial statements are those accounting policies only applicable to the Company.

Where the same accounting policy applies to both the consolidated and Company financial statements refer to the applicable notes in the Consolidated Financial Statements.

42. Significant Judgements and Sources of Estimation Uncertainty

In preparing the Company financial statements, management applied estimates and assumptions in determining which investments to classify as subsidiaries.

Refer to the investments in subsidiaries note (note 43).

43. Investment in Subsidiaries

Accounting policy

Investments in subsidiaries are carried at cost less any accumulated impairment.

Significant judgement and sources of estimation uncertainty

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. The Group appoints the Chairman which has the casting vote. The investment is therefore accounted for as a subsidiary as the Group has control over the relevant activities of the entity.

Name of company	% Voting power 2015	% Voting power 2014	% Holding 2015	% Holding 2014	Carrying amount 2015	Carrying amount 2014
Direct subsidiaries						
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 subsidiaries						
Subsidiaries of Calgro M3 Developments Ltd						
CM3 Randpark Ridge Ext 120 (Pty) Ltd	100.00	100.00	100.00	100.00	100	100
MS5 Pennyville (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	7 356 877	7 356 876
MS5 Projects (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	-	-
Subsidiaries of Calgro M3 Land (Pty) Ltd						
Clidet No 1014 (Pty) Ltd*	100.00	50.00	100.00	76.00	1 964 829	76
Belhar Calgro M3 Development Company (Pty) Ltd	51.00	51.00	49.00	49.00	49	49
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
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 Private Memorial Parks (Pty) Ltd	50.00	0.00	63.50	0.00	635	-
Subsidiary of Calgro M3 Project Management (Pty) Ltd						
CTE Consulting (Pty) Ltd	100.00	100.00	100.00	100.00	4 500 100	4 500 100
					13 823 390	11 858 001

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.

* This company was previously a joint venture and the Group now holds 100% of the issued share capital as well 100% of the voting rights. The investment is therefore accounted for as a subsidiary.

44. Loans to/(from) Group Companies

Accounting policy

These loans are classified as loans and receivables or financial liabilities measured at amortised cost.

Loans to / (from) direct and indirect subsidiaries

	Interest Rate	Repayment Terms	Security	2015	2014
Loans from subsidiaries					
Calgro M3 Developments Ltd	Prime plus 3%	On demand	Unsecured	(499 502 654)	(424 620 695)
CTE Consulting (Pty) Ltd	Prime plus 3%	On demand	Unsecured	(19 104 090)	(9 240 701)
				(518 606 744)	(433 861 396)
Loans to subsidiaries					
Calgro M3 Land (Pty) Ltd	Prime plus 3%	On demand	Unsecured	521 630 554	424 635 514
				521 630 554	424 635 514
				3 023 810	(9 225 882)

45. Trade and Other Receivables

Accounting policy

Refer to accounting policy note 16 of the consolidated financial statements for the applicable accounting policy.

	2015	2014
Trade receivables	192 303	16 250
	192 303	16 250

46. Cash and Cash Equivalents

Accounting policy

Refer to accounting policy note 17 of the consolidated financial statements for the applicable accounting policy.

Cash and cash equivalents include the following for the purposes of the statement of cash flows:

	2015	2014
Cash on hand	330	330
Bank balances	1 123 635	12 971 519
	1 123 965	12 971 849

Guarantees and suretyships

The bank has provided guarantees for a deposit on the lease of 33 Ballyclare Drive, Bryanston to the value of R740 167 (2014: R704 809).

47. Stated Capital

Accounting policy

Refer to note 18 of the consolidated financial statements for the applicable accounting policy and note.

48. Trade and Payables

Accounting policy

Refer to note 21 of the consolidated financial statements for the applicable accounting policy.

	2015	2014
Trade payables	372 331	368 933
Accrued expenses	441 435	921 438
Value Added Tax	66 236	14 479
	880 002	1 304 850

49. Other Income

Accounting policy

Other income only consists of management fees. Management fees are charged by the Company to its subsidiary, Calgro M3 Developments Ltd, for providing the infrastructure and employees to operate the subsidiary and are recognised on the date the services are performed. Refer to the related party note 56.

