CALGRO M3
Group

Consolidated Financial Statements
for the year ended 28 February

2019

Building legacies. Changing lives

CONTENTS



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

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(All amounts stated in Rand unless otherwise stated)

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The following can be viewed on the Calgro M3 website www.calgrom3.com:

Sustainability Report 2019	Corporate Governance Report	Integrated Annual Report
Notice of AGM*	King IV Application Register	GRI Index

** Due to regulatory requirements for the new 2019 long-term Executive Share Scheme, the Notice of AGM and relevant documents will be distributed in the last week of May with the Annual General Meeting taking place on 28 June 2019.*

DIRECTORS' RESPONSIBILITIES AND APPROVAL

The Directors are responsible for the maintenance of adequate accounting records and the preparation, integrity and fair presentation of the Group financial statements of Calgro M3 Holdings Limited, its subsidiaries, joint ventures and associates ("the Group").

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), the Financial Reporting Guides as issued by the South African Institute of Chartered Accountants ("SAICA") Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council, the JSE Listings Requirements and the requirements of the Companies Act of 2008.

The Directors consider that having applied IFRS in preparing the Group financial statements they have selected the most appropriate accounting policies, supported by reasonable and prudent judgements and estimates, and that all IFRS standards that they consider to be applicable have been followed.

The Directors are satisfied that the information contained in the Group financial statements fairly presents the results of operations for the year and the financial position of the Group at year-end.

The Directors prepared the other information included in the Group financial statements and are responsible for both its accuracy and its consistency.

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 endeavour to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

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

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

The Directors have reviewed the Group and Company's cash flow forecast for the year ending to 29 February 2020 and, in 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 Group and 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 pages 12 to 17.

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 18 to 108, which have been prepared on the going concern basis, were approved by the Board of Directors on 10 May 2019 and were signed on its behalf by:



WA Joubert



WJ Lategan

CERTIFICATION OF THE COMPANY SECRETARY

I, I April, hereby confirm, in my capacity as Company Secretary of Calgro M3 Holdings Limited that for the year ended 28 February 2019, the Company has filed all required returns and notices in terms of the Companies Act 71 of 2008 and that all such returns and notices are to the best of my knowledge and belief true, correct and up to date.



Itumeleng April
Company Secretary

10 May 2019

REPORT OF THE AUDIT AND RISK COMMITTEE

The Calgro M3 Group Audit Committee ("The Committee") presents its report in terms of section 94(7)(f) of the Companies Act, No 71 of 2008, as amended ("Companies Act"), and as recommended by King IV, for the financial year ended 28 February 2019.

The Committee is an independent statutory committee appointed by the shareholders.

Further duties are delegated to the Committee by the Board of Directors of the Group. The main purpose of the Committee is to assist the Board in monitoring the integrity of financial and overseeing the preparation of the Integrated Report. It is also responsible for the monitoring of the effectiveness of the Group's internal financial controls and oversees the internal and external audit functions.

The 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 and joint ventures (excluding Afhco Calgro M3 Consortium (Pty) Ltd that forms part of the SA Corporate Ltd Group).

The Committee reviewed the annual work plan. The intent was to ensure completeness in respect of executing the Committee's responsibilities within a given year 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 year 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, financial management and auditing (a qualified Chartered Accountant). GS Hauptfleisch was appointed as the Audit and Risk Chairperson during the financial year.

The Committee presently comprises GS Hauptfleisch (a qualified Chartered Accountant and Chairperson of the Audit and Risk Committee), RB Patmore (Lead Independent Non-Executive) and ME Gama (Independent Non-Executive). All Committee members are all independent Non-Executive Directors and have the requisite experience in accounting and financial management.

Functions of the Audit and Risk Committee

Audit functions

The Committee's role and responsibilities include its statutory duties as per the Companies Act, No 71 of 2008, as amended ("Companies Act") and the responsibilities assigned to it by the Board of Directors.

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

REPORT OF THE AUDIT AND RISK COMMITTEE (CONTINUED)

From an audit oversight perspective, the 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 and shareholders 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 policies;
- Considering the accounting and taxation implications of major transactions;
- Reviewing and reporting on compliance with IFRS, King IV and the JSE Listings Requirements;
- Reviewing of management's evaluation whether 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;
- Determine the fees to be paid to the auditor and the auditor's terms of engagement;
- Ensure that the appointment of the auditor complies with the provisions of the Companies Act, No 71 of 2008, as amended ("Companies Act") and any other legislation relating to the appointment of auditors;
- Determine the nature and extent of any non-audit services which the auditor may provide to the Group or Company;
- Pre-approve any proposed agreement with the auditor for the provision of non-audit services to the Group or Company;
- Prepare a report to be included in the annual financial statements for the year;
- Receive and deal appropriately with any concerns or complaints relating to the accounting practices, internal audit functions of the Company, the content or auditing of the financial statements or any other related matter;
- Dealing with any reportable irregularities that might arise – none were noted by PwC during the 2019 financial year;
- Ensured that the JSE's most recent report back on proactive monitoring of financial statements, and where necessary those of previous periods, was assessed and appropriate action taken where necessary to respond to the findings as highlighted in the report when preparing the annual financial statements;
- All trading statements were reviewed by the Audit and Risk Committee before recommending them to the Board for approval;
- Make submissions to the Board on any matter concerning the Group or Company's accounting policies, financial controls, records and reporting; and
- To perform other functions as determined by the Board, including development and implementation of policy and a plan for a systematic and disciplined approach to evaluate and improve effectiveness of risk management control and governance.

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

Risk functions

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

Based on the ongoing oversight of the Committee, it can 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 Committee is primarily responsible for:

- Ensuring that appropriate systems are in place to identify and monitor risks affecting the Group;
- Evaluating the adequacy of the effectiveness of the risk management process;
- Ensuring that an updated risk register is kept;
- IT risk as it relates to financial reporting;

REPORT OF THE AUDIT AND RISK COMMITTEE (CONTINUED)

- 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 Committee consists of the independent Non-Executive Directors listed below and meets at least four times per annum. All members are independent as prescribed in section 94 of the Companies Act, No 71 of 2008, as amended ("Companies Act"). During the year under review, five meetings were held.

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

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

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

Name of Committee member	Qualifications	Years served on Committee
GS Hauptfleisch	CA(SA)	**1 year**
ME Gama	PhD (Finance)	**7 years**
RB Patmore	BCom, MBL (SBL)	**8 years**

Internal audit

The 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. The Committee oversees cooperation between the internal and external auditors and serves as a link between the Board of Directors and these functions.

Prozilog Auditors were appointed as internal auditors during the year who replaced SizweNtsalubaGobodo.

The internal audit function reports to the 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. Prozilog is responsible for reporting the progress and findings of internal audits as conducted in terms of the Group's approved audit plan, to the Committee.

The Committee has considered and approved the internal audit terms of reference.

Internal financial controls

The Committee had oversight over a process by which internal audit performed an assessment of the effectiveness of the Group's system of internal financial controls.

This assessment conducted by internal audit and the annual external audit together with management's close monitoring of controls formed the basis for the Committee's assessment of internal financial controls.

Nothing came to the attention of the Committee and the Board, based on the assessments performed by internal audit, external audit and management, that would suggest that the prevailing system of internal financial controls are not, in all material aspects, effective.

Integrated reporting

In fulfilling its oversight responsibilities, the 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 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 of Directors.

Regulatory compliance

The Group complied with all relevant laws and regulations and considers adherence to non-binding rules, codes and standards. Compliance forms an integral part of the Company's risk management process.

Going concern

The Committee has reviewed a documented assessment, including key assumptions, prepared by management on the going concern status of the Group.

The Board's statement regarding the going concern status of the Group, as supported by the Committee, is included in the Directors' Report on pages 7 to 11.

Attendance

The external and internal auditors, in their capacity as auditors to the Group, attended and reported at four of the five meetings of the Committee. The meeting not attended was specifically related to the cancellation of the executive share scheme as a results of the IFRS 15 opening balance adjustment. The Group risk management function which is performed by Executive Directors, was also represented. Relevant senior managers attended meetings by invitation.

Committee attendance register

Member name	4 May 2018	19 July 2018	31 August 2018	17 September 2018	8 February 2019
GS Hauptfleisch (appointed 6 June 2018)	n/a	✓	✓	✓	✓
ME Gama	✓	✓	✓	✓	✓
RB Patmore (acting Chairperson for the May meeting)	✓	✓	✓	✓	✓
WJ Lategan	#	#	#	#	#
WA Joubert	#	#	#	#	#
PwC	#	#	n/a	#	#
SizweNtsalubaGobodo	#	n/a	n/a	n/a	n/a
Prozilog	n/a	n/a	n/a	n/a	#
I April	#	#	#	#	#
Sponsors (Grindrod)	#	#	n/a	#	#

✓ *Indicates attendance.*
\# *Indicates attendance by invitation.*
× *Indicates non-attendance.*

Independence of the external auditor

The 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 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 2019 financial year.

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

The Committee nominates PwC for re-election at the Annual General Meeting ("AGM") of Calgro M3 Holdings, and Mrs Chantal Marais Roux as the designated partner to perform the functions of external auditor until the 2020 AGM. The Committee has satisfied itself that both PwC and Mrs Marais Roux 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 IV, the Committee has satisfied itself that the Financial Director has appropriate expertise and experience in terms of the JSE Listings Requirements.

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

REPORT OF THE AUDIT AND RISK COMMITTEE (CONTINUED)

Comments on key audit matters, addressed by PwC in its external auditor's report

The external auditors have reported on two key audit matters in respect of their 2019 audit, being:

- Construction contract revenue recognised over-time; and
- Adoption of IFRS 15: *Contracts with Customers*

The key audit matters related to material financial statement line items and required judgement and estimates to be applied by management.

The Committee assessed the methodology, assumptions and judgements applied by management in dealing with the key audit matters.

Furthermore, the Committee discussed the key audit matters with the external auditors to understand their related audit processes and views.

Following our assessment, we were comfortable with the conclusions reached by management and the external auditors.

Financial statements

The Committee reviewed the annual 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.

On behalf of the Audit and Risk Committee



GS Hauptfleisch
Chairman: Audit and Risk Committee

10 May 2019

DIRECTORS' REPORT

The Directors submit their report for the year ended 28 February 2019.

1. Nature of business

Calgro M3 is a property and property-related investment company that is a market leader in the Residential Property Development, Residential Rental Investments and Memorial Parks industries and provides innovative, cost efficient solutions of the highest quality across these product ranges.

These three businesses (segments) are reported along the same turnkey business model that allows for the extraction of value from multiple areas while mitigating risk throughout the process.

The Group's business strategy supports Government's proactive drive, which is expressed in the "Breaking New Ground" initiative aimed at ensuring the formation of sustainable settlements. This is achieved through the integration of various income groups, as well as the provision of socio-amenities such as schools and hospitals, within an integrated residential development.

The operating cycle for inventory, construction contracts and work in progress is considered to be longer than 12 months. The operating cycle is generally between one and 10 years depending on the project size and type, which includes different typologies and infrastructure requirements. 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
Calgro M3 Building
Ballywoods Office Park
33 Ballyclare Drive
Bryanston
2196

Postal address
Private Bag X33
Craighall
2024

2. Financial position

The consolidated and separate financial statements on pages 18 to 108, set out fully the financial position, results of operations and cash flows of the Group and Company for the year ended 28 February 2019 and do not in our opinion require any further comment.

Segmental reporting is set out in note 1 of the financial statements. The Group operates within three distinct segments, namely Residential Property Development, Memorial Parks and Residential Rental Investments.

3. Events after reporting year

On 15 March 2019, the final conditions were met to effect a transaction between the Calgro M3 Group of companies and Afhco Calgro M3 Consortium (Pty) Ltd, Afhco Holdings (Pty) Ltd, SA Retail Properties (Pty) Ltd and SA Corporate Real Estate Limited where the following was agreed between the parties:

	Cash inflow/ (outflow) Impact for Calgro
1. Cancellation of the sale and development agreements for Scottsdene, Fleurhof and Belhar	–
2. The repurchase of units handed over to Afhco Calgro M3 Consortium (Pty) Ltd for Scottsdene and Fleurhof	**(159 962 337)**
3. Purchase of 152 freestanding units from Afhco Calgro M3 Consortium (Pty) Ltd on the South Hills Development	**(163 551 707)**
4. Repayment of the loan granted by the Calgro Group to Afhco Calgro M3 Consortium (Pty) Ltd to purchase units	**252 172 253**
5. Repayment of deposits received from Afhco Calgro M3 Consortium (Pty) Ltd for units being constructed	**(155 135 133)**
6. Sale of La Vie Nouvelle Frail Care Building to SA Retail Properties (Pty) Ltd	**98 544 614**
7. Sale of shares held by the Calgro Group in Afhco Calgro M3 Consortium (Pty) Ltd to Afhco Holdings (Pty) Ltd	**23 944 027**
8. Cash settlement from Calgro for fees	**(11 717)**
9. Listed Bond issued by Calgro M3 Developments Ltd for the remaining balance owing to SA Corporate Real Estate Ltd	**(104 000 000)**

This transaction is only effective in the 2020 financial year and has no impact on the 2019 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 and associate entities

Refer to note 9 for further details of the investments held in associates and joint ventures.

All direct and indirect subsidiary companies are South African-based and are engaged in the three core business segments of the Group.

Particulars of the joint ventures and associates (refer to note 9) and the principal subsidiaries (refer to note 41) are set out in the financial statements.

6. Directors' interest in shares

At the date of this report, the following direct and indirect interests in the Company were held by Directors:

	Direct 2019	Direct 2018	**Indirect 2019**	Indirect 2018
Ordinary shares				
BP Malherbe	**50 069**	1 050 069	**12 500 000**	12 500 000
WJ Lategan	**5 428 228**	5 336 090	**–**	–
WJ Lategan*	**–**	2 294 214	**–**	–
FJ Steyn	**–**	–	**7 734 949**	8 602 622
WA Joubert	**16 000**	16 000	**–**	–
WA Joubert*	**–**	952 562	**–**	–
W Williams	**183 667**	183 667	**86 666**	86 666
W Williams*	**–**	1 084 815	**–**	–
MN Nkuhlu	**3 926**	3 926	**–**	–
MN Nkuhlu*	**–**	2 046 421	**–**	–

** Shares issued as part of the Calgro M3 Executive Share Scheme have service conditions and trading restrictions associated to them and are disclosed as treasury shares until such time when the trading restrictions are lifted. Refer to note 32 for further details on the Calgro M3 Executive Share Scheme. Refer to note 35 for details of the Directors' emoluments. The shares previously issued as a part of the Calgro Executive Share Scheme have been cancelled as at 31 August 2018, therefore the Directors will not have any rights to the shares and they have been returned to Calgro M3 Developments.*

7. Accounting policies

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

8. Authorised and issued share capital

Total number of ordinary shares authorised at 28 February 2019: 500 000 000
Total number of ordinary shares in issue at 28 February 2019: 128 150 069

9. Capital expenditure

Details on capital expenditure are set out in notes 5, 6 and 7 of the financial statements.

10. Dividends

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

11. Going concern

Please refer to note 37 in the consolidated financial statements.

12. Directors

Name	Position	**Date appointed**	Date resigned	**Contract expiry**
Frederik Johannes Steyn	Executive Director	**5 August 2005**		**Three month notice**
Manda Njongonkulu Nkhulu	Executive Director	**1 March 2018**		**Three month notice**
Wayne Williams	Executive Director	**1 June 2015**		**Three month notice**
Willem Adolph Joubert	Finance Director	**1 June 2015**		**Three month notice**
Willem Jakobus Lategan	Chief Executive Officer	**5 August 2008**		**Three month notice**
Ben Pierre Malherbe	Non-Executive	**5 August 2005**		
George Stephanus Hauptfleisch	Independent Non-Executive	**6 June 2018**		
Hatla Ntene	Independent Non-Executive	**12 October 2007**		
Mduduzi Edward Gama	Independent Non-Executive	**10 January 2012**		
Pumla Fundiswa Radebe	Independent Chairperson	**29 June 2007**		
Ralph Bruce Patmore	Independent Non-Executive	**18 January 2011**		
Venete Jarlene Klein	Independent Non-Executive	**1 January 2016**	14 February 2019	

13. Secretary

I April will continue in office in accordance with section 86 of the Companies Act.

As required by section 3.84(i) and (j) of the JSE Listings Requirements, the Board is satisfied that I April has appropriate qualifications, expertise and experience. In addition, the Board had satisfied itself that there is an arm's length relationship with I April, due to the fact that I April is not a Director of the Company.

The address of the secretary is set out below:

Business address
Calgro M3 Building
Ballywoods Office Park
33 Ballyclare Drive
Bryanston
2196

Postal address
Private Bag X33
Craighall
2024

DIRECTORS' REPORT (CONTINUED)

14. Auditors

PricewaterhouseCoopers Inc. will continue in office in accordance with section 90 of the Companies Act 71 of 2008 of South Africa, subject to approval of shareholders at the upcoming annual general meeting. Chantal Marais Roux will be the individual registered auditor who will undertake the audit for the 2020 financial year.

15. Preparer

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

16. Liquidity and solvency

The Directors have performed the required liquidity and solvency tests required by the Companies Act No 71 of 2008. The Directors believe that the Group has adequate financial resources and is liquid and solvent to continue in operation for the foreseeable future. Refer to note 37.

17. 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.