	2015	2014
Management fees	3 200 000	2 900 000
	3 200 000	2 900 000

50. Expense by Nature

	2015	2014
Advertising	-	21 753
Auditor's remuneration	184 070	120 000
Directors' fees - non executive	1 374 333	1 349 000
Legal fees	-	8 330
Professional fees	195 000	176 468
Sponsorships	-	622 240
Sundry expenses	480 139	-
Total cost of sales, administration expenses and other expenses	2 233 542	2 297 791

51. Finance Income

Accounting policy

Refer to note 26 of the consolidated financial statements for the applicable accounting policy.

	2015	2014
Bank	3 547	9 153
Interest on Group loans	60 012 626	43 835 908
Finance income	60 016 173	43 845 061

52. Finance Cost

Accounting policy

Refer to note 27 of the consolidated financial statements for the applicable accounting policy.

	2015	2014
Bank	24 137	184 435
Interest on Group loans	59 595 869	43 629 149
Finance cost	59 620 006	43 813 584

53. Taxation

Accounting policy

Refer to note 28 of the consolidated financial statements for the applicable accounting policy.

Major components of the income tax expense

	2015	2014
Current		
Local income tax - current period	431 633	257 865
	431 633	257 865
Reconciliation of the income tax expense		
Applicable tax rate	28.00%	28.00%
Disallowable charges	3.68%	12.69%
Effective tax rate	31.68%	40.69%

54. Cash (utilised in)/Generated from Operations

	2015	2014
Profit before taxation	1 362 625	633 686
Adjustments for:		
Finance income	(60 016 173)	(43 845 061)
Finance cost	59 620 006	43 813 584
Trade and other receivables	(176 053)	(16 250)
Trade and other payables	(424 848)	575 248
Loans (from)/to Group companies*	(11 832 936)	11 616 059
	(11 467 379)	12 777 266

* Loans (from)/to Group companies forms part of the working capital of the Company due to all transactions between segments flowing through the Company.

55. Tax Paid

	2015	2014
Balance at beginning of the year	10 825	103 101
Current tax for the year	(431 633)	(257 865)
Balance at end of the year	60 892	(10 825)
	(359 916)	(165 589)

56. Related Parties

Subsidiaries

Refer to note 43 for a detailed list of all subsidiaries of the Company.

Related party balances

Refer to note 44 for loans (from)/to Group companies.

Related party transactions

	Administration fees received		Finance income received		Finance costs paid	
	2015	2014	2015	2014	2015	2014
Calgro M3 Developments Ltd	3 200 000	2 900 000	-	-	57 964 195	42 474 314
Calgro M3 Land (Pty) Ltd	-	-	60 012 626	43 835 908	-	-
CTE Consulting (Pty) Ltd	-	-	-	-	1 631 674	1 154 835
	3 200 000	2 900 000	60 012 626	43 835 908	59 595 869	43 629 149

57. Financial Assets and Liabilities by Category

	Loans and receivables		Financial liabilities at amortised cost		Fair values	
	2015	2014	2015	2014	2015	2014
Loans to Group companies	521 630 554	424 635 514			521 630 554	424 635 514
Trade and other receivables	192 303	16 250			192 303	16 250
Cash and cash equivalents	1 123 965	12 971 849			1 123 965	12 971 849
Loans from Group companies			(518 606 744)	(433 861 396)	(518 606 744)	(433 861 396)
Trade and other payables			(813 766)	(1 290 371)	(813 766)	(1 290 371)
	522 946 822	437 623 613	(519 420 510)	(435 151 767)	3 526 312	2 471 846

The fair value is classified as level 3 in the fair value hierarchy (the inputs used to determine the fair value for the assets or liabilities are not based on observable market data).

58. Risk Management

58.1 Financial risk management

Due to the fact that the Company is a pure holding Company, the most significant risks the Company is exposed to are market risk (via cash flow interest rate) and liquidity risk.

(i) Market risk (Cash flow interest rate risk)

The Company has interest-bearing loans to and from Group companies. The loans issued at variable rates expose the Company to cash flow interest rate risk. The Group executive committee monitors the interest of the Company on a cash basis. Refer to the finance income (note 51) and finance cost (note 52) notes for the interest received/paid.

(ii) Liquidity risk

The Company's liquidity risk arises from its financial liabilities, which includes loans from Group companies and trade payables. The Company manages liquidity risk by monitoring forecasted cash flows to ensure there will be funds available to cover future commitments.

Both the loans from Group companies (refer to note 44) and trade payables (refer to note 48) are repayable within 1 year. In the prior year the Company also provided a financial guarantee to third parties (refer to note 33 of the consolidated financial statements) this guarantee expired during the current financial year with no cash outflows required from the Company.

To ensure sufficient liquidity, the Company has overdraft facilities with major banks to the value of R10 000 000 (February 2014: R10 000 000).

59. Directors' Emoluments

Please refer to note 37 of the consolidated financial statements for emoluments paid to non-executive directors.

STANDARD DISCLOSURES PART I: Profile Disclosures			
1. Strategy and Analysis			
Disclosure	Title of the disclosure	Reference in the report	Page
1.1	Statement from the most senior decision-maker of the organisation	CEO and FD's Report	39
		Foreword of Our Chairperson	32
2. Organisational Profile			
Disclosure	Title of the disclosure	Components of the disclosure	Reported
2.1	Name of the organisation	About this Report	2
2.2	Primary brands, products, and/or services	Group Overview, Integrated Development Specialist	5
		Calgro M3's Core Business	7
		Our Markets and Products	8
2.3	Operational structure of the organisation, including main divisions, operating companies, subsidiaries, and joint ventures	Group Overview, Group Structure	13
2.4	Location of organisation's headquarters	Financial Section, General Information	94
		Directors' Report	101
		Notice of AGM	165
2.5	Number of countries where the organisation operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report	Where we Operate	22
2.6	Nature of ownership and legal form	Financial Section, General Information	106
		Notes to the Consolidated Financial Statement, note 1	123
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)	Where we Operate	22
		Our Markets and Products	8
2.9	Significant changes during the reporting period regarding size, structure, or ownership	CEO and FD's 10 cents worth	39
2.10	Awards received in the reporting period	Awards and Accomplishments	15
3. Report Parameters			
Disclosure	Title of the disclosure	Components of the disclosure	Reported
3.1	Reporting period (e.g. fiscal/calendar year) for information provided	About this Report	2
3.2	Date of most recent previous report (if any)	The most recent previous report followed the company's financial year 1 March 2012 to 27 February 2013	
3.3	Reporting cycle (annual, biennial, etc.)	The most recent previous report followed the company's financial year 1 March 2013 to 27 February 2014	
3.4	Contact point for questions	About this Report	3
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance	About this Report	2
3.7	State any specific limitations on the scope or boundary of the report (see completeness Principle for explanation of scope)	There are no specific limitations on the scope or boundary of the report	

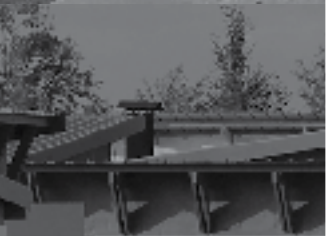
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organisations	About this Report	2
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report	Where possible and where data was available, the GRI (G3.1) Indicator Protocols as well as the Indicators for the Construction and Real Estate Sector, were followed	
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods)	There are no restatements of information for the period	
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report	There are no significant changes from the previous reporting period in the scope, boundary or measurement methods applied in the report	
3.12	Table identifying the location of the Standard Disclosures in the report	GRI Index	183
3.13	Policy and current practice with regard to seeking external assurance for the report	About this Report	2
4. Governance, Commitments, and Engagement			
Disclosure	Title of the disclosure	Components of the disclosure	Reported
4.1	Governance structure of the organisation, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organisational oversight	Corporate Governance	91
4.2	Indicate whether the Chair of the highest governance body is also an executive officer	Corporate Governance, Board Composition	92
4.3	For organisations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members	Corporate Governance, Board Composition	92
		Corporate Governance, Independence	92
		Our Board	28
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	Understanding our Stakeholders	51 - 58
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives	Corporate Governance, Remuneration Strategy	97, 98
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided	Corporate Governance, Conflict of Interest	95
4.7	Process for determining the composition, qualifications and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity	Corporate Governance, Remuneration and Nomination Committee	96
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation	Corporate Governance, Social and Ethics Committee	99
		Our Integrated Approach	48

4.9	Procedures of the highest governance body for overseeing the organisation's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles	Corporate Governance, Effectiveness of Internal Controls and Risk Management	102
		Our Integrated Approach	48
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance	Corporate Governance, Social and Ethics Committee	99
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organisation	Building a Sustainable Business, Our Stakeholders	48
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organisation subscribes or endorses	UN Global Compact Principles	59
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organisations	UN Global Compact Principles	59
4.14	List of stakeholder groups engaged by the organisation	Understanding our Stakeholders	51
4.15	Basis for identification and selection of stakeholders with whom to engage	Material issues	50
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	Understanding our Stakeholders	51 - 58
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	Understanding our Stakeholders	51 - 58
STANDARD DISCLOSURES PART III: Performance Indicators			
Economic			
Economic performance			Reported
DMA EC	Disclosure on Management Approach EC		
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	10, 39, 60
EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change and other sustainability issues	Material Issues	50
Market presence			Reported
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation	Human Capital Management, Preferential Procurement and Enterprise Development	80
		Our Economic Sustainability, Our Economic Value-added Goals	60
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 Sustainability; Policy, practices and proportion of spending on locally-based suppliers at significant locations of operation	62
		Human Capital Management Process, Attract	86