18. Special resolution

At the Annual General Meeting held on 29 June 2018, the following special resolutions were approved:

- General authority to repurchase shares
- Remuneration of Non-Executive Directors
- Authorising general financial assistance
- Amendment to the rules of the Calgro M3 Executive Scheme to increase the limit of the specific financial assistance that the Company may provide to Calgro M3 Executive Scheme participants
- Specific financial assistance in respect of the Calgro M3 Executive Share Incentive Scheme

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

19. Analysis of shareholders

Shareholders' spread analysis as at 28 February 2019:

	Number of shareholders	%	Number of shares	%
Shareholders' spread				
1 – 1 000 shares	**1 088**	**50.72**	**320 206**	**0.25**
1 001 – 10 000 shares	**786**	**36.64**	**2 705 771**	**2.11**
10 001 – 100 000 shares	**212**	**9.89**	**6 168 902**	**4.81**
100 001 – 1 000 000 shares	**43**	**2.00**	**10 301 033**	**8.04**
1 000 001 shares and over	**16**	**0.75**	**108 654 157**	**84.79**
	2 145	**100.00**	**128 150 069**	**100.00**

	Number of shares	%
Distribution of shareholders		
Financial institutions and other corporations	**53 175 663**	**41.49**
Nominee and trusts	**33 763 491**	**26.35**
Empowerment	**25 693 486**	**20.05**
Individuals	**12 836 228**	**10.02**
Private and public companies	**2 681 201**	**2.09**
	128 150 069	**100.00**
Public/non-public shareholders		
Directors and associates of the holding company	**38 382 822**	**29.95**
Public shareholders	**89 767 247**	**70.05**
	128 150 069	**100.00**
Shareholders with an interest of 3% or more in shares		
Pershing LLC	**36 048 081**	**28.13**
Snowball Wealth Pty Ltd	**13 640 445**	**10.64**
BPM Family Trust	**12 000 000**	**9.36**
DNS Trust	**10 010 000**	**7.81**
FJS Trust	**7 734 949**	**6.04**
Mr LCH Chou	**6 200 000**	**4.84**
Mr WJ Lategan	**5 428 228**	**4.24**
Allan Gray Investment Funds	**4 918 407**	**3.84**
	95 980 110	**74.90**
Reconciliation of shares issued in the share register		
Total shares in issue	**147 044 518**	
Less: Treasury shares		
Calgro M3 Employee Benefit Trust	**(5 212 909)**	
Calgro M3 Empowerment Trust	**(5 212 909)**	
Calgro M3 Executive Share Scheme*	**(8 468 631)**	
	128 150 069	

* *The Executive Share Scheme was cancelled effective 31 August 2018, the shares are being held by Calgro M3 Developments Limited to be allocated for future share schemes.*

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Calgro M3 Holdings Limited
Report on the audit of the consolidated and separate financial statements

Our 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 ("the Company") and its subsidiaries (together "the Group") as at 28 February 2019, 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.

What we have audited

Calgro M3 Holdings Limited's consolidated and separate financial statements set out on pages 18 to 108 comprise:

- the consolidated statement of financial position and the separate statement of financial position as at 28 February 2019;
- the consolidated statement of comprehensive income and the separate statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity and separate statement of changes in equity for the year then ended;
- the consolidated statement of cash flows and the separate statement of cash flows for the year then ended;
- the notes to the consolidated financial statements, which include a summary of significant accounting policies; and
- the notes to the company financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and separate financial statements* section of our report.

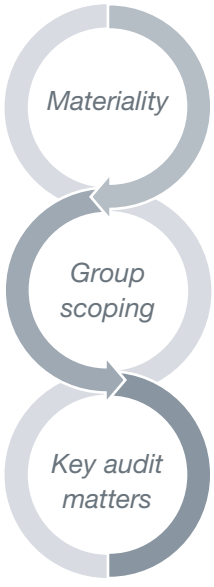
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the *Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors ("IRBA Code")* and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants* (Parts A and B).

Our audit approach

Overview



Overall group materiality

- *Overall group materiality: R7 477 000, which represents 0.75% of consolidated revenue*

Group audit scope

- *The Group comprises 37 subsidiaries, associates and joint ventures (referred to as "components"). We performed full scope audits on 12 components as a result of their financial significance and specified audit procedures over 10 components. The remaining 15 components are considered to be financially inconsequential*

Key audit matters (applicable to the consolidated financial statements only)

- *Adoption of IFRS 15:* Revenue from Contracts with Customers
- *Construction contract revenue recognised over time*

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and separate financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall group materiality	*R7 477 000*
How we determined it	*0.75% of consolidated revenue*
Rationale for the materiality benchmark applied	*We have selected consolidated revenue as our materiality benchmark because, in our view, it best reflects the true operational performance of the Group and it is a benchmark against which the performance of the Group is most commonly measured by its users.* *We chose 0.75% based on our professional judgement, after consideration of the range of quantitative materiality thresholds that we would typically apply when using revenue to compute materiality and taking into account the level of debt within the Group and the cyclical nature of the construction industry.*

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group consists of 37 subsidiaries, associates and joint ventures (referred to as “components”). We performed full scope audits on 12 of these components due to their financial significance, specified procedures on 10 components as a result of significant account balances and transactions within these components, and the remaining 15 components represent insignificant subsidiaries, associates and joint ventures for group scoping purposes. Analytical review procedures were performed on these insignificant components. The significant components are all located in South Africa, representing the Group’s principal place of business.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters in respect of the separate financial statements to communicate in our report.

Key audit matter	How our audit addressed the key audit matter

Adoption of IFRS 15: *Revenue from Contracts with Customers*

The Group adopted IFRS 15: *Revenue from Contracts with Customers* ("IFRS 15") for the first time in the 2019 reporting period, applying the modified retrospective restatement method.

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

The core principle of IFRS 15 is "to recognise 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". IFRS 15 establishes a five-step model that should be applied to revenue earned from a contract with a customer.

IFRS 15 requires each contract to be assessed against the five-step model. This model includes the identification of a contract with the customer, the performance obligations within the contracts, identification and allocation of the transaction price and the recognition of revenue either over time or at a point in time.

Management assessed the impact of this new accounting standard for each of its contract types (refer to note 19: Revenue to the consolidated financial statements).

The application of IFRS 15 has resulted in a fundamental change in the method and timing of revenue recognised for the Group's integrated residential property developments which are core revenue generators of the business.

Under IFRS 15, the timing of revenue recognition has changed from recognising revenue as a percentage of completion of the development as well as recognising a blended margin for the project as a whole to recognising revenue either over time or at a point in time for each contract type, at the individual contract margins being recognised within the integrated development.

This has resulted in a R318 million adjustment to opening retained earnings. Refer to the following notes to the consolidated financial statements:

- Note 2.6.1: Impact on the financial statements; and
- Note 2.6.2: Impact of adoption of IFRS 15: *Revenue from Contracts with Customers*.

The adoption of IFRS 15 is considered to be an area of most significance in our audit of the current year due to the complexity of applying the standard to the Group's contracts as well as the significant judgement involved in the cost allocation pertaining to construction contracts.

Our audit procedures included, inter alia, obtaining management's assessment of the impact of IFRS 15 on a sample of the contract types identified by management. We performed an analysis of the construction activity within an integrated development project to identify the various construction contracts within such a development.

The following procedures were performed over the accounting for the transition to IFRS 15:

- Using our accounting expertise, we reviewed the underlying contracts for a sample of different contract types to evaluate the implementation of the new accounting standard;
- Agreed management's assessment of the impact of IFRS 15 on a sample of the contract types to audited contract feasibilities and work in progress calculations, and noted no significant variances;
- Recalculated management's assessment for mathematical accuracy and noted no material differences;
- Held discussions with management on their judgements made in arriving at the assumptions and estimates applied in the assessment of cost allocations to the construction contracts and assessed the reasonability thereof.

Key audit matter	How our audit addressed the key audit matter

Construction contract revenue recognised over time

The Group has significant long-term construction contracts within the "Residential Property Development" operating segment.

Revenue recognised over time comprises more than 88% of the Group's total revenue (refer to note 1: Segment information of the consolidated financial statements). For contracts accounted for over time, the stage of completion is used to determine the revenue to be recognised in the financial statements. This is calculated based on the proportion of actual costs to the total contract costs over the life of the contract. In determining the stage of completion, the Group estimates the cost of construction services and activities to be performed at the statement of financial position date.

Due to the high level of judgement and estimation required in determining the revenue recognised over time and in turn, the stage of completion, we considered the accounting for construction contracts over time to be a matter of most significance in our audit of the current year. Refer to the following notes to the consolidated financial statements:

- Note 2.4: Significant estimates and judgements; and
- Note 19: Revenue.

Our audit procedures, inter alia, comprised a combination of internal control assessments over contract-related procurement and payroll expenditure, and substantive audit procedures.

Our internal financial control tests consisted mainly of three way match and payment pack testing:

- Three way match testing was performed on a sample of transactions to determine whether those transactions are supported by a purchase order, invoice, receiving document and/or progress certificate.
- The payment pack testing was performed on a sample of transactions to determine whether payments to subcontractors were authorised by the appropriate level of management and supported by valid underlying third-party documents.
- Net pay of salaries and wages was tested for a sample of pay runs to determine whether the required approvals and authorisations were obtained before payments were made.

We selected a sample of contracts on which detailed substantive testing procedures were performed. Our sample was selected based on a combination of risk and monetary thresholds. This included high-value contracts and assessing whether there were any significant lossmaking contracts or contracts with significant claims.

Audit procedures performed in assessing the appropriateness of estimates and judgements applied by management, in determining the stage of completion of the selected contracts, included the following:

- Discussions with management and quantity surveyors regarding the status of the selected contracts;
- Verified a sample of actual costs incurred to supporting documentation, with no significant variances noted;
- Evaluated and tested management's cost and revenue estimation process in accordance with the principles of IFRS 15, as described in note 19: Revenue of the consolidated financial statements, by gaining an understanding of the budgeting process and significant assumptions applied by management. This involved having detailed discussions with knowledgeable individuals of the management team, corroborating management's assumptions to underlying contracts, quotations, internal assessments performed by experts (such as town planners and quantity surveyors) and comparing past assumptions to historical data. No material variances were noted from the testing performed;
- Recalculated the stage of completion of the contract based on the actual costs incurred to date as a percentage of the total estimated contracted costs, with no material variances noted; and
- Recalculated the construction contract revenue recognised based on the recalculated stage of completion of the contract, with no material variances noted.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Other information

The directors are responsible for the other information. The other information comprises the information included in the Calgro M3 Integrated Annual Report 2019, which includes the Directors' Report, the Report of the Audit and Risk Committee and the Certification of the Company Secretary as required by the Companies Act of South Africa. Other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the 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.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that PricewaterhouseCoopers Inc. has been the auditor of Calgro M3 Holdings Limited for 12 years.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: C Marais Roux
Registered Auditor

Waterfall City
10 May 2019

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

for the year ended 28 February 2019

	Notes	2019	2018
ASSETS			
Non-current assets			
Investment property	5	**14 019 768**	8 878 835
Property, plant and equipment	6	**12 173 346**	6 162 697
Intangible assets	7	**159 676 781**	159 663 860
Investments	8	**11 089 608**	–
Investment in joint ventures and associates	9	**153 006 235**	41 908 822
Deferred income tax asset	10	**43 354 750**	23 999 056
		393 320 488	240 613 270
Current assets			
Loans to joint ventures and associates	11	**311 393 438**	143 422 183
Inventories	12	**568 498 000**	554 397 497
Current tax receivable		**2 538 268**	16 599 506
Construction contracts	13	**1 279 072 872**	1 820 973 990
Trade and other receivables	14	**233 818 424**	293 739 145
Cash and cash equivalents	15	**122 632 997**	156 722 935
		2 517 953 999	2 985 855 256
Total assets		**2 911 274 487**	3 226 468 526
EQUITY AND LIABILITIES			
Equity			
Equity attributable to owners of the parent			
Stated capital	16	**116 255 971**	116 255 971
Share-based payment reserve	32	**–**	74 056 311
Retained income		**690 054 102**	977 014 965
		806 310 073	1 167 327 247
Non-controlling interests	30	**277 638**	355 011
Total equity		**806 587 711**	1 167 682 258
Liabilities			
Non-current liabilities			
Deferred income tax liability	10	**214 300 153**	354 283 263
		214 300 153	354 283 263
Current liabilities			
Borrowings	17	**969 195 006**	889 596 522
Loans from joint ventures and associates	11	**23 000 000**	–
Current income tax liabilities		**1 912 518**	22 652
Trade and other payables	18	**896 279 099**	814 883 831
		1 890 386 623	1 704 503 005
Total liabilities		**2 104 686 776**	2 058 786 268
Total equity and liabilities		**2 911 274 487**	3 226 468 526

The notes on pages 22 to 95 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 28 February 2019

	Notes	2019	2018
Revenue	19	**997 064 528**	1 742 602 162
Cost of sales	20, 22	**(868 374 481)**	(1 472 512 887)
Gross profit		**128 690 047**	270 089 275
Other income	21	**36 538 480**	12 921 627
Administrative expenses	22	**(186 013 859)**	(131 774 832)
Other expenses	22	**(929 221)**	(1 310 074)
Impairment losses on financial and contract assets	23	**(7 189 512)**	–
Operating (loss)/profit		**(28 904 065)**	149 925 996
Finance income	24	**50 005 032**	28 956 566
Finance costs	25	**(59 365 719)**	(16 687 428)
Share of profit of joint ventures and associates – net of tax	9	**14 188 053**	9 560 505
(Loss)/profit before tax		**(24 076 699)**	171 755 639
Taxation	28	**25 304 411**	(50 948 964)
Profit after taxation		**1 227 712**	120 806 675
Other comprehensive income		**–**	–
Total comprehensive income		**1 227 712**	120 806 675
Profit after taxation and other comprehensive income attributable to:			
– Owners of the parent		**3 240 735**	120 350 383
– Non-controlling interests		**(2 013 023)**	456 292
		1 227 712	120 806 675
Earnings per share for profit attributable to the equity holders of the Company during the year (expressed in cents per share)			
– basic	36	**2.53**	93.91
– diluted	36	**2.48**	92.00

The notes on pages 22 to 95 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 28 February 2019

	Stated capital	Share-based payment reserve[2]	Retained income	Total	Non-controlling interests[1]	Total equity
Balance at 1 March 2017	116 255 971	60 847 268	846 079 473	1 023 182 712	(101 281)	1 023 081 431
Share-based payment expense	–	23 794 152	–	23 794 152	–	23 794 152
Cancellation of executive share scheme participant[2]	–	(10 585 109)	10 585 109	–	–	–
Comprehensive income						
Profit for the period	–	–	120 350 383	120 350 383	456 292	120 806 675
Other comprehensive income	–	–	–	–	–	–
Total comprehensive income	–	–	120 350 383	120 350 383	456 292	120 806 675
Balance at 28 February 2018	116 255 971	74 056 311	977 014 965	1 167 327 247	355 011	1 167 682 258
Balance at 1 March 2018	**116 255 971**	**74 056 311**	**977 014 965**	**1 167 327 247**	**355 011**	**1 167 682 258**
Investment in Calgro M3 Memorial Parks eliminated to equity[3]	**–**	**–**	**(56 690 715)**	**(56 690 715)**	**1 935 650**	**(54 755 065)**
IFRS 15 opening balance adjustment to equity[4]	**–**	**–**	**(318 004 388)**	**(318 004 388)**	**–**	**(318 004 388)**
IFRS 9 opening balance adjustment to equity[4]	**–**	**–**	**(32 945 553)**	**(32 945 553)**	**–**	**(32 945 553)**
Share-based payment expense	**–**	**43 992 366**	**–**	**43 992 366**	**–**	**43 992 366**
Share-based payment reserve released to retained earnings	**–**	**(118 048 677)**	**118 048 677**	**–**	**–**	**–**
Dividend declared[5]	**–**	**–**	**(609 619)**	**(609 619)**	**–**	**(609 619)**
Comprehensive income						
Profit/(loss) for the year	**–**	**–**	**3 240 735**	**3 240 735**	**(2 013 023)**	**1 227 712**
Other comprehensive income	**–**	**–**	**–**	**–**	**–**	**–**
Total comprehensive income/ (expense)	**–**	**–**	**3 240 735**	**3 240 735**	**(2 013 023)**	**1 227 712**
Balance at 28 February 2019	**116 255 971**	**–**	**690 054 102**	**806 310 073**	**277 638**	**806 587 711**
Notes	16	32			30	

1. *This relates to the shareholding of the subsidiaries, Calgro M3 Memorial Parks (Pty) Ltd, Belhar Calgro M3 Developments Company (Pty) Ltd, Holm Jordaan GWA (Pty) Ltd, Calgro M3 Procurement Services (Pty) Ltd and Calgro M3 Contractors (Pty) Ltd where the Calgro M3 Group does not hold 100% of the shareholding.*
2. *Refer to note 32 for further details regarding the Calgro M3 Executive Share Scheme.*
3. *This relates to the remaining shareholding purchased in Calgro M3 Memorial Parks Nasrec (Pty) Ltd. Refer to note 30 for further details.*
4. *This relates to the adjustment for the adoption of IFRS 15 and IFRS 9 standards in the current financial year. Refer to note 2.6.1.*
5. *The dividend is payable to the Calgro M3 Educational Trust, which is not consolidated into the Group as the Group does not have control of the Trust.*

The notes on pages 22 to 95 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 28 February 2019

	Notes	2019	2018
Cash generated from/(utilised in) operating activities			
Cash generated from/(utilised in) operations	27	**298 290 312**	(205 838 542)
Finance income received		**10 647 074**	6 686 410
Finance cost paid		**(115 459 090)**	(75 746 785)
Tax refunded/(paid)	28	**8 604 779**	(1 478 278)
Net cash generated from/(utilised in) operating activities		**202 083 075**	(276 377 195)
Cash flows invested in investing activities			
Purchase of investment property		**(50 946)**	(2 360 135)
Purchase of property, plant and equipment		**(2 802 835)**	(1 579 093)
Purchase of intangible assets		**(38 760)**	(6 941)
Proceeds on disposals of property, plant and equipment		**–**	242 748
Investments in joint venture and associates	9	**(119 793 746)**	(10 000 000)
Acquisition of business	29	**(25 500 000)**	(2 500 000)
Acquisition of subsidiary		**–**	51 933
Loans advanced to joint ventures and associates	11	**(149 974 273)**	(113 381 108)
Net cash invested in investing activities		**(298 160 560)**	(129 532 596)
Cash flows from financing activities			
Proceeds from borrowings	17	**273 000 000**	516 000 000
Repayment of borrowings	17	**(193 000 000)**	(192 000 000)
Loans received from joint ventures and associates	11	**23 000 000**	–
Equity paid back[1]		**(25 112 453)**	(2 132 431)
Transactions with non-controlling interest[2]		**(15 900 000)**	–
Net cash from financing activities		**61 987 547**	321 867 569
Net (decrease)/increase in cash and cash equivalents		**(34 089 938)**	(84 042 222)
Cash and cash equivalents at the beginning of the year		**156 722 935**	240 765 157
Cash and cash equivalents at the end of the year	15	**122 632 997**	156 722 935

1. Cash paid back to participants for the subscription of shares issued under the Calgro M3 Executive Share Scheme. Refer to note 32 for further details.
2. Cash paid for the purchase of the remaining portion of shares in Calgro M3 Memorial Parks Nasrec (Pty) Ltd. Refer to note 30 for further details.