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	63
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts	Our Economic Sustainability	60
		Material Issues	50
Environmental			
DMA EN	Disclosure on Management Approach EN		68
Materials			Reported
EN2	Percentage of materials used that are recycled and reused input material	Emissions, Effluents and Waste Management	74
Energy			Reported
EN5	Energy saved due to conservation and efficiency improvements	Our Environment, Energy	69
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	69
EN7	Initiatives to reduce indirect energy consumption and reductions achieved	Our Environment, Energy	70
Water			Reported
EN10	Percentage and total volume of water recycled and reused	Our Environment, Water	70
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 Products and Services, Biodiversity	72, 73
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 Products and Services, Biodiversity	72
EN13	Habitats protected or restored	Our Products and Services, Biodiversity	72
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity	Our Products and Services	71
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 Products and Services, Biodiversity	72
Emissions, effluents and waste			Reported
EN22	Total weight of waste by type and disposal method	Emissions, Effluents and Waste Management	74
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organisation’s discharges of water and runoff	Our Products and Services, Biodiversity	72,73
Products and services			Reported
EN26	Initiatives to enhance efficiency and mitigate environmental impacts of products and services, and extent of impact mitigation	Our Environment; Our Products and Services	68, 71
Compliance			Reported
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	No fines or sanctions for non-compliance	

Social: Labour Practices and Decent Work			
DMA LA	Disclosure on Management Approach LA		48, 52, 78, 83
Employment			Reported
LA1	Total workforce by employment type, employment contract, and region broken down by gender	Human Capital Management	78, 79
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region	Human Capital Management	78, 79
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; Human Capital Management, Health and Safety	46, 81
CRE6	Percentage of the organisation operating in verified compliance with an internationally recognised health and safety management system	Society - Our Communities; Human Capital Management, Health and Safety	76, 81, 82
LA8	Education, training, counseling, prevention, and risk-control programmes in place to assist workforce members, their families, or community members regarding serious diseases	Human Capital Management, HIV & AIDS Education	89
Training and education			Reported
LA11	Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	Human Capital Management, Skills Development	79
		Human Capital Management Process, Develop	87
		CSI, CSI Investments	63
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	78, 79
Social: Human Rights			
DMA HR	Disclosure on Management Approach HR		78
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	80
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	75, 80
		UN Global Compact Principles	59
Child labour			Reported
HR6	Operations and significant suppliers identified as having significant risk for incidents of child labour, 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	

Prevention of forced and compulsory labour			Reported
HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labour, 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	
Social: Society			
DMA S0	Disclosure on Management Approach S0		75
Local communities			Reported
S01	Percentage of operations with implemented local community engagement, impact assessments, and development programmes	All.	
		Society - Our Communities	75
		Understanding our Stakeholders	51
		Corporate Social Investment	63
		Our Products and Services	71
S010	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities	Society - Our Communities	75
CRE7	Number of persons voluntarily and involuntarily displaced and/or resettled by development, broken down by project	Society - Our Communities	76
Corruption			Reported
S02	Percentage and total number of business units analyzed for risks related to corruption	Fraud and Corruption - Zero Tolerance	76, 77
S03	Percentage of employees trained in organisation's anti-corruption policies and procedures	Fraud and Corruption - Zero Tolerance	76, 77
S04	Actions taken in response to incidents of corruption	Fraud and Corruption - Zero Tolerance. No material matters were reported	76, 77
Public policy			Reported
S05	Public policy positions and participation in public policy development and lobbying	We do not partake in lobbying or anti-competitive activities	
S06	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country	Contributions amounting to R3 million were made to political parties in the year under review	64
Anti-competitive behavior			Reported
S07	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
S08	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			
DMA PR	Disclosure on Management Approach PR		71
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 Products and Services	71, 72
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	Customer privacy is respected and sensitive data is safeguarded. No complaints were received relating to losses of data or breaches of privacy	




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