The notes on pages 22 to 95 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 28 February 2019

1. Segment information

The appointed Chief Operating Decision Maker ("CODM") within the Calgro M3 Group is the Group's Executive Committee ("Exco"). It is Exco's responsibility to meet on a regular basis (through weekly meetings and more frequently if required) and determine the strategy for the Group, set and review budgets, allocate group resources to the operating segments and assess the performance of the operating segments.

At Exco meetings, summarised feedback on the segments are provided by management of the different operational activities within the Group.

The CODM manages the group activities in three distinct segments namely:

- Residential Property Development
- Memorial Parks
- Residential Rental Investments

The operation of the Residential Property Development segment, encompasses the following product range: mid to high income housing, as well as the development of integrated developments. Integrated developments comprise affordable housing, Grassroots affordable people's homes ("GAP"), Finance linked individual subsidy programme ("FLISP") and rental housing, social housing, Community Residential Units ("CRU") housing, as well as Breaking New Ground ("BNG") fully subsidised housing. The Group's customer base includes the Government, financial institutions and the general public.

The Group's products relating to the Memorial Parks segment consist of burial rights and the associated burial and maintenance services.

The Residential Rental Investments segment consists of real estate investments to service the more affordable rental market in South Africa.

The segmental information provided to Exco for the year ended 28 February 2019 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, have been disclosed in note 9.

A large portion of Residential Property Developments done by the Group is done through joint venture and associate arrangements. The joint ventures or associates sub contract the Residential Property Development segment 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.

The Group's financial performance was impacted by the construction of units for the Afhco Calgro M3 Consortium (REIT JV), in which Calgro M3 has a 49% shareholding. The Group's shareholding in the REIT JV resulted in 49% of the development profit (construction and other services) being eliminated on consolidation as an unrealised profit, as prescribed by International Financial Reporting Standards (IFRS). This unrealised profit is carried on the balance sheet until realised in future financial years, once the units are completed, tenanted and the portfolio is revalued.

The impact of this unrealised profit is material to the financial performance and necessitated the CODM to institute new metrics to measure operational performance between reporting years. Although this is a non-IFRS metric, this further provides the CODM and stakeholders with indication of Group performance which is consistent between years. The two pertinent metrics are described below:

- **Core earnings per share ("Core EPS")** – earnings per share before elimination of realised/unrealised profits from development of units to the REIT JV
- **Core headline earnings per share ("Core HEPS")** – headline earnings per share before elimination of realised/unrealised profits from development of units to the REIT JV

1. Segment information (continued)

	2019	2018
(Realised)/unrealised profit reconciliation		
Reversal of unrealised profit before tax that realised in the current year#	**(41 956 195)**	–
Reversal of unrealised profit adjustment before tax#	**8 849 044**	88 012 186
Income tax at 28%	**9 270 003**	(24 643 412)
Reversal of realised/(unrealised) profit adjustment after tax	**(23 837 148)**	63 368 774
Unrealised losses on share of profits in joint ventures and associates that realised in the current year# (refer to note 9)	**3 237 143**	4 999 225
Total (realised)/unrealised profit adjustment	**(20 600 005)**	68 367 999
Core earnings per share		
Profit attributable to shareholders (refer to note 36)	**3 240 735**	120 350 383
(Deduct)/add: (Realised)/unrealised profit (net of tax and share of profits of JVs)#	**(20 600 005)**	68 367 999
Core (loss)/profit attributable to owners of parent ("Core Earnings")	**(17 359 270)**	188 718 382
Weighted average number of ordinary shares in issue (refer to note 36)	**128 150 069**	128 150 069
Core earnings per share (cents per share)	**(13.55)**	147.26
Core headline earnings per share		
(Loss)/profit used to determine headline earnings per share (refer to note 36)	**(24 359 642)**	115 490 468
(Deduct)/add: (Realised)/unrealised profit (net of tax and share of profits of JVs)#	**(20 600 005)**	68 367 999
Core headline (loss)/profit attributable to owners of parent ("core headline earnings")	**(44 959 647)**	183 858 466
Weighted average number of ordinary shares in issue (refer to note 36)	**128 150 069**	128 150 069
Core headline earnings per share (cents per share)	**(35.08)**	143.47

 # The unrealised profit adjustment consists of profits that are generated on the development/construction of units to the Afhco Calgro M3 Consortium (Pty) Ltd (REIT JV), in which Calgro M3 has a 49% shareholding that is eliminated on consolidation.

	Residential Property Development	Memorial Parks	Residential Rental Investments	Holding Company/ unallocated*	Total
2019					
Total segment revenue	**976 144 785**	**20 919 743**	**–**	**–**	**997 064 528**
Fleurhof Project	**328 778 231**	**–**	**–**	**–**	**328 778 231**
Jabulani Project	**51 182 450**	**–**	**–**	**–**	**51 182 450**
Witpoortjie Calgro M3 Development Company (Pty) Ltd	**30 813 037**	**–**	**–**	**–**	**30 813 037**
South Hills Development Company (Pty) Ltd	**311 934 682**	**–**	**–**	**–**	**311 934 682**
Belhar Project	**141 432 832**	**–**	**–**	**–**	**141 432 832**
Third parties	**112 003 553**	**20 919 743**	**–**	**–**	**132 923 296**
Combined revenue*	**1 260 672 163**	**20 919 743**	**–**	**–**	**1 281 591 906**
Total segment revenue	**976 144 785**	**20 919 743**	**–**	**–**	**997 064 528**
Revenue of joint ventures and associates	**284 527 378**	**–**	**–**	**–**	**284 527 378**
Witpoortjie Calgro M3 Development Company (Pty) Ltd	**17 087 540**	**–**	**–**	**–**	**17 087 540**
South Hills Development Company (Pty) Ltd	**267 439 838**	**–**	**–**	**–**	**267 439 838**

** 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 eliminations. Refer to note 9 for details on revenue attributable to joint ventures and associates.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the year ended 28 February 2019

1. Segment information (continued)

	Residential Property Development	Memorial Parks	Residential Rental Investments	Holding Company/ unallocated*	Total
Gross revenue	976 144 785	20 919 743	–	–	997 064 528
Point in time	95 137 962	18 875 119	–	–	114 013 081
Over time	881 006 823	2 044 624	–	–	883 051 447
Revenue	976 144 785	20 919 743	–	–	997 064 528
Gross revenue	943 037 634	20 919 743	–	–	963 957 377
Reversal of unrealised profit realised adjustment#	41 956 195	–	–	–	41 956 195
Reversal of unrealised profit adjustment#	(8 849 044)	–	–	–	(8 849 044)
Cost of sales	(861 396 493)	(6 977 988)	–	–	(868 374 481)
Gross profit	114 748 292	13 941 755	–	–	128 690 047
Other income	2 750 425	6 187 178	–	27 600 877	36 538 480
Administrative expenses	(126 102 802)	(11 312 357)	(17 500)	(48 581 200)	(186 013 859)
Impairment losses on financial and contract assets	(7 189 512)	–	–	–	(7 189 512)
Other expenses	(929 221)	–	–	–	(929 221)
Operating (loss)/profit	(16 722 818)	8 816 576	(17 500)	(20 980 323)	(28 904 065)
Finance income	28 972 737	98 850	19 491 030	1 442 415	50 005 032
Finance costs◇	(30 712 278)	(10 215 694)	(18 437 745)	(2)	(59 365 719)
Share of profit/(loss) of associates/joint venture – net of tax	14 696 464	–	(508 411)	–	14 188 053
(Loss)/profit before tax	(3 765 895)	(1 300 268)	527 374	(19 537 910)	(24 076 699)
Taxation	8 298 343	3 021 533	1 140 271	12 844 264	25 304 411
Profit/(loss) after taxation	4 532 448	1 721 265	1 667 645	(6 693 646)	1 227 712
Other comprehensive income	–	–	–	–	–
Total comprehensive income/(expense)	4 532 448	1 721 265	1 667 645	(6 693 646)	1 227 712
Profit after taxation and other comprehensive income attributable to:					
– Owners of the parent	6 545 471	1 721 265	1 667 645	(6 693 646)	3 240 735
– Non-controlling interests	(2 013 023)	–	–	–	(2 013 023)
	4 532 448	1 721 265	1 667 645	(6 693 646)	1 227 712
Non-current assets					
Investment property	–	14 019 768	–	–	14 019 768
Property, plant and equipment	3 272 952	8 900 394	–	–	12 173 346
Intangible assets	158 981 977	694 804	–	–	159 676 781
Investments	–	11 089 608	–	–	11 089 608
Investment in joint ventures and associates	33 212 488	–	119 793 747	–	153 006 235
Deferred income tax asset	21 430 173	2 014 813	1 942 495	17 967 269	43 354 750
	216 897 590	36 719 387	121 736 242	17 967 269	393 320 488

* *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 eliminations. Refer to note 9 for details on revenue attributable to joint ventures and associates.*

\# *The unrealised profit adjustment consists of profits that are generated on the development/construction of units to the Afhco Calgro M3 Consortium (Pty) Ltd (REIT JV), in which Calgro M3 has a 49% shareholding that is eliminated on consolidation.*

◇ *The Group allocated borrowings proportionally to each segment based on the total assets per segment in the current year.*

1. Segment information (continued)

	Residential Property Development	Memorial Parks	Residential Rental Investments	Holding Company/ unallocated*	Total
Current assets					
Loans to joint ventures and associates	39 194 324	–	272 199 114	–	311 393 438
Inventories	398 577 530	169 920 470	–	–	568 498 000
Current tax receivable	1 590 935	–	671 022	276 311	2 538 268
Construction contracts	1 279 072 872	–	–	–	1 279 072 872
Trade and other receivables	228 439 992	5 351 403	2 625	24 404	233 818 424
Cash and cash equivalents	115 572 312	6 488 209	–	572 476	122 632 997
	2 062 447 965	181 760 082	272 872 761	873 191	2 517 953 999
Total assets	2 279 345 555	218 479 469	394 609 003	18 840 460	2 911 274 487
Liabilities					
Non-current liabilities					
Deferred income tax liability	219 836 955	3 320 314	–	(8 857 116)	214 300 153
	219 836 955	3 320 314	–	(8 857 116)	214 300 153
Current liabilities					
Borrowings◇	764 732 071	72 896 337	131 566 596	–	969 195 004
Loans from joint ventures and associates	23 000 000	–	–	–	23 000 000
Current income tax liabilities	1 593 322	341 696	–	(22 500)	1 912 518
Trade and other payables	820 915 583	73 971 779	–	1 391 736	896 279 098
	1610 240 976	147 209 812	131 566 596	1 369 236	1 890 386 620
Total liabilities	1 830 077 931	150 530 126	131 566 596	(7 487 880)	2 104 686 773

* *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 eliminations. Refer to note 9 for details on revenue attributable to joint ventures and associates.*

◇ *The Group allocated borrowings proportionally to each segment based on the total assets per segment in the current year.*

Any items that cannot be allocated to specific segments are indicated as Holding Company/unallocated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the year ended 28 February 2019

1. Segment information (continued)

	Residential Property Development	Memorial Parks	Residential Rental Investments	Holding Company/ unallocated*	Total
2018					
Total segment revenue	1 729 998 215	12 603 947	–	–	1 742 602 162
Fleurhof Project	530 838 879	–	–	–	530 838 879
Jabulani Project	167 150 653	–	–	–	167 150 653
Witpoortjie Calgro M3 Development Company (Pty) Ltd	47 342 527	–	–	–	47 342 527
South Hills Development Company (Pty) Ltd	433 560 555	–	–	–	433 560 555
Belhar Project	310 020 058	–	–	–	310 020 058
Third parties	241 085 542	12 603 947	–	–	253 689 489
Combined revenue*	2 309 890 477	12 603 947	–	–	2 322 494 424
Total segment revenue	1 729 998 215	12 603 947	–	–	1 742 602 162
Revenue of joint ventures and associates	579 892 262	–	–	–	579 892 262
Witpoortjie Calgro M3 Development Company (Pty) Ltd	39 314 391	–	–	–	39 314 391
South Hills Development Company (Pty) Ltd	540 577 871	–	–	–	540 577 871
Gross revenue	1 729 998 215	12 603 947	–	–	1 742 602 162
Point in time	4 866 583	11 461 877	–	–	16 328 460
Over time	1 725 131 632	1 142 070	–	–	1 726 273 702
Revenue	1 729 998 215	12 603 947	–	–	1 742 602 162
Gross revenue	1 818 010 401	12 603 947	–	–	1 830 614 348
Reversal of unrealised profit adjustment#	(88 012 186)	–	–	–	(88 012 186)
Cost of sales	(1 465 064 495)	(7 448 392)	–	–	(1 472 512 887)
Gross profit	264 933 720	5 155 555	–	–	270 089 275
Other income	11 178 583	1 743 044	–	–	12 921 627
Administrative expenses	(126 248 289)	(1 186 892)	–	(4 339 651)	(131 774 832)
Other expenses	(1 310 074)	–	–	–	(1 310 074)
Operating profit	148 553 940	5 711 707	–	(4 339 651)	149 925 996
Finance income	28 922 307	27 960	–	6 299	28 956 566
Finance costs◇	(15 587 290)	(1 100 136)	–	(2)	(16 687 428)
Share of profit/(loss) of associates/joint venture – net of tax	9 052 094	–	508 411	–	9 560 505
Profit before tax	170 941 051	4 639 531	508 411	(4 333 354)	171 755 639
Taxation	(52 264 429)	1 575 310	–	(259 845)	(50 948 964)
Profit after taxation	118 676 622	6 214 841	508 411	(4 593 199)	120 806 675
Other comprehensive income					
Total comprehensive income	118 676 622	6 214 841	508 411	(4 593 199)	120 806 675
Profit after taxation and other comprehensive income attributable to:					
– Owners of the parent	117 880 609	6 554 562	508 411	(4 593 199)	120 350 383
– Non-controlling interests	796 013	(339 721)	–	–	456 292
	118 676 622	6 214 841	508 411	(4 593 199)	120 806 675

* *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 eliminations. Refer to note 9 for details on revenue attributable to joint ventures and associates.*

\# *The unrealised profit adjustment consists of profits that are generated on the development/construction of units to the Afhco Calgro M3 Consortium (Pty) Ltd (REIT JV), in which Calgro M3 has a 49% shareholding that is eliminated on consolidation.*

◇ *The Group allocated borrowings proportionally to each segment based on the total assets per segment in the current year.*

1. Segment information (continued)

	Residential Property Development	Memorial Parks	Residential Rental Investments	Holding Company/ unallocated*	Total
2018					
Non-current assets					
Investment property	–	8 878 835	–	–	8 878 835
Property, plant and equipment	3 608 015	2 554 682	–	–	6 162 697
Intangible assets	158 969 056	694 804	–	–	159 663 860
Investment in joint ventures and associates	41 400 411	–	508 411	–	41 908 822
Deferred income tax asset	22 042 141	1 290 580	666 335	–	23 999 056
	226 019 623	13 418 901	1 174 746	–	240 613 270
Current assets					
Loans to joint ventures and associates	41 092 059	–	102 330 124	–	143 422 183
Inventories	423 642 093	130 755 404	–	–	554 397 497
Current tax receivable	16 484 054	32 241	–	83 211	16 599 506
Construction contracts	1 820 973 990	–	–	–	1 820 973 990
Trade and other receivables	287 782 932	5 482 035	450 685	23 493	293 739 145
Cash and cash equivalents	152 897 545	2 825 185	–	1 000 205	156 722 935
	2 742 872 673	139 094 865	102 780 809	1 106 909	2 985 855 256
Total assets	2 968 892 296	152 513 766	103 955 555	1 106 909	3 226 468 526
Liabilities					
Non-current liabilities					
Deferred income tax	354 283 263	–	–	–	354 283 263
	354 283 263	–	–	–	354 283 263
Current liabilities					
Borrowings◇	271 426 074	–	–	618 170 448	889 596 522
Current income tax liabilities	22 652	–	–	–	22 652
Trade and other payables	787 199 020	25 946 826	–	1 737 985	814 883 831
	1 058 647 746	25 946 826	–	619 908 433	1 704 503 005
Total liabilities	1 412 931 009	25 946 826	–	619 908 433	2 058 786 268

◇ *The Group allocated borrowings proportionally to each segment based on the total assets per segment in the current year.*

Any items that cannot be allocated to specific segments are indicated as Holding Company/unallocated.

2. General information

Calgro M3 Holdings Limited (the "Company") and its subsidiaries, joint ventures and associates (together "the Group") is a property and property-related investment company that is a market leader in the Residential Property Development, Residential Rental Investments and Memorial Parks industries and provides innovative, cost efficient solutions of the highest quality across these product ranges. The Group's turnkey business model provides the Group with a key differentiator: the capability to fulfil delivery, from conceptualisation to hand over to the end-user.

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

2.1 Summary of significant accounting policies

The most significant accounting policies have been presented next to the relevant notes in these financial statements. The remainder of the accounting policies not relating to a specific note is dealt with in the section below. All policies except for IFRS 15 and IFRS 9 have been consistently applied to all the years presented.

2.2 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, except as disclosed in the principle accounting policies below.

2.3 Working capital cycle

The operating cycle for inventory, construction contracts and work in progress is considered to be longer than 12 months. The operating cycle is generally between one and 10 years depending on the project size and type, which includes different typologies and infrastructure requirements. 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.

2.4 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 7
Assessment of joint control	Note 9
Land under development held for sale	Note 12
Impairment of financial assets	Note 2.6.5.1
Percentage of completion for construction revenue	Note 19
Scope of construction agreements	Note 19
Share-based payments	Note 32
Working capital cycle	Note 2.3

2. General information (continued)

2.5 New standards and interpretations

There were a number of new standards and interpretations effective and adopted in the current year. The adoption of IFRS 15 and IFRS 9 had a significant impact on the Group. No significant impact was noted on the other standards. Refer to note 2.6 for the impact on the adoption of IFRS 15 and IFRS 9.

Topic	Key requirements	Effective date
IFRS 15: *Revenue from Contracts with Customers*	The FASB and IASB issued their long awaited converged standard on revenue recognition on 29 May 2014. It is a single, comprehensive revenue recognition model for all contracts with customers to achieve greater consistency in the recognition and presentation of revenue. Revenue is recognised based on the satisfaction of performance obligations, which occurs when control of good or service transfers to a customer.	01 January 2018
Amendment to IFRS 15: *Revenue from Contracts with Customers*	The IASB has amended IFRS 15 to clarify the guidance, but there were no major changes to the standard itself. The amendments comprise clarifications of the guidance on identifying performance obligations, accounting for licences of intellectual property and the principal versus agent assessment (gross versus net revenue presentation). New and amended illustrative examples have been added for each of these areas of guidance. The IASB has also included additional practical expedients related to transition to the new revenue standard.	01 January 2018 published April 2016
IFRS 9: *Financial Instruments (2009 and 2010)* ▸ Financial liabilities ▸ Derecognition of financial instrument ▸ Financial assets ▸ General hedge accounting	This IFRS is part of the IASB's project to replace IAS 39. IFRS 9 addresses classification and measurement of financial assets and replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortised cost and fair value. The IASB has updated IFRS 9: *Financial Instruments* to include guidance on financial liabilities and derecognition of financial instruments. The accounting and presentation for financial liabilities and for derecognising financial instruments has been relocated from IAS 39: *Financial Instruments: Recognition and Measurement*, without change, except for financial liabilities that are designated at fair value through profit or loss.	01 January 2018
Amendments to IFRS 2: *Share-Based Payments*	This amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority.	01 January 2018
Annual improvements for IFRS 2014 to 2016 cycle	Each of the amendments are summarised below: ▸ IFRS 1: *First-time adoption of IFRS*, regarding the deletion of short-term exemptions for first-time adopters regarding IFRS 7, IAS 19, and IFRS 10 effective 1 January 2019. ▸ IAS 28: *Investments in Associates and Joint Ventures* regarding measuring an associate or joint venture at fair value. IAS 28 allows venture capital organisations, mutual funds, unit trusts and similar entities to elect measuring their investments in associates or joint ventures at fair value through profit or loss ("FVTPL"). The Board clarified that this election should be made separately for each associate or joint venture at initial recognition. Effective 1 January 2019.	01 January 2018

2. General information (continued)

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 2019 year-end.

The initial assessment by management is that the impact of these standards and interpretations, with the exception of IFRS 16, will be immaterial.

Topic	Key requirements	Effective date
Amendments to IFRS 10: *Consolidated Financial Statements* and IAS 28: *Investments in Associates and Joint Ventures* on sale or contribution of assets	The postponement applies to changes introduced by the IASB in 2014 through narrow-scope amendments to IFRS 10: *Consolidated Financial Statements* and IAS 28: *Investments in Associates and Joint Ventures*. Those changes affect how an entity should determine any gain or loss it recognises when assets are sold or contributed between the entity and an associate or joint venture in which it invests. The changes do not affect other aspects of how entities account for their investments in associates and joint ventures. The reason for making the decision to postpone the effective date is that the IASB is planning a broader review that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.	Effective Date postponed (Initially 01/01/2016)
Amendments to IAS 28: *Investments in Associates and Joint ventures* – long-term interests in associates and joint ventures	The amendments clarified that companies account for long-term interests in an associate or joint venture, to which the equity method is not applied, using IFRS 9. The amendments are effective from 1 January 2019, with early application permitted.	01 January 2019 published October 2017
Annual improvements cycle 2015-2017	These amendments include minor changes to: ▸ IFRS 3: *Business Combination* – a company remeasures its previously held interest in a joint operation when it obtains control of the business. ▸ IFRS 11: *Joint Arrangements* – a company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business. ▸ IAS 12: *Income Taxes* – The amendment clarified that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised. ▸ IAS 23: *Borrowing Costs* – a company treats as part of general borrowings consequences of dividends on financial instruments classified as equity originally made to develop an asset when the asset is ready for its intended use or sale.	01 January 2019 published December 2017
IFRIC 23: *Uncertainty Over Income Tax Treatments*	IFRIC 23 provides a framework to consider, recognise and measure the accounting impact of tax uncertainties. The Interpretation provides specific guidance in several specific areas where previously IAS 12 was silent. The Interpretation also explains when to reconsider the accounting for a tax uncertainty. Most entities will have developed a model to account for tax uncertainties in the absence of specific guidance in IAS 12. These models might, in some circumstances, be inconsistent with IFRIC 23 and the impact on tax accounting could be material. Management should assess the existing models against the specific guidance in the Interpretation and consider the impact on income tax accounting.	01 January 2019 published June 2017

2. General information (continued)

2.5 Standards and interpretations issued not yet effective (continued)

Topic	Key requirements	Effective date
IFRS 16: *Leases*	This standard replaces the current guidance in IAS 17 and is a far reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a "right-of-use asset" for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. IFRS 16 supersedes IAS 17: *Leases*, IFRIC 4: *Determining whether an Arrangement contains a Lease*, SIC 15: *Operating Leases – Incentives* and SIC 27: *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. Based on the requirements of the new standard the Group will be required to capitalise the lease of its main building and raise the corresponding liability, refer to note 31. The practical expedient method will be applied to account for the lease in the new financial period without adjusting the prior period. The expected effect is to raise an asset for the building based on the net present value of the remaining payments to be made on the lease agreement which will result in an asset being raised for approximately R22 million with a corresponding liability.	01 January 2019

2. General information (continued)

2.6 Changes in accounting policies

Impact of the adoption of IFRS 9 and IFRS 15 on the financial statements.

2.6.1 Impact on the financial statements

Prior year financial statements were not restated as a result of the changes in the Group's accounting policies due to the adoption of IFRS 9 and IFRS 15. As explained in notes 2.6.2 and 2.6.4 below, IFRS 15 and IFRS 9 were adopted without restating comparative information.

The impact on the consolidated statement of financial position as at 1 March 2018 is illustrated below:

	1 March 2018 As reported	IFRS 15 Opening balance adjustment	IFRS 9 Opening balance adjustment	1 March 2018 Adjusted
ASSETS				
Non-current assets				
Investment property	8 878 835	–	–	8 878 835
Property, plant and equipment	6 162 697	–	–	6 162 697
Intangible assets	159 663 860	–	–	159 663 860
Investment in joint ventures and associates	41 908 822	(17 224 746)	(2 244 953)	22 439 123
Deferred income tax asset	23 999 056	–	–	23 999 056
	240 613 270	(17 224 746)	(2 244 953)	221 143 571
Current assets				
Loans to joint ventures and associates	143 422 183	–	(3 322 651)	140 099 532
Inventories	554 397 497	–	–	554 397 497
Current tax receivable	16 599 506	–	–	16 599 506
Construction contracts	1 820 973 990	(417 749 503)	(34 470 843)	1 368 753 644
Trade and other receivables	293 739 145	–	(3 554 086)	290 185 059
Cash and cash equivalents	156 722 935	–	–	156 722 935
	2 985 855 256	(417 749 503)	(41 347 580)	2 526 758 173
Total assets	3 226 468 526	(434 974 249)	(43 592 533)	2 747 901 744
EQUITY AND LIABILITIES				
Equity				
Equity attributable to owners of the parent				
Stated capital	116 255 971	–	–	116 255 971
Share-based payment reserve	74 056 311	–	–	74 056 311
Retained income	977 014 965	(318 004 388)	(32 945 553)	626 065 024
	1 167 327 247	(318 004 388)	(32 945 553)	816 377 306
Non-controlling interests	355 011	–	–	355 011
Total equity	1 167 682 258	(318 004 388)	(32 945 553)	816 732 317
Liabilities				
Non-current liabilities				
Deferred income tax liability	354 283 263	(116 969 861)	(10 646 980)	226 666 422
	354 283 263	(116 969 861)	(10 646 980)	226 666 422
Current liabilities				
Borrowings	889 596 522	–	–	889 596 522
Loans from joint ventures and associates	–	–	–	–
Current income tax liabilities	22 652	–	–	22 652
Trade and other payables	814 883 831	–	–	814 883 831
	1 704 503 005	–	–	1 704 503 005
Total liabilities	2 058 786 268	(116 969 861)	(10 646 980)	1 931 169 427
Total equity and liabilities	3 226 468 526	(434 974 249)	(43 592 533)	2 747 901 744

2. General information (continued)

2.6 Changes in accounting policies (continued)

2.6.1 *Impact on the financial statements* (continued)

The impact on the Consolidated Statement of Comprehensive Income and Consolidated Statement of Financial Position for the current year is illustrated below:

Consolidated statement of comprehensive income impact analysis:

	As reported February 2019	Adjustments		Adjusted February 2019 before adoption
		Adjustments from the adoption of IFRS 15	Adjustments from the adoption of IFRS 9	
Revenue	**997 064 528**	70 489 999	–	**1 067 554 527**
Cost of sales	**(868 374 481)**	(15 034 596)	–	**(883 409 077)**
Gross profit	**128 690 047**	55 455 403	–	**184 145 450**
Other income	**36 538 480**	–	–	**36 538 480**
Administrative expenses	**(186 013 859)**	–	–	**(186 013 859)**
Other expenses	**(929 221)**	–	–	**(929 221)**
Net impairment losses on financial and contract assets	**(7 189 512)**	–	7 189 512	**–**
Operating (loss)/profit	**(28 904 065)**	55 455 403	7 189 512	**33 740 850**
Finance income	**50 005 032**	–	–	**50 005 032**
Finance costs	**(59 365 719)**	–	–	**(59 365 719)**
Share of profit of joint ventures and associates – net of tax	**14 188 053**	(6 277 709)	(199 618)	**7 710 726**
(Loss)/profit before tax	**(24 076 699)**	49 177 694	6 989 894	**32 090 889**
Taxation	**25 304 411**	(15 527 513)	(2 013 063)	**7 763 835**
Profit after taxation	**1 227 712**	33 650 181	4 976 831	**39 854 724**
Other comprehensive income	**–**	–	–	**–**
Total comprehensive income	**1 227 712**	33 650 181	4 976 831	**39 854 724**
Profit after taxation and other comprehensive income attributable to:				
– Owners of the parent	**3 240 735**	33 650 181	4 976 831	**41 867 747**
– Non-controlling interests	**(2 013 023)**	–	–	**(2 013 023)**
	1 227 712	33 650 181	4 976 831	**39 854 724**
Earnings per share for profit attributable to the equity holders of the Company during the year (expressed in cents per share)				
Basic earnings per share (cents per share)	**2.53**	26.26	3.88	**32.67**
Headline earnings per share (cents per share)	**(19.01)**	26.26	3.88	**11.13**
Fully diluted earnings per share (cents per share)	**2.48**	25.80	3.82	**32.10**
Fully diluted headline earnings per share (cents per share)	**(19.01)**	26.26	3.88	**11.13**

2. General information (continued)

2.6 Changes in accounting policies (continued)

2.6.1 Impact on the financial statements (continued)

Consolidated statement of financial position impact analysis:

	As reported February 2019	Opening balance Adjustments from the adoption of IFRS 15 and 9	Current year adjustments: Adjustments from the adoption of IFRS 15	Current year adjustments: Adjustments from the adoption of IFRS 9	Adjusted February 2019 before adoption
ASSETS					
Non-current assets					
Investment property	**14 019 768**	–	–	–	**14 019 768**
Property, plant and equipment	**12 173 346**	–	–	–	**12 173 346**
Intangible assets	**159 676 781**	–	–	–	**159 676 781**
Investments	**11 089 608**	–	–	–	**11 089 608**
Investment in joint ventures and associates	**153 006 235**	19 469 699	(6 277 709)	(199 618)	**165 998 607**
Deferred income tax asset	**43 354 750**	–	–	–	**43 354 750**
	393 320 488	19 469 699	(6 277 709)	(199 618)	**406 312 860**
Current assets					
Loans to joint ventures and associates	**311 393 438**	3 322 651	–	2 989 945	**317 706 034**
Inventories	**568 498 000**	–	–	–	**568 498 000**
Current tax receivable	**2 538 268**	–	–	–	**2 538 268**
Construction contracts	**1 279 072 872**	452 220 346	55 455 403	962 077	**1 787 710 698**
Trade and other receivables	**233 818 424**	3 554 086	–	3 237 489	**240 609 999**
Cash and cash equivalents	**122 632 997**	–	–	–	**122 632 997**
	2 517 953 999	459 097 082	55 455 403	7 189 511	**3 039 695 996**
Total assets	**2 911 274 487**	478 566 782	49 177 694	6 989 893	**3 446 008 856**

2. General information (continued)

2.6 Changes in accounting policies (continued)

2.6.1 *Impact on the financial statements* (continued)

	As reported February 2019	Opening balance Adjustments from the adoption of IFRS 15 and 9	Current year adjustments: Adjustments from the adoption of IFRS 15	Current year adjustments: Adjustments from the adoption of IFRS 9	Adjusted February 2019 before adoption
EQUITY AND LIABILITIES					
Equity					
Equity attributable to owners of the parent					
Stated capital	**116 255 971**	–	–	–	**116 255 971**
Retained income	**690 054 102**	350 949 941	33 650 181	4 976 831	**1 079 631 055**
	806 310 073	350 949 941	33 650 181	4 976 831	**1 195 887 026**
Non-controlling interests	**277 638**	–	–	–	**277 638**
Total equity	**806 587 711**	350 949 941	33 650 181	4 976 831	**1 196 164 664**
Liabilities					
Non-current liabilities					
Deferred income tax liability	**214 300 153**	127 616 841	15 527 513	2 013 062	**359 457 569**
	214 300 153	127 616 841	15 527 513	2 013 062	**359 457 569**
Current liabilities					
Borrowings	**969 195 006**	–	–	–	**969 195 006**
Loans from joint ventures and associates	**23 000 000**	–	–	–	**23 000 000**
Current income tax liabilities	**1 912 518**	–	–	–	**1 912 518**
Trade and other payables	**896 279 099**	–	–	–	**896 279 099**
	1 890 386 623	–	–	–	**1 890 386 623**
Total liabilities	**2 104 686 776**	127 616 841	15 527 513	2 013 062	**2 250 681 378**
Total equity and liabilities	**2 911 274 487**	478 566 782	49 177 694	6 989 893	**3 446 008 856**

2.6.2 *Impact of adopting of IFRS 15:* Revenue from Contracts with Customers

The revenue accounting policy has changed with effect from 1 March 2018 as a result of the Group adopting IFRS 15.

IFRS 15 supersedes IAS 18: *Revenue*, IAS 11: *Construction Contracts* and related interpretations for financial years beginning on or after 1 January 2018. IFRS 15 applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards.

2. General information (continued)

2.6 Changes in accounting policies (continued)

2.6.2 *Impact of adopting of IFRS 15:* Revenue from Contracts with Customers (continued)

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised, providing additional guidance in many areas not covered in detail under the previous revenue standards and interpretations. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying the framework to the contracts with customers. The standard also specifies the accounting treatment for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. IFRS 15 further includes extensive new disclosure requirements.

Refer to note 19 for the Group's revised revenue accounting policy, revenue treatment of each product type as well as refer to note 19 for the disaggregated revenue disclosure required by IFRS 15.

As permitted by IFRS 15 the Group has elected not to restate the comparative information. Accordingly, the impact of IFRS 15 has been applied using the modified retrospective restatement method allowed under the standard resulting in an adjustment to the Group's opening retained earnings on 1 March 2018. The comparative information presented for 2018 is therefore presented as previously reported applying the previous revenue standards and interpretations which have an impact on the comparability thereof.

The most significant impact of the newly adopted IFRS 15: *Revenue* standard is the combination of contracts for integrated projects where revenue was accounted for over time based on the project as a whole versus the new method of accounting for each contract per customer individually. Individual contracts can now be accounted for over time or at a point in time based on the terms of each individual contract.

The cumulative effect of the retrospective application on the Group's retained earnings as at 1 March 2018 is as follows:

	2019
Closing balance at 28 February 2018 (IAS 39/IAS 11/IAS 18)	**977 014 965**
IFRS 15 adjustment to equity	**(318 004 388)**
Opening retained earnings at 1 March 2018 (after IFRS 15 restatement, before IFRS 9 restatement)	**659 010 577**

2.6.3 *Financial results for the year ended 28 February 2019 had IAS 11/IAS 18 been applied*

			IAS 11 and 18	
	As reported February 2019	Adjustments from the adoption of IFRS 15	**Adjusted before adoption 2019**	As reported February 2018
Sale of completed units	**4 866 583**	–	**4 866 583**	9 505 586
Construction contracts	**939 778 202**	70 489 999	**1 010 268 201**	1 720 492 629
Sale of developed land	**31 500 000**	–	**31 500 000**	–
Memorial parks burial rights	**16 325 193**	–	**16 325 193**	9 783 805
Memorial parks maintenance	**2 044 624**	–	**2 044 624**	1 142 070
Memorial parks burial services	**2 549 926**	–	**2 549 926**	1 678 072
	997 064 528	70 489 999	**1 067 554 527**	1 742 602 162

The impact of the IFRS 15 adoption in the current year is illustrated for the consolidated statement of comprehensive income and statement of financial position in note 2.6.2.

For the accounting policy applied for revenue, refer to note 19.

2. General information (continued)

2.6 Changes in accounting policies (continued)

2.6.4 *Impact of adopting IFRS 9:* Financial Instruments

IFRS 9 replaces IAS 39: *Financial Instruments: Recognition and Measurement* (IAS 39) for financial years beginning on or after 1 January 2018. IFRS 9 brings together all aspects of accounting for financial instruments that relate to the recognition, classification and measurement, derecognition, impairment and hedge accounting.

The adoption of IFRS 9 from 1 March 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. The new accounting policies are set out in note 2.6.5 below. Comparative information has not been restated in accordance with the transitional requirements of IFRS 9 which requires comparative information not to be restated (with an exception where it is possible to restate without the use of hindsight) but for disclosures to be made concerning the reclassifications and measurements as set out below.

The adoption of IFRS 9 has had the following effect on the Group:

- Change from the IAS 39 incurred loss model to the expected credit loss ("ECL") model to calculate impairments of financial instruments.
- Change in classification of the measurement categories for financial instruments.

The Group has adopted the simplified expected credit loss model for its trade receivables and contract assets which uses a lifetime expected loss allowance, as required by IFRS 9, paragraph 5.5.15, and the general expected credit loss model for loans to companies outside of the Group held at amortised cost.

Under IFRS 9 the Group calculates the allowance for credit losses as ECLs for financial assets measured at amortised cost, debt investments at fair value through profit and loss ("FVPL") and contract assets. ECLs are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the original effective interest rate ("EIR") of the financial asset.

Due to the trade receivables, contract assets and loans being linked to long-term projects, judgemental methodology had to be applied, the results of which would be similar under both the simplified and general approach to determine lifetime expected credit losses. This took into account the probability of each of the projects achieving its budget and the probability of mis-estimating the outcome of a project and thus have a negative effect on the project results. A slightly higher probability to outcomes with greater degrees of inaccuracy were assigned to later periods in the projects due to the change in the economic outlook for the country. Further to this the general state of the economy as well the housing shortfall for the market in which the Group operates and the dependence on Government subsidies and fiscal pressures being faced by Government in addition to the budget allocations for affordable housing as per the February 2019 national budget has been taken into consideration for these long-term projects. The judgemental approach (non-statistical) was adopted with the use of established credit techniques being applied and calculated by financial experts with substantial experience and expertise.

The expected credit losses calculations took into consideration various scenarios and were weighted against stage of completion of a relevant project and taking into consideration the progress against budget. The expected credit losses were benchmarked against the high volatility commercial real estate portfolios of a financial institution to determine the suitability of the ECLs being applied.

The total impact on the Group's retained earnings as at 28 February 2018 is as follows:

	2019
Opening balance at 1 March 2018 (after IFRS 15 before IFRS 9 restatement) (refer to note 2.6.2)	**659 010 577**
Adjustments from the adoption of IFRS 9 (ECL adjustments)	**(32 945 553)**
Trade receivables (net of tax)	**(2 558 942)**
Contract assets (net of tax)	**(24 819 007)**
Loans to joint ventures	**(3 322 651)**
Investment in joint venture	**(2 244 953)**
Opening retained earnings at 1 March 2018 (after IFRS 9 and IFRS 15 restatement)	**626 065 024**

2. General information (continued)

2.6 Changes in accounting policies (continued)

2.6.5 IFRS 9: Accounting policies applied from 1 March 2018

2.6.5.1 Classification and measurement

(i) Classification

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available-for-sale financial assets.

The accounting for the Group's financial liabilities remains largely the same as it was under IAS 39.

Under IFRS 9, on initial recognition, a financial asset is classified as measured at:

- Amortised cost;
- Fair value through other comprehensive income ("FVOCI");
- FVOCI equity investment; or
- Fair value through profit or loss ("FVPL").

The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

There is no change in classification on the opening balances of financial assets measured at amortised cost.

(ii) Measurement

Financial assets

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of financial asset not at FVPL, transaction cost that is directly attributable to the acquisition of the financial asset.

Transaction cost of financial assets carried at FVPL is expensed in profit or loss.

Interest income from these financial assets are included in finance income using the effective interest rate method.

Any gain or loss arising on the derecognition is recognised directly in profit or loss and presented in operating expenses.

Financial liabilities

At initial recognition the Group measures a financial liability at fair value less any transaction cost capitalised to the financial liability at initial recognition.

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

Equity instruments

Equity instruments are subsequently measured at fair value, where the Group's management has elected to present fair value gains and losses through OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as income from financial assets when the Group's right to receive payments is established.

2. General information (continued)

2.6 Changes in accounting policies (continued)

2.6.5 IFRS 9: Accounting policies applied from 1 March 2018 (continued)

2.6.5.1 Classification and measurement (continued)

(iii) Impairment

From 1 March 2018, the Group assesses on a forward looking basis the ECLs associated with its financial asset instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the original EIR of the financial asset.

The Group has three types of financial and contract assets that are subject to the expected credit loss model:

- Trade receivables
- Contract assets relating to construction contracts
- Loans to joint venture

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

All gains and losses relating to ECLs are recognised through profit and loss.

For each of the categories, the ECL is applied to each individual debtor, each individual contract with a customer and each individual loan dependent on the type of credit risk exposure for the relevant financial or contract asset. Risk exposure on financial and contract assets can be classified within three distinct categories:

- Government institution exposure. The exposure to Government is based on the type of project and units being constructed for Government institutions within the geographic of South Africa.
- Normal business risk exposure. The exposure to other corporate customers and businesses within the geographic of South Africa.
- Financial institution risk exposure. The exposure to local financial institutions within geographic of South Africa.

Based on the relevant exposures as described above, the following expected credit loss rates have been applied:

	Government institution exposure %	Normal business risk exposure %	Financial institution risk exposure %
Expected loss rate	**7.76**	**2.50**	**1.11**
Concentration of credit risk in the Group	**31.45**	**11.79**	**56.76**

The rates utilised for the ECL calculations on contract assets, loans and debtors were adjusted accordingly to take into account the specific exposure based on the three categories listed above.

Refer to note 2.11.1 below for the reconciliation of the expected credit losses provision and movement during the year.

Financial assets which are not exposed to the same credit risks are provided for based on their individual specific credit risk, which has the potential to be different to the expected loss rates as above.

2. General information (continued)

2.7 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Group and all its subsidiaries. In the case of joint ventures and associates, those entities are presented as single line item in the statement of comprehensive income and statement of financial position (refer to note 9). Intercompany transactions and balances are eliminated on 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.

2.8 Impairment of non-financial assets

The Group assesses at each end of the reporting year 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 fair value and 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.

2.9 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. No contingent assets or liabilities existed at the year-end.

2.10 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.

2. General information (continued)

2.10 Foreign currency translation (continued)

(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.

2.11 Financial instruments

2.11.1 Classification

This note provides information about the Group's financial instruments, including:

- an overview of all financial instruments held by the Group
- specific information about each type of financial instrument
- accounting policies
- information about determining the fair value of the instruments, including judgements and estimation uncertainty involved

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

Financial assets – amortised cost

		2019	2018
Financial assets at amortised costs			
Loans to joint ventures and associates	Note 11	**311 393 438**	143 422 183
Construction contracts – contract assets	Note 13	**879 796 412**	–
Trade and other receivables	Note 14	**209 256 649**	280 742 520
Cash and cash equivalents	Note 15	**122 632 997**	156 722 935
		1 523 079 496	580 887 638
Financial assets through equity			
Investment in joint ventures and associates	Note 9	**153 006 235**	41 908 822
		153 006 235	41 908 822
Financial assets at fair value through profit and loss			
Investments	Note 8	**11 089 608**	–
		11 089 608	–

Reconciliation of expected credit losses on financial assets at amortised cost

		Opening balance 1 March 2018	Current year movement	**Closing balance 28 February 2019**
Loans to joint ventures and associates	Note 11	3 322 651	2 989 945	**6 312 596**
Construction contracts – contract assets	Note 13	34 470 844	962 077	**35 432 921**
Trade and other receivables	Note 14	3 554 086	3 237 489	**6 791 575**
Cash and cash equivalents	Note 15	–	–	**–**
		41 347 581	7 189 511	**48 537 092**

2. General information (continued)

2.11 Financial instruments (continued)

2.11.1 Classification (continued)

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial asset mentioned above.

Financial liabilities

		2019	2018
Financial liabilities at amortised cost			
Borrowings	Note 17	**969 195 006**	889 596 522
Trade and other payables*	Note 18	**825 420 956**	786 681 789
		1 794 615 962	1 676 278 311

** Excluding non-financial liabilities.*

2.11.2 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.

2.11.3 Subsequent measurement

The Group's financial assets that are categorised as "loans and receivables" are 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.

2.11.4 Impairment of financial assets and contract assets

Financial and contract 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.

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 that identifies and evaluates financial risks, in close cooperation with the Group's Board of Directors that is responsible for overall risk management, as well as guidance that covers specific areas, such as interest rate risk and credit risk, and investment of excess liquidity.

3. Risk management (continued)

3.1 Financial risk management (continued)

(a) Market risk (cash flow interest rate risk)

The Group's interest rate risk arises mainly from its borrowings (refer to note 17).

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 2% shift in the interest rate would be a maximum increase/decrease of:

	2019	Restated 2018
2% increase/(decrease) on finance charges on interest-bearing borrowings*	**14 378 229**	13 204 643
2% increase/(decrease) on finance income on interest-bearing assets	**1 885 325**	2 281 067

** The calculation of the 2% increase/(decrease) on finance charges on borrowings has been restated from R14 083 268 to R13 204 643 to take into account borrowings with actual interest being applied and excluding borrowings with accounting IFRS interest (implied interest).*

A 2% shift is considered appropriate by management taking into account the current economic environment in which the Group operates.

(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 "BB+" and limits the exposure to any one counterparty. Trade and other receivables comprise a widespread customer base. Customers include government institutions, private sector entities and individuals. 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 government institutions. In cases where management deems the risk level to be unacceptable, payment guarantees or collateral 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 as a result of the joint venture relationship.

For loans to joint ventures and associates, financial guarantees to third parties, 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, as well as 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 delivery of construction projects that have the same maturity profile.

3. Risk management (continued)

3.1 Financial risk management (continued)

(c) Liquidity risk (continued)

The related cash inflows from these construction projects are, however, uncertain and dependent on factors not under the control of the Group.

The financial liabilities to be settled within one year will be funded by cash and cash equivalents as well as the realisation of trade and other receivables and construction contracts.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining years at the reporting year date to the contractual maturity date.

The amounts disclosed in the table are the contractual undiscounted cash flows which include future interest payable. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Financial instruments recognised on the statement of financial position

	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
At 28 February 2019						
Borrowings (including future interest)	**262 748 500**	**358 945 375**	**237 047 000**	**194 683 950**	**235 410 300**	**1 288 835 125**
Loans from joint ventures	**23 000 000**	**–**	**–**	**–**	**–**	**23 000 000**
Trade and other payables	**764 662 754**	**31 450 000**	**31 150 000**	**–**	**–**	**827 262 754**
	1 050 411 254	**390 395 375**	**268 197 000**	**194 683 950**	**235 410 300**	**2 139 097 879**
At 28 February 2018						
Borrowings (including future interest)	291 605 721	241 258 059	278 443 168	278 443 168	89 122 157	1 178 872 273
Trade and other payables	745 201 969	18 700 000	15 050 000	15 250 000	–	794 201 969
	1 036 807 690	259 958 059	293 493 168	293 693 168	89 122 157	1 973 074 242

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

The Group has overdraft facilities with major banks to the value of R100 000 000 (February 2018: R100 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 net debt/equity ratio. The maximum allowed net debt/equity ratio for the Group is 1.5:1.

Net debt/equity ratio
This ratio is calculated as net debt divided by equity. Net debt is calculated as total interest-bearing borrowings less cash and cash equivalents. Equity is calculated as the total equity per the statement of financial position (excluding share-based payment reserve).

3. Risk management (continued)

3.2 Capital risk management (continued)

	2019	Restated 2018
Net debt		
Borrowings (refer to note 17)	**969 195 006**	889 596 522
Other interest-bearing borrowings*	**29 293 118**	27 392 556
Less: Cash and cash equivalents (refer to note 15)	**(122 632 997)**	(156 722 935)
	875 855 127	760 266 143
Equity		
Stated capital	**116 255 971**	116 255 971
Retained income	**690 054 102**	977 014 965
	806 310 073	1 093 270 936
Net debt/equity ratio	**1.09**	0.70

* *The other interest-bearing borrowings amount has been restated from R88 408 189 to R27 392 556 to take into account borrowings with actual interest being applied and excluding borrowings with accounting IFRS interest (implied interest).*

The Group monitors capital repayments and interest serviceability on the basis of its debt service cover ratio ("DSCR"). The minimum allowed DSCR ratio for the Group is 1.2.

Debt service cover ratio ("DSCR")
This ratio is calculated as available cash flow divided by debt service requirement. Available cash flow is calculated as cash generated from/(utilised in) operating activities plus new financial indebtedness incurred plus cash and cash equivalent at the beginning of the year plus the aggregate amount spent on the purchase of property, plant and equipment, purchase of intangible assets, acquisition of business, acquisition of subsidiaries, and loans advanced to joint ventures and associates for investment purposes ("Capex"). Debt service requirement is calculated as interest and fees plus principal repayments.

	2019	2018
Available cash flow		
Cash generated from/(utilised in) operating activities (refer to note 27)	**298 290 312**	(205 838 542)
New financial indebtedness incurred	**296 000 000**	516 000 000
Cash and cash equivalent BoY	**156 722 935**	240 765 157
Capex	**(298 160 560)**	(129 532 596)
	452 852 687	421 394 019
Debt service requirement		
Interests and fees	**(115 459 090)**	(75 746 785)
Principal repayments	**(193 000 000)**	(192 000 000)
	(308 459 090)	(267 746 785)
Debt service cover ratio ("DSCR")	**1.47**	1.57

Refer to the statement of cash flows for the above balances.

Proparco requirements
The Group monitors capital from Proparco on the basis of its debt service cover ratio and its net debt/equity ratio (as above). The minimum allowed debt service cover ratio for the Group is 1.2 and the maximum net debt/equity ratio of 1.5:1.

4. Fair values

Financial instruments

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 equal 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.

The valuation utilised replacement costs based on a square metre rate, ranging between R7 500 and R8 500 per m^2, including an escalation fee at 3% and professional fee at 12%.

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 number	**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:

			Fair value			
	Carrying values		Level 2		Level 3	
	2019	2018	**2019**	2018	**2019**	2018
Assets						
Investments#	**11 089 608**	–	**–**	–	**11 089 608**	–
Investment property	**14 019 768**	8 878 835	**–**	–	**14 019 768**	8 878 835
Liabilities						
Borrowings	**589 173 186**	618 170 448	**601 068 374***	628 985 923*	**–**	–

 # Based on prices for units trusts held by reputable financial institutions.
** Based on quoted prices on the Bond Exchange.*

Borrowings from Proparco are carried at amortised cost.

The carrying values for loans to and from joint ventures and associates, trade and other receivables and trade payables are a reasonable approximation of their fair value.

5. Investment property

Accounting policy
Investment property is initially recognised at cost and subsequently measured at fair value. The fair value for the commercial properties are determine based on their replacement value. Residential properties are value-based on the rental yields generated from the rental portfolio.

	Cost 2019	Fair value adjustment 2019	Carrying amount 2019	Cost 2018	Fair value adjustment 2018	Carrying amount 2018
Investment property	**12 364 181**	**1 655 587**	**14 019 768**	8 878 835	–	8 878 835

In the current year, investment properties to the value of R1 080 000 were transferred to property, plant and equipment to land and buildings due to the building being owner occupied.

In the current year, additions to the value of R4 565 346 were made to the investment properties. Additions of R4 322 880 in the current year were acquired through the acquisition of the Durbanville Memorial Park business and R191 520 acquired through the acquisition of Bloemfontein Memorial Park business. Refer to note 29. In the prior year, additions to the value of R2 360 135 were made through the acquisition of land and buildings in the Fourways Memorial Park.

Land and buildings under investment property have a fair value of R14 019 768 (2018: R8 878 835). All Investment properties held in the Group are commercial properties. The fair value was based on a valuation by an independent valuer who held a recognised and relevant professional qualification and had recent experience in the location and category of the investment property being valued.

Rental income received in respect of investment property amounts to R3 892 305 (2018: R1 702 872). Refer to note 21.

6. 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. Where the residual value of buildings exceeds the carrying amount, no depreciation is provided.

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

Item	Average useful life
Land and buildings	Land: unlimited, buildings: up to 50 years
Plant and machinery and motor vehicles	5 years
Leasehold improvements	10 years
Furniture and fixtures and office equipment	6 years
IT equipment	3 years

	Cost 2019	Accumulated depreciation 2019	Carrying amount 2019	Cost 2018	Accumulated depreciation 2018	Carrying amount 2018
Land and buildings	**6 897 434**	**–**	**6 897 434**	1 728 692	–	1 728 692
Plant and machinery	**3 281 521**	**(1 362 063)**	**1 919 458**	1 859 051	(1 146 893)	712 158
Furniture and fixtures	**1 439 452**	**(732 736)**	**706 716**	1 383 448	(504 246)	879 202
Motor vehicles	**200 000**	**(43 333)**	**156 667**	200 000	(3 333)	196 667
Office equipment	**933 589**	**(612 551)**	**321 038**	933 589	(480 628)	452 961
IT equipment	**1 885 195**	**(901 129)**	**984 066**	1 197 237	(404 604)	792 633
Leasehold improvements	**1 923 613**	**(735 646)**	**1 187 967**	1 923 613	(523 229)	1 400 384
Total	**16 560 804**	**(4 387 458)**	**12 173 346**	9 225 630	(3 062 933)	6 162 697

6. Property, plant and equipment (continued)

In the current year, investment properties to the value of R1 080 000 were transferred to property, plant and equipment to land and buildings due to the building being owner occupied.

Property, plant and equipment with a carrying amount of R nil (cost: R nil, accumulated depreciation: R nil) (2018: R72 701 (cost: R3 179 392, accumulated depreciation: R3 106 691)) has been sold/written off in the current year.

Profit on disposals of property, plant and equipment amounted to R nil (2018: R170 024). Refer to note 21.

Additions of R6 255 173 (2018: R1 579 093) have been made in the current year. Additions of R2 541 250 in the current year were acquired through the acquisition of the Durbanville Memorial Park business and R911 088 acquired through the acquisition of the Bloemfontein Memorial Park business. Refer to note 29.

Depreciation expense of R1 324 524 (2018: R1 149 565) has been charged to "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.

7. Intangible assets

Accounting policy

(a) Goodwill

Goodwill for the Group arose as a result of the acquisition of five subsidiaries: MS5 Pennyville (Pty) Ltd, CTE Consulting (Pty) Ltd, Clidet No 1014 (Pty) Ltd, Fleurhof Ext 2 (Pty) Ltd and Calgro M3 Memorial Park Holding (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 fair value and value-in-use calculation for the annual goodwill impairment test. Refer below for further detail.

	Cost 2019	**Accumulated amortisation/ impairment 2019**	**Carrying amount 2019**	Cost 2018	Accumulated amortisation/ impairment 2018	Carrying amount 2018
Goodwill	**175 674 238**	**(16 023 721)**	**159 650 517**	175 674 238	(16 023 721)	159 650 517
Computer software	**98 091**	**(71 827)**	**26 264**	59 331	(45 988)	13 343
	175 772 329	**(16 095 548)**	**159 676 781**	175 733 569	(16 069 709)	159 663 860

7. Intangible assets (continued)

Amortisation expenses on computer software of R25 839 (2018: R33 863) has been included in "administration expenses" in the statement of comprehensive income.

Additions of R38 760 (2018: R6 941) have been made in the current year to computer software.

Computer software with a carrying amount of R nil (cost: R nil, accumulated depreciation: R nil) (2018: R16 (cost: R205 766, accumulated depreciation: R205 750)) has been written off in the current year.

There were no additions to goodwill in the current or prior year.

Impairment tests for goodwill

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

	2019	2018
Residential Property Development	**158 955 713**	158 955 713
Memorial Parks	**694 804**	694 804
	159 650 517	159 650 517

Only the goodwill allocated to the Residential Property Development segment is considered to be significant.

The recoverable amount of the Residential Property Development segment has been determined based on a value-in-use calculation.

These calculations use real pre-tax cash flow projections based on financial budgets approved by management covering a five-year period and takes into account a terminal value.

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

	Residential Property Development	
	2019 %	2018 %
Gross margin	**11.76**	15.31
Pre-tax discount rate (real)	**11.20**	10.70

The pre-tax discount rate increased in the current year due to the higher cost of debt in the market.

No cash flows beyond the initial forecast year 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.

8. Investments

Accounting policy
The current investments held are carried at fair value through profit or loss ("FVPL").
The current classification of the financial asset is based on the characteristics and how the contractual cash flows are managed.

	2019	2018
Investments	**11 089 608**	–
	11 089 608	–
Reconciliation of investments		
Acquisition of investment from acquisition of Durbanville Memorial Park business (refer to note 29)	**10 606 678**	–
Fair value adjustment through profit or loss (refer to note 21)	**482 930**	–
	11 089 608	–

The current investment held relates to money market and other long-term deposits and equity investments. These investments are accounted for at fair value through profit or loss.

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 equity accounts these investments resulting in the Group's statement of comprehensive income reflecting 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 or associate 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.

9. Investment in joint ventures and associates (continued)

	% voting power 2019	% voting power 2018	% holding 2019	% holding 2018	Carrying amount 2019	Carrying amount 2018
Joint ventures						
Witpoortjie Calgro M3 Development Company (Pty) Ltd◆	**50.00**	50.00	**75.83**	75.83	**134 738**	688 287
South Hills Development Company (Pty) Ltd◆◇	**50.00**	50.00	**57.50**	57.50	**13 077 250**	20 711 623
Safdev Tanganani (Pty) Ltd	**50.00**	50.00	**50.00**	50.00	**500**	500
Table View Properties (Pty) Ltd*	**50.00**	50.00	**50.00**	50.00	**20 000 000**	20 000 000
Calgro M3 JCO Holdings (Pty) Ltd◆#	**50.00**	0.00	**80.00**	0.00	**119 793 747**	–
					153 006 235	41 400 410
Associates						
Afhco Calgro M3 Consortium (Pty) Ltd○	**49.00**	49.00	**49.00**	49.00	**–**	508 412
					–	508 412
					153 006 235	41 908 822

◆ *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 holds 57.5% of the shareholding in South Hills Development Company (Pty) Ltd, it only equity accounts for 42.5% as 15% of the shareholding and related profits have been ceded to a third party.*

* *The Group has a 50% shareholding in this entity and it does not have control of the company as both parties have equal voting rights, and representation on the board of directors. Any decision regarding the relevant activities of this entity that significantly affects the returns of the entity are made with the unanimous consent of both parties. The shares held give right to 100% of the profits in the Company.*

\# *The Group entered into an agreement with a joint venture partner to establish a new rental portfolio for the Group through the joint venture partnership. Investments were made to the joint venture company to enable the company to acquire new rental units for the portfolio.*

○ *The Group holds 49% shareholding in the company. The main shareholder can appoint four directors and the Calgro Group can only appoint three directors of the company. The company is controlled and operated by the SA Corporate Real Estate Ltd Group that has the majority of the voting power of the company and representatives on the board. Any decision regarding any significant activities of this company is done through voting by the board of directors. Refer to note 38 for details on events after the reporting period.*

The joint ventures 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 meet 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 (refer to note 11), trade and other receivables (refer to note 14) and related-party transactions (refer to note 34) which arose in the ordinary course of business, the Calgro M3 Group has no further financial risks associated with these joint ventures and associates.

The Group has no obligation to losses over and above its initial investment into the joint venture and associate.

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	Segment
Witpoortjie Calgro M3 Development Company (Pty) Ltd	**Witpoortjie**	Residential Property Development
South Hills Development Company (Pty) Ltd	**South Hills**	Residential Property Development
Safdev Tanganani (Pty) Ltd	**Diepsloot**	Residential Property Development
Table View Properties (Pty) Ltd	**Vredehoek**	Residential Property Development
Afhco Calgro M3 Consortium (Pty) Ltd	**Various**	Residential Rental Investments
Calgro M3 JCO Holdings (Pty) Ltd	**The Falls – Ruimsig**	Residential Rental Investments

The place of business for all joint ventures and associates is South Africa.

The functional currency of all joint ventures and associates are South African Rands.

All the year-ends of joint ventures and associates, except for Afhco Calgro M3 Consortium (Pty) Ltd, are consistent with those of the Group. Afhco Calgro M3 Consortium (Pty) Ltd's year-end is 31 December.

Summary of share of profit/(loss) of joint ventures and associates – from the statements below:

	2019	2018
Witpoortjie Calgro M3 Development Company (Pty) Ltd	**(433 517)**	399 306
South Hills Development Company (Pty) Ltd	**15 129 982**	9 127 300
Safdev Tanganani (Pty) Ltd	**–**	(474 513)
Table View Properties (Pty) Ltd	**–**	–
Afhco Calgro M3 Consortium (Pty) Ltd	**(508 412)**	508 412
Calgro M3 JCO Holdings (Pty) Ltd	**–**	–
	14 188 053	9 560 505

9. Investment in joint ventures and associates (continued)

	Witpoortjie Calgro M3 Development Company (Pty) Ltd		South Hills Development Company (Pty) Ltd	
	2019	2018	**2019**	2018
Detailed statement of financial position				
Current assets				
Inventories/construction contracts	**214 933 568**	188 904 452	**116 575 580**	347 221 456
Trade and other receivables	**600 586**	2 201 906	**1 850 773**	2 877 075
Cash and cash equivalents	**1 000**	44 530	**60 480**	15 068
	215 535 154	191 150 888	**118 486 833**	350 113 599
Total assets	**215 535 154**	191 150 888	**118 486 833**	350 113 599
Equity and liabilities				
Equity				
Share capital	**–**	–	**120**	120
Retained income/(accumulated loss)	**177 684**	907 671	**30 769 881**	61 614 288
	177 684	907 671	**30 770 001**	61 614 408
Liabilities				
Non-current liabilities				
Deferred income tax liability	**73 570**	399 197	**15 090 617**	23 961 114
	73 570	399 197	**15 090 617**	23 961 114
Current liabilities				
Borrowings	**82 834 257**	57 182 629	**–**	–
Bank overdraft	**–**	–	**38 814 793**	39 065 784
Loans from shareholders	**–**	–	**19 078 126**	36 401 090
Trade and other payables	**132 449 643**	132 661 391	**14 733 296**	189 071 203
	215 283 900	189 844 020	**72 626 215**	264 538 077
Total liabilities	**215 357 470**	190 243 217	**87 716 832**	288 499 191
Total equity and liabilities	**215 535 154**	191 150 888	**118 486 833**	350 113 599
Detailed statement of comprehensive income				
Revenue	**17 087 540**	39 314 391	**267 439 838**	540 577 871
Cost of sales	**(17 910 644)**	(37 188 860)	**(207 534 122)**	(494 110 128)
Gross (loss)/profit	**(823 104)**	2 125 531	**59 905 716**	46 467 743
Other income	**–**	12 964	**–**	–
Administrative expenses	**(120 005)**	(170 434)	**(341 584)**	(302 630)
Net impairment losses on financial and contract assets	**107 342**	–	**393 865**	–
Operating (loss)/profit	**(835 767)**	1 968 061	**59 957 997**	46 165 113
Finance income	**–**	–	**65 289**	–
(Loss)/profit before tax	**(835 767)**	1 968 061	**60 023 286**	46 165 113
Taxation	**264 070**	(551 057)	**(16 806 520)**	(12 926 232)
(Loss)/profit after taxation	**(571 697)**	1 417 004	**43 216 766**	33 238 881
Other comprehensive income	**–**	–	**–**	–
Total comprehensive income	**(571 697)**	1 417 004	**43 216 766**	33 238 881

9. Investment in joint ventures and associates (continued)

Reconciliation of detailed financial information

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

	Witpoortjie Calgro M3 Development Company (Pty) Ltd		South Hills Development Company (Pty) Ltd	
	2019	2018	**2019**	2018
Summarised financial information				
Opening net assets at 1 March	**907 671**	(509 333)	**61 614 408**	28 375 527
IFRS 15 opening balance adjustment	**–**	–	**(61 026 800)**	–
IFRS 9 opening balance adjustment	**(158 290)**	–	**(4 999 816)**	–
Dividend declared	**–**	–	**(8 034 557)**	–
(Loss)/profit after tax	**(571 697)**	1 417 004	**43 216 766**	33 238 881
Closing net assets	**177 684**	907 671	**30 770 001**	61 614 408
Interest in joint venture at 75.83% and 42.5%	**134 738**	688 287	**13 077 250**	26 186 123
Cumulative unrealised profits eliminated	**–**	–	**–**	(5 474 500)
Carrying value	**134 738**	688 287	**13 077 250**	20 711 623
Reconciliation of investment in joint venture				
At 1 March	**688 287**	288 981	**20 711 623**	11 584 323
IFRS 15 opening balance adjustment	**–**	–	**(25 936 390)**	–
Loss limitation	**–**	(675 208)	**–**	–
IFRS 9 opening balance adjustment	**(120 032)**	–	**(2 124 922)**	–
Unrealised profit IFRS 15 adjustment	**–**	–	**8 711 643**	–
Current unrealised profits eliminated	**–**	–	**4 080 102**	(4 999 225)
Losses realised on Afhco units in joint venture	**–**	–	**(7 317 245)**	–
Dividend declared portion relating to the Group	**–**	–	**(3 414 687)**	–
Share of (loss)/profit	**(433 517)**	1 074 514	**18 367 126**	14 126 525
Net share of (loss)/profit for the current year	**(553 549)**	399 306	**(7 634 373)**	9 127 300
Net carrying value	**134 738**	688 287	**13 077 250**	20 711 623
The impact of the cash flows on the Group consists of the following:				
Cash (outflow)/inflow from construction activities (net movement in trade debtors)	**(14 648 908)**	(47 005 147)	**30 062 569**	16 740 308
Cash inflow for loans from joint ventures	**–**	–	**23 000 000**	–
Cash outflow for loans to joint ventures	**–**	–	**–**	–
Net cash flows on the Group from joint ventures	**(14 648 908)**	(47 005 147)	**53 062 569**	16 740 308

9. Investment in joint ventures and associates (continued)

	Table View Properties (Pty) Ltd		Safdev Tanganani (Pty) Ltd	
	2019	2018	**2019**	2018
Detailed statement of financial position				
Assets				
Non-current assets				
Deferred income tax asset	**6 492**	–	**644 321**	643 817
	6 492	–	**644 321**	643 817
Current assets				
Inventories	**–**	–	**82 515 972**	74 507 233
Trade and other receivables	**5 002 862**	15 000 000	**970 361**	970 237
Cash and cash equivalents	**4 120**	–	**48 200**	50 123
	5 006 982	15 000 000	**83 534 533**	75 527 593
Total assets	**5 013 474**	15 000 000	**84 178 854**	76 171 410
Equity and liabilities				
Equity				
Share capital	**5 000 000**	15 000 000	**1 000**	1 000
(Accumulated loss)/retained income	**(58 755)**	–	**386 598**	387 894
	4 941 245	15 000 000	**387 598**	388 894
Liabilities				
Current liabilities				
Amounts owing to related parties	**–**	–	**83 791 256**	75 782 516
Loans from shareholders	**72 229**	–	**–**	–
	72 229	–	**83 791 256**	75 782 516
Total liabilities	**72 229**	–	**83 791 256**	75 782 516
Total equity and liabilities	**5 013 474**	15 000 000	**84 178 854**	76 171 410

9. Investment in joint ventures and associates (continued)

	Table View Properties (Pty) Ltd		Safdev Tanganani (Pty) Ltd	
	2019	2018	**2019**	2018
Detailed statement of comprehensive income				
Revenue	**–**	–	**–**	–
Cost of sales	**–**	–	**–**	–
Gross profit	**–**	–	**–**	–
Administrative expenses	**(65 247)**	–	**(1 799)**	(86 648)
Net impairment losses on financial and contract assets		–	**–**	–
Operating (loss)/profit	**(65 247)**	–	**(1 799)**	(86 648)
Finance income	**–**	–	**–**	–
Finance costs	**–**	–	**–**	–
(Loss)/profit before tax	**(65 247)**	–	**(1 799)**	(86 648)
Taxation	**6 492**	–	**503**	24 261
(Loss)/profit after taxation	**(58 755)**	–	**(1 296)**	(62 387)
Other comprehensive income	**–**	–	**–**	–
Total comprehensive income/(expense)	**(58 755)**	–	**(1 296)**	(62 387)

Reconciliation of detailed financial information

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

	Table View Properties (Pty) Ltd		Safdev Tanganani (Pty) Ltd	
	2019	2018	**2019**	2018
Summarised financial information				
Opening net assets at 1 March	**–**	–	**388 894**	451 281
(Loss)/profit after tax	**(58 755)**	–	**(1 296)**	(62 387)
Closing net assets	**(58 755)**	–	**387 598**	388 894
Loss limitation	**58 755**	–	**(387 098)**	(388 394)
Carrying value	**–**	–	**500**	500
Reconciliation of investment in joint venture				
At 1 March	**20 000 000**	–	**–**	–
Capital investment from the Group	**–**	20 000 000	**–**	–
Share of profit/(loss) in associate (limited due to sale of interest in associate)	**–**	–	**–**	–
Net carrying value	**20 000 000**	20 000 000	**–**	–
The impact of the cash flows on the Group consists of the following:				
Cash inflow/(outflow) from construction activities (net movement in trade debtors)	**–**	–	**–**	–
Cash outflow from investing activities	**(10 000 000)**	(10 000 000)	**–**	–
Cash inflow for loans from joint ventures	**–**	–	**–**	–
Cash outflow for loans to joint ventures	**–**	–	**–**	(11 050 984)
Net cash flows on the Group from joint ventures	**(10 000 000)**	(10 000 000)	**–**	(11 050 984)

9. Investment in joint ventures and associates (continued)

	Afhco Calgro M3 Consortium (Pty) Ltd		Calgro M3 JCO Holdings (Pty) Ltd	
	2019	2018	**2019**	2018
Detailed statement of financial position				
Assets				
Non-current assets				
Investment properties	**738 197 000**	185 088 808	**–**	–
Property, plant and equipment	**74 177**	–	**130 333**	–
Deferred tax asset	**–**	–	**108 937**	–
	738 271 177	185 088 808	**239 270**	–
Current assets				
Trade and other receivables	**254 535 149**	204 924 068	**139 472 040**	–
Cash and cash equivalents	**30 647 691**	-	**813**	–
	285 182 840	204 924 068	**139 472 853**	–
Total assets	**1 023 454 017**	390 012 876	**139 712 123**	–
Equity and liabilities				
Equity				
Stated capital	**100**	100	**119 793 747**	–
Retained income/(accumulated loss)	**(34 417 330)**	1 037 574	**(280 125)**	–
	(34 417 230)	1 037 674	**119 513 622**	–
Liabilities				
Non-current liabilities				
Borrowings	**236 186 416**	–	**–**	–
	236 186 416	–	**–**	–
Current liabilities				
Loans from group companies	**–**	–	**20 026 861**	–
Loans from shareholders	**743 153 245**	370 542 818	**–**	–
Trade and other payables	**78 531 586**	18 432 384	**171 640**	–
	821 684 831	388 975 202	**20 198 501**	–
Total liabilities	**1 057 871 247**	388 975 202	**20 198 501**	–
Total equity and liabilities	**1 023 454 017**	390 012 876	**139 712 123**	–
Detailed statement of comprehensive income				
Revenue	**64 557 891**	1 785 077	**142 542**	–
Cost of sales	**(11 804 019)**	(747 503)	**(8 374)**	–
Gross profit	**52 753 872**	1 037 574	**134 168**	–
Other income	**35 837**	–	**–**	–
Other non-operating gains(losses)	**(31 645 095)**		**–**	–
Administrative expenses	**–**	–	**(17 120)**	–
Net impairment losses on financial and contract assets	**–**	–	**(1 582)**	–
Operating profit	**21 144 614**	1 037 574	**115 466**	–
Finance income	**–**	451	**–**	–
Finance cost	**(56 599 518)**	(451)	**(504 528)**	–
(Loss)/profit before tax	**(35 454 904)**	1 037 574	**(389 062)**	–
Taxation	**–**	–	**108 937**	–
(Loss)/profit after taxation	**(35 454 904)**	1 037 574	**(280 125)**	–
Other comprehensive income	**–**	–	**–**	–
Total comprehensive income/(expense)	**(35 454 904)**	1 037 574	**(280 125)**	–

9. Investment in joint ventures and associates (continued)

Reconciliation of detailed financial information

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

	Afhco Calgro M3 Consortium (Pty) Ltd		Calgro M3 JCO Holdings (Pty) Ltd	
	2019	2018	**2019**	2018
Summarised financial information				
Opening net assets at 1 March	**1 037 574**	–	**–**	–
Profit after tax	**(35 454 904)**	1 037 574	**(280 125)**	–
Closing net assets generated from retained earnings	**(34 417 330)**	1 037 574	**(280 125)**	–
Interest in joint venture at 49.00% and 80.00%	**17 372 902**	(508 412)	**224 100**	–
Closing net assets generated from retained earnings	**(17 044 428)**	529 162	**(56 025)**	–
Reconciliation of investment in joint venture				
At 1 March	**508 412**	–	**–**	–
Share of (loss)/profit	**(17 372 904)**	508 412	**(224 100)**	–
Capital investment from the Group	**–**	–	**119 793 747**	–
Loss limitation	**16 864 492**	–	**224 100**	–
Net carrying value	**–**	508 412	**119 793 747**	–
The impact of the cash flows on the Group consists of the following:				
Cash inflow from construction activities (net movement in deposits received and repaid)	**–**	77 027 026	**–**	–
Cash (outflow) from investing activities	**–**	–	**(119 793 746)**	–
Cash inflow for loans from joint ventures	**–**	–	**–**	–
Cash (outflow) for loans to joint ventures	**(130 452 940)**	(102 329 475)	**(19 521 333)**	–
Net cash flows on the Group from joint ventures	**(130 452 940)**	(25 302 449)	**(139 315 079)**	–

10. Deferred income tax (liabilities)/assets

Accounting policy

Deferred tax assets and liabilities represent amounts of tax that will become recoverable or payable in future accounting years. 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 year. A deferred tax liability represents taxes which will become payable in a future year 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 year 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 year.

10. Deferred income tax (liabilities)/assets (continued)

	2019	2018
Reconciliation of deferred tax (liability)/asset		
Opening balance	**(330 284 207)**	(287 510 782)
Statement of comprehensive income charge	**32 649 948**	(42 773 425)
Construction contracts	**8 607 704**	(72 998 579)
Inventories	**6 823 036**	(2 249 890)
Bonus accrual	**8 835 563**	–
Share appreciation scheme	**(393 779)**	(159 572)
Work in progress	**(12 065)**	1 089 078
Tax losses available for set off against future taxable income	**(47 238 990)**	30 078 554
Tax losses available for set off against future taxable income – acquisition of subsidiary	**–**	4 672 190
Capital losses available for future use	**–**	(1 267 335)
Share appreciation right settlement prepayment	**–**	489 142
Executive Share Scheme	**9 192 975**	(2 608 287)
Deferred revenue	**1 224 321**	691 666
Provisions	**–**	(116 185)
Trade receivables	**–**	(845 593)
Investment properties	**(4 491)**	97 348
Provision for credit losses – trade receivables	**906 497**	–
Provision for credit losses – contract assets	**269 382**	–
Income received in advance	**44 111 696**	–
Other	**328 099**	354 038
Deferred tax effect on IFRS 15 opening balance charge	**116 969 861**	–
Construction contracts	**116 969 861**	–
Deferred tax effect on IFRS 9 opening balance charge	**10 646 980**	–
Provision for credit losses – trade receivables	**995 144**	–
Provision for credit losses – contract assets	**9 651 836**	–
Deferred tax losses previously accounted for written off to the income statement	**(927 985)**	–
Tax losses available for set off against future taxable income	**(927 985)**	–
Closing balance	**(170 945 403)**	(330 284 207)
The analyses of deferred tax liabilities and deferred tax assets are as follows:		
Deferred tax liabilities		
Construction contracts	**(293 985 721)**	(412 658 824)
Capital allowances	**(92 994)**	(92 994)
Inventories	**(10 252 488)**	(15 050 285)
Deferred revenue	**22 183**	–
Bonus accrual	**8 835 563**	–
Share appreciation scheme	**–**	393 779
Work in progress	**(12 065)**	–
Tax losses available for set off against future taxable income	**15 201 014**	67 107 386
Tax losses available for set off against future taxable income – acquisition of subsidiary	**–**	4 672 190
Capital losses available for future use	**22 161**	160 573
Share appreciation right settlement prepayment	**(407 794)**	(407 794)
Executive Share Scheme	**9 674 563**	481 588
Investment properties	**92 857**	97 348
Provision for credit losses – trade receivables	**1 901 641**	–
Provision for credit losses – contract assets	**9 921 218**	–
Income received in advance	**43 437 840**	–
Other	**1 341 869**	1 013 770
Deferred tax liabilities*	**(214 300 153)**	(354 283 263)

** Included in deferred tax liabilities are the deferred tax assets of subsidiaries where their net deferred tax position is a deferred tax liability.*

10. Deferred income tax (liabilities)/assets (continued)

	2019	2018
Deferred tax assets		
Construction contracts	**(40 163 710)**	(47 068 172)
Inventories	**11 281 134**	9 255 895
Deferred revenue	**2 246 216**	1 044 078
Capital losses available for future use	**138 412**	–
Income received in advance	**673 856**	–
Tax losses available for set off against future taxable income	**69 178 842**	60 767 255
Deferred tax assets#	**43 354 750**	23 999 056
Net deferred tax balance	**(170 945 403)**	(330 284 207)
Deferred tax liabilities		
Deferred tax liability to be realised within 12 months	**(120 641 689)**	(199 446 107)
Deferred tax liability to be realised after more than 12 months	**(93 658 464)**	(154 837 156)
	(214 300 153)	(354 283 263)
Deferred tax assets		
Deferred tax asset to be recovered within 12 months	**14 674 384**	8 123 017
Deferred tax asset to be recovered after more than 12 months	**28 680 366**	15 876 039
	43 354 750	23 999 056

 # Included in deferred tax assets are the deferred tax liabilities of subsidiaries where their net deferred tax position is a deferred tax asset.

11. Loans to/(from) joint ventures and associates

Accounting policy

These loans are recognised initially at fair value plus direct transaction costs and subsequently measured at amortised costs.

Significant estimates and judgements

The Group applies an expected credit loss provision ("ECL") on the financial asset balances. Refer to note 2.6.5.1 for the relevant judgements applied.

	Interest rate	Expected repayment date	2019	2018
Loans to joint ventures and associates				
Afhco Calgro M3 Consortium (Pty) Ltd	Prime	31 March 2019	**252 172 253**	102 330 124
South Hills Development Company (Pty) Ltd (unsecured)	Prime plus 2%	28 February 2021	**3 539 063**	3 200 798
Safdev Tanganani (Pty) Ltd (unsecured)	Prime	28 February 2021	**41 895 628**	37 891 261
Table View Properties (Pty) Ltd (unsecured)	Prime plus 2%	28 February 2020	**72 229**	–
Calgro M3 JCO Holdings (Pty) Ltd (unsecured)	Prime	28 February 2020	**20 026 861**	–
Provisions for expected credit losses			**(6 312 596)**	–
Loans to joint ventures and associates			**311 393 438**	143 422 183
Loans (from) joint ventures and associates				
South Hills Development Company (Pty) Ltd (unsecured)	Prime plus 2%	31 March 2019	**(23 000 000)**	–
Loans (from) joint ventures and associates			**(23 000 000)**	–

11. Loans to/(from) joint ventures and associates (continued)

	2019	2018
Borrowings cash flow reconciliation		
Opening balance	**–**	–
Proceeds from South Hills Development Company (Pty) Ltd	**23 000 000**	–
Closing balance	**23 000 000**	–
Reconciliation of loans to joint ventures and associates		
Principal loan amount	**317 706 034**	143 422 183
Provisions for expected credit losses	**(6 312 596)**	–
	311 393 438	143 422 183
Loans to joint ventures and associates		
Loans to be realised within 12 months	**272 271 343**	102 330 124
Loans to be realised after more than 12 months	**45 434 691**	41 092 059
	317 706 034	143 422 183
Loans (from) joint ventures and associates		
Loans to be repaid within 12 months	**(23 000 000)**	–
Loans to be repaid after more than 12 months	**–**	–
	(23 000 000)	–

12. 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 costs and other direct costs.

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

Individual units which do not form part of construction contracts are classified as inventory and are sold as a completed unit.

Significant estimates and judgements

In assessing the net realisable value of land under development held for sale, valuators consider title deed information, town planning conditions, locality and improvements made to the property. Property vacancy rates in surrounding areas, realised yields on comparative sales as well as micro and macro-economic conditions require judgement.

	2019	2018
Opening balance	**554 397 497**	595 989 480
Additions (net of transfers to construction contracts)	**91 327 959**	(49 626 819)
Borrowing costs capitalised	**22 165 556**	24 567 250
Net realisable value adjustments#	**(54 452 744)**	–
Disposals	**(44 940 268)**	(16 532 414)
Closing balance	**568 498 000**	554 397 497
Inventories to be sold within 12 months	**203 386 469**	176 447 904
Inventories to be sold after more than 12 months	**365 111 531**	377 949 593
	568 498 000	554 397 497

** The normal operating cycle for inventory, construction contracts and work in progress is considered to be longer than 12 months.*
 # The NRV adjustment for the current year relates to the La Vie Nouvelle Lifestyle and Wellness Estate Frail Care Centre.

12. Inventories (continued)

Included in the additions for the current year are additions of R27 759 910 from the acquisition of the Durbanville Memorial Park and R9 606 320 from the acquisition of the Bloemfontein Memorial Park. Refer to note 29.

Inventories to the value of R88 456 969 (2018: R2 220 524) are stated at net realisable value.

13. Construction contracts

Accounting policy

The accounting policy for construction contracts need to be read in conjunction with the accounting policy for revenue in note 19.

Construction contracts consist of both contract assets and cost incurred to be allocated to future contract assets when the Group enters into an agreement with a customer.

Future costs to be allocated to contract assets are cost incurred on the development of land which includes costs such as direct labour, materials, professional/consulting services, commissions and allocation of overhead costs which relate directly to the development of the land. These cost are only allocated to the individual units when a contract is entered into with a customer to purchase the relevant unit.

Contract assets arise on the basis that costs are incurred to satisfy performance obligations, the related payment and timing is determined based on each individual contract. These costs include costs to fulfil a contract and includes costs such as direct labour, materials, professional/consulting services, commissions and allocation of overhead cost which relate directly to satisfy performance obligations of the contract. Contract assets are recovered from the customer when the relevant performance obligations are completed and payment can be obtained from the customer.

If costs are incurred on a contract without a corresponding payment received it is shown as a contract asset at the reporting period, if the customer has paid in advance for performance obligations to be satisfied it is shown as a contract liability within trade and other payables.

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).

Costs incurred during the year related to with future activity on a contract are excluded from contract assets. They are presented as costs incurred to be allocated to future contract assets, depending on their nature that will be assessed on a case by case basis.

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 that are invoiced but not yet paid by customers as well as retentions are included within “trade and other receivables” (refer to note 14).

Significant estimates and judgements

The Group uses the “percentage-of-completion” method (also known as input method) in accounting for its “over-time” construction contracts where control is transferred to a customer over a period of time. 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. The Group performs this by comparing actual costs incurred on a unit/dwelling/project compared to the forecasted costs of the unit/dwelling/project which equals the percentage of work completed (“percentage of completion”). The corresponding percentage of revenue is then recognised in that period.

The Group allocates non-unit specific costs which include land, infrastructure, town planning and other project related costs based on approved feasibilities. Estimates are made by management to calculate the forecasted costs of a project which includes non-unit specific costs to be allocated to units as and when they are constructed. 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.

The Group applies an expected credit loss provision (“ECL”) on the financial asset balances. Refer to note 2.6.5.1 for the relevant method and judgement applied.

13. Construction contracts (continued)

	2019	2018
The aggregate costs incurred and recognised profits to date	**4 172 437 264**	9 786 723 770
Less: Progress billings	**(3 061 010 070)**	(7 970 168 934)
Net statement of financial position balance for ongoing contracts	**1 111 427 194**	1 816 554 836
Excess billings over work done classified under trade and other payables (note 18)	**198 231 245**	4 419 154
Provision for lossmaking contracts classified under trade and other payables (note 18)	**4 847 353**	–
Gross statement of financial position balance for ongoing contracts	**1 314 505 792**	1 820 973 990
Construction contracts to be realised within 12 months	**671 469 797**	1 052 697 082
Construction contracts to be realised after 12 months	**643 035 995**	768 276 908
	1 314 505 792	1 820 973 990
The previous year's contract liabilities have been recognised in revenue in full during the current reporting period.		
Disaggregated construction contracts in terms of IFRS 15 – pre-expected credit loss provisions		
Infrastructure – contract assets	**315 881 180**	–
Fully and partially subsidised units – contract assets	**505 700 429**	–
Non-subsidised units – contract assets	**10 871 906**	–
Serviced land – contract assets	**47 342 897**	–
Contract assets	**879 796 412**	–
Future contract asset costs		
Development cost for future contract assets	**434 709 380**	–
	1 314 505 792	–
Reconciliation of construction contracts		
Gross statement of financial position balance for ongoing contracts	**879 796 412**	–
Provisions for expected credit losses on contract assets	**(35 432 920)**	–
Development cost for future contract assets	**434 709 380**	–
Statement of financial position balance for construction contracts	**1 279 072 872**	–

** The normal operating cycle for inventory, construction contracts and work in progress is considered to be longer than 12 months.*

The expected aggregate revenue still to be recognised on the current contract asset balances amount to R1 935 650 160 and will be recognised within the normal operating cycle of the business.

Borrowing costs to the value of R54 291 729 (2018: R42 065 456) have been capitalised (refer to note 25).

14. 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 2.6.5 for further information.

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

Significant estimates and judgements

The Group applies an expected credit loss provision ("ECL") on the financial asset balances. Refer to note 2.6.5.1 for the relevant method and judgement applied

	2019	2018
Trade receivables and retention debtors	**179 988 288**	165 662 562
Trade receivables – third parties	**37 067 085**	5 004 835
Retention debtors – third parties	**5 943 945**	5 266 808
Trade receivables – related parties	**130 925 315**	150 700 772
Retention debtors – related parties	**6 051 943**	4 690 147
Value added tax	**31 353 350**	12 996 625
Other receivables	**12 864 270**	17 907 774
Dividends receivable◆	**4 619 870**	–
Amounts due from executive share scheme – related parties#	**–**	7 706 659
Securing deposits◇	**11 784 221**	89 465 525
Provision for credit losses	**(6 791 575)**	–
	233 818 424	293 739 145
Trade and other receivables to be realised within 12 months	**226 385 550**	278 157 232
Trade and other receivables to be realised after 12 months	**7 432 874**	15 581 913
	233 818 424	293 739 145

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

◆ *The dividends receivable relates to dividends being receivable from a joint venture company. The income relating to these dividends are already accounted for through the share of profits of joint ventures and associates in the statement of comprehensive income (refer to note 9).*

\# *This relates to the payable by participants of the executive share scheme with respect to the subscription price for the shares issued under the scheme. The scheme has been cancelled on 31 August 2018. Refer to notes 32 and 34 for further details.*

◇ *Included in the balance is R nil (2018: R78 568 747) relating to securing deposits paid to secure units that are earmarked for the rental market. The deposits were repaid in the current year. The remaining balance relates to deposits paid to secure land for future projects.*

Trade receivables and retention debtors fully performing

At 28 February 2019, trade receivables and retention debtors of R179 988 288 (28 February 2018: R165 586 919) were fully performing.

Trade receivables and retention debtors from related parties

	2019	2018
South Hills Development Company (Pty) Ltd	**5 198 738**	35 261 307
Calgro KuumBA Planning and Design (Pty) Ltd	**1 000 000**	4 000 000
Witpoortjie Calgro M3 Development Company (Pty) Ltd	**130 778 520**	116 129 612
Total	**136 977 258**	155 390 919

14. Trade and other receivables (continued)

Trade receivables and retention debtors owing from related parties are not considered past due as they were granted in the normal course of business within the Group's operating cycle of greater than 12 months. The due dates for amounts are determined specifically for each related party. Management of the Group has insight into the financial position of all joint ventures and associates as at 28 February 2019 and do not believe that there are indicators that these amounts are impaired at year-end. The Group does, however, raise expected credit loss provisions on the receivable balances. These receivables bear interest at market-related rates. Please refer to note 8 for summarised financial information as well as detailed analysis of joint venture and associates relationships.

Trade receivables and retention debtors – third parties past due but not impaired

At 28 February 2019, trade receivables and retention debtors of R251 596 (28 February 2018: R75 643) were past due but not impaired.

	Other debtors	
	2019	2018
Ageing of trade receivables and retention debtors – third parties		
Less than 30 days	**37 492 625**	10 196 000
30 days and older	**5 518 405**	75 643
Total	**43 011 030**	10 271 643

Trade receivables impairment

At 28 February 2019, trade receivables of R529 205 (2018: R nil) were written off as bad debt.

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 for trade and other receivables, other than for deposits as disclosed above. Refer to note 2.11 for details of financial instruments.

15. Cash and cash equivalents

Accounting policy

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

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

	2019	2018
Cash on hand	**4 720**	3 393
Bank balances	**122 628 277**	156 719 542
	122 632 997	156 722 935

16. 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.

	Number of shares		Rand amount	
	2019	2018	**2019**	2018
Authorised				
Ordinary no par value shares	**500 000 000**	500 000 000	**–**	–
Issued				
Balance at the beginning of the year	**128 150 069**	128 150 069	**116 255 971**	116 255 971
Shares held by Calgro M3 Employee Benefit Trust	**5 212 909**	5 212 909	**104 239 627**	104 239 627
Shares held by Calgro M3 Empowerment Trust	**5 212 909**	5 212 909	**104 239 627**	104 239 627
Shares held in terms of the Calgro M3 Executive Share Scheme	**8 468 631**	8 468 631	**163 191 099**	163 191 099
Treasury shares in issue opening balance	**(18 894 449)**	(18 894 449)	**(371 670 353)**	(371 670 353)
Equity share scheme – trading restrictions released (refer to note 30)	**–**	–	**–**	–
Closing balance treasury shares in issue	**(18 894 449)**	(18 894 449)	**(371 670 353)**	(371 670 353)
Balance at the end of the year	**128 150 069**	128 150 069	**116 255 971**	116 255 971

Shares held by Calgro M3 Employee Benefit Trust and Calgro M3 Empowerment Trust
In terms of IFRS 10: *Consolidated Financial Statements*, both trusts are consolidated into the Group, and as a result, shares owned by these entities are carried as treasury shares on consolidation.

Shares issued with respect to the Calgro M3 Executive Share Scheme
The shares issued to Directors and selected employees in respect of the Calgro M3 Executive Share Scheme contain restriction of trade clauses in terms of the scheme rules. These shares are therefore considered to be treasury shares. During the prior year, the service year for all Category 1 shares were completed, resulting in the trading restrictions being released. Refer to note 32 for further details.

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.

17. 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 2.3).

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	2019	2018
Bond exchange			**969 195 006**	889 596 522
Floating rate note – CGR 18	JIBAR plus 3.2%	04 May 2018	**–**	30 000 000
Floating rate note – CGR 19	JIBAR plus 3.2%	04 June 2018	**–**	30 000 000
Floating rate note – CGR 20	JIBAR plus 3.2%	04 July 2018	**–**	15 000 000
Floating rate note – CGR 21	JIBAR plus 4.5%	12 October 2020	**70 000 000**	70 000 000
Floating rate note – CGR 23	JIBAR plus 4%	08 February 2019	**–**	25 000 000
Floating rate note – CGR 24	JIBAR plus 5%	08 February 2021	**20 000 000**	20 000 000
Floating rate note – CGR 25	JIBAR plus 4%	27 June 2019	**111 000 000**	111 000 000
Floating rate note – CGR 27	JIBAR plus 4%	25 November 2019	**46 000 000**	46 000 000
Floating rate note – CGR 29	JIBAR plus 4.35%	08 February 2021	**52 000 000**	52 000 000
Floating rate note – CGR 31	JIBAR plus 1.7%	27 June 2018	**–**	16 000 000
Floating rate note – CGR 32	JIBAR plus 3.9%	21 July 2020	**38 000 000**	38 000 000
Floating rate note – CGR 33	JIBAR plus 3.9%	22 September 2020	**59 000 000**	59 000 000
Floating rate note – CGR 34	Fixed rate 8.388%	21 September 2018	**–**	42 000 000
Floating rate note – CGR 36	JIBAR plus 1.7%	02 October 2018	**–**	20 000 000
Floating rate note – CGR 37	JIBAR plus 1.7%	08 February 2019	**–**	15 000 000
Floating rate note – CGR 38	JIBAR plus 4%	13 February 2021	**30 000 000**	30 000 000
Floating rate note – CGR 39	JIBAR plus 3.95%	04 May 2021	**30 000 000**	–
Floating rate note – CGR 40	JIBAR plus 3.95%	04 June 2021	**51 000 000**	–
Floating rate note – CGR 41	JIBAR plus 3.95%	25 June 2021	**20 000 000**	–
Floating rate note – CGR 42	JIBAR plus 4.5%	03 August 2023	**45 000 000**	–
Floating rate note – CGR 43	JIBAR plus 3.95%	08 February 2022	**18 000 000**	–
Proparco loan#	JIBAR plus 4.9%	15 September 2021	**387 000 000**	278 000 000
Transaction cost amortisation*			**(7 804 994)**	(7 403 478)
Total borrowings			**969 195 006**	889 596 522

 # In the previous year, the Group obtained funding to the value of R278 million and a further R109 million in the current financial year. The loan is repayable in four equal six-monthly instalments from 15 September 2021. The following financial covenants are applicable to the loan:
- *Debt service coverage ratio ("DSCR") of higher than 1.2 at a Group level; and*
- *A maximum Net debt to equity ratio of less than 1.5:1*

** 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.*

All borrowings are unsecured.

The total facility value is R387 000 000.

Refer to note 3.2 for the DSCR and net debt to equity calculation.

17. 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.

	2019	2018
Borrowings to be settled within 12 months	**157 000 000**	193 000 000
Borrowings to be settled after more than 12 months	**812 195 006**	696 596 522
	969 195 006	889 596 522
Borrowings cash flow reconciliation		
Opening balance	**889 596 522**	571 645 578
Repayments of CGR notes	**(193 000 000)**	(192 000 000)
Amortised expense through the statement of comprehensive income	**2 193 649**	524 869
Transaction costs paid	**(2 595 165)**	(6 573 925)
Proceeds from new CGR notes issued	**164 000 000**	238 000 000
Proceeds from Proparco loan	**109 000 000**	278 000 000
Closing balance	**969 195 006**	889 596 522
Interest paid on borrowings	**115 459 090**	72 785 261
Total interest paid on borrowings	**115 459 090**	72 785 261

General

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

18. Trade and other payables

Accounting policy

Trade and other payables are measured at amortised cost. Refer to the financial instruments accounting policy, note 2.11.

	2019	2018
Trade payables	**132 410 319**	263 593 185
Trade payables – related parties	**9 965 355**	9 965 355
Retention creditors	**18 894 331**	28 528 059
Long service awards provision◆	**6 211 582**	–
Executive once-off payment*	**25 344 000**	–
Accrued expenses	**35 726 420**	27 734 349
Executive share scheme liability◇	**–**	31 708 770
Share appreciation rights liabilities	**–**	1 406 351
Value added tax	**15 675 701**	13 380 442
Income received in advance	**310 821**	296 557
Accrual for leave pay	**1 346 638**	831 200
Deferred revenue	**19 235 278**	10 053 774
Deposits received – Summerset and other units	**74 500**	2 531 420
Deposits received – Afhco Consortium – Related parties■	**155 135 133**	177 027 026
Nasrec Memorial Parks share purchase liability	**41 868 944**	–

◆ *The Group has implemented a long-term service award for its employees based on years of service. (10 years: two months' salary, 15 years: three months' salary, every subsequent five years thereafter – three months' salary). To determine the value of the provision, the following was taken into account: The average annual salary increases, the employee attrition rate, retirement age, discount rate and mortality rate.*

* *This amount will be paid out to the executives as a once-off payment. Refer to note 35.*

◇ *The liability was settled during the year due to the cancellation of the executive share scheme.*

■ *Deposits received relate to units that will be completed and transferred within the next 12 months.*

18. Trade and other payables (continued)

	2019	2018
Land purchase liability – balance of purchase price for acquisition of Bridge City land#	**19 450 199**	17 543 526
Land purchase liability – balance of purchase price for acquisition of Jabulani land#	**145 000 000**	145 000 000
Land purchase liability – balance of purchase price for acquisition of KwaNobuhle land#	**43 649 344**	47 102 820
Other payables – Balance of purchase price for acquisition of Fourways Private Memorial Park	**5 821 131**	13 912 813
Other payables – Balance of purchase price for the acquisition of Durbanville Memorial Park	**4 500 000**	–
Other payables – Balance of purchase price for the acquisition of Bloemfontein Memorial Park	**2 250 193**	–
Other payables – Balance of investment into Table View Properties (Pty) Ltd	**–**	10 000 000
Other payables – related parties	**9 842 916**	9 849 030
Dividends payable	**487 696**	–
Provision for lossmaking contracts○	**4 847 353**	–
Excess billings over work done	**198 231 245**	4 419 154
	896 279 099	814 883 831

 # Land purchase liability is carried at amortised cost. Repayments have been aligned with the sale of completed units.

○ A provision for a lossmaking contract is made when the Group can reliably determine that the cost to complete the relevant performance obligations will be more than the expected revenue and the Group has no alternative than to incur the cost. Refer to note 13.

Refer to note 3 for the maturity analysis of financial instruments. For the remaining non-financial instruments, R63 083 441 (February 2018: R17 333 315) will be settled within the next 12 months and R24 380 156 (2018: R10 868 727) will be settled after more than 12 months.

19. Revenue

Accounting policy applied from 1 March 2018

The Group derives revenue from contracts with customers for the supply of goods (infrastructure, fully and partially subsidised units, non-subsidised units, serviced land and memorial park burial rights) and services (memorial park burial services and memorial park maintenance).

The Group measures and accounts for revenue based on the specifications of each individual contract with a customer, excluding any amounts received on behalf of third parties, and based on the contractual obligations either accounts for the revenue at a specific point in time or over time as control of the goods or services are transferred to the customer.

The Group recognises revenue over time if one of the following criteria is met:

- The Group creates or enhances an asset which the customer controls as the asset is created; or
- The Group does not create an asset with an alternative use to the Group and has an enforceable right to payment for the work completed to date; or
- The customer simultaneously receives and consumes all of the benefits provided by the Group.

The Group recognises revenue at a point in time if the over time criteria is not met. Revenue is recognised when control is transferred to the customer which is usually when legal title passes to the customer and the business has the right to payment.

Refer below for further explanation of the different products and when control is transferred to the customer and when the Group has right to payment.

The cost incurred to obtain a contract is expensed to profit and loss as and when the cost is incurred as the Group considers these cost not to be recoverable until an agreement has been reached to recover these cost.

19. Revenue (continued)

Significant judgement and source of estimation uncertainty

Property Development Segment

The Group uses the "percentage of completion" method (also known as an input method) in accounting for its "Over time" construction contracts where control is transferred to a customer over a period of time. 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. The Group performs this by comparing actual cost incurred on a unit/dwelling/project compared to the forecasted cost of the unit/dwelling/project which equals the percentage of work completed ("percentage of completion"). The Group has determined that his method faithfully depicts the Group's performance in transferring control of the goods and services to the customer.

The Group uses approved feasibilities to determine the overall expected cost and attributable margin to determine the transaction price on over-time construction contracts and for services to be rendered on infrastructure projects where the Group is remunerated on a cost plus basis. The relevant costs are determined by qualified industry experts, where applicable, and are based on the overall infrastructure requirements as per the contract.

The Group allocates non-unit specific cost which includes land, infrastructure, town planning and other project-related cost based on approved feasibilities. Estimates are made by management to calculate the forecasted cost of a project which includes non-unit specific cost to be allocated to units as and when they are constructed. 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.

The Group applies judgement in determining whether contracts for the sale of land and the construction of residential housing include separately identifiable performance obligations or whether they should be grouped together. The Group applies this judgement based on transfer requirements for the property, if the land can be transferred without construction of the relevant unit then the transfer of land and construction of unit is determined to be two separately identifiable performance obligations.

Variations on original contract prices are agreed with a customer and are accounted for as a contract modification where the original prices are modified to include the approved variation to the original contract. A cumulative catch up of revenue is performed when the variation is included for a contract where the revenue is accounted for over a period of time. The revenue on variations for a point in time contract is only accounted for upon transfer of control of the relevant services and goods to the customer.

The type of products within the Group for the Residential Development Segment is set out below:

Fully subsidised (Reconstruction and Development Programme ("RDP")/Breaking New Ground ("BNG"))

- Overall agreement between parties to construct a specified number of RDP units.
- Purchase order received from Government based on approved budget within the relevant department, based on gazetted prices for RDP units at the time of contracting.
- Payment for work completed determined on a monthly basis ("progress draws").
- Specification is based on current Government gazetted specifications for the units.

Community Residential Units ("CRU")

- Overall agreement between parties to construct a specified number of CRU units.
- Purchase order received from Government based on approved budget within the relevant department, based on gazetted prices for CRU units at the time of contracting.
- Payment for work completed determined on a monthly basis ("progress draws").
- Specification is based on current Government gazetted specifications for the units.

Social Housing

- Overall agreement between third party social housing company to construct a specified number of Social Housing units.
- Units specification is agreed upon between the parties within the contract.
- Payment for work completed is determined on a monthly basis or upon transfer of the units.

Bulk Purchaser

- Overall agreement between third parties to construct a specified number of units.
- Units specification is agreed upon between the parties within the contract.
- Payment terms differ based on specified conditions of the agreement and relevant funding arrangements.

19. Revenue (continued)

Property Development Segment (continued)

The type of products within the Group for the Residential Development Segment is set out below (continued):

Grassroots Affordable Peoples' Homes ("GAP")/Finance Linked Individual Subsidy Programme ("FLISP")

- Agreement between parties to purchase a single unit within a sectional title development.
- Payment to take place upon transfer of the unit to the customer.
- Specifications of the units are standard across the development.

Affordable Housing

- Agreement entered into with parties for the purchase of property and the construction of a freestanding dwelling.
- Specification of dwelling agreed upon between parties.
- Payment upon transfer of the property.
- Payment for construction of freestanding unit based on terms of bond obtained by customer from the relevant financial institution.

High-end units

- Agreement entered into with parties for the purchase of property and the construction of a freestanding dwelling or sectional title units.
- Specifications of unit agreed upon between parties.
- Payment upon transfer of the property or unit.
- Payment for construction of freestanding unit based on terms of bond obtained by customer from the relevant financial institution.

Integrated residential developments (consisting of a mix of bulk, link and internal infrastructure together with a mix in unit typologies)

- Overarching agreement with Government to perform an integrated development for the upliftment and integration of communities.
- Bulk and link services subsidised based on the integration of subsidised and non-subsidised units and mix of unit typologies.
- Mixture of unit typologies to be constructed as per the agreement.
- Payment for services rendered determined on a monthly basis ("progress draws").

Memorial Parks Segment

The Group determines the selling price for the burial rights by determining the required maintenance at a reasonable margin and standalone selling price of the burial service, which is then deducted from the total transaction price. The remaining balance is the value of the burial right.

In order for management to determine the relevant maintenance revenue the following assumptions are used: life expectancy, period the service will be rendered and the cost to be incurred for maintenance over the period the service is rendered. Management assesses these assumptions on an annual basis based on approved feasibilities for each of the memorial parks.

Revenue for maintenance is recognised over a period of 10 to 19 years, from the sale of the associated burial right.

As a cash payment for the memorial parks burial services and maintenance service is received in advance of the entity performing the burial and maintenance service, a significant financing component exists in the contract. The revenue for these related services will be recognised when the service is rendered and will carry an interest expense up to the date the service is rendered.

The interest expense portion is calculated based on the Group's weighted average cost of debt.

19. Revenue (continued)

Memorial Parks Segment (continued)

The type of products within the Group for the Memorial Parks Segment is set out below:

Memorial Parks burial rights

- Agreement with a customer to reserve the right to utilise a grave site.
- A customer can utilise the grave site as soon as the right has been issued to the customer.
- Payment is received before burial right is issued to customer.

Memorial Parks burial services

- Agreement with the customer to provide internment services with the purchase of a burial right upon utilisation of the burial right.
- The service is rendered to the customer once the burial right is enforced by the customer for the first internment on the burial site.
- Payment is received with the payment of the burial right.
- Payment for subsequent internment services is received before interment service is rendered to customer.

Memorial Parks maintenance services

- Agreement with customer to render maintenance services on reserved grave sites.
- Services are rendered to the customer over the period the maintenance is performed for the reserved site.
- Payment is received with the payment of the burial right.

Revenue recognised for each type of contract is set out below:

Treatment under IAS 11/IAS 18	Accounting policy under IFRS 15
Fully subsidised (Reconstruction and Development Programme ("RDP")/breaking new ground ("BNG"))	
Individual contract with revenue recognised based on % completion (IAS 11)* *Estimated revenue is determined on the gazetted price per unit and the number of units ordered by Government.* *Revenue is recognised on a "percentage of completion" of the units based on the estimated cost to construct the units vs the cost incurred on the units. All costs incurred are expensed to cost of sales when incurred.*	**Individual contract treatment with revenue recognised over time#** *Estimated revenue is determined on the gazetted price per unit and the number of units ordered by Government.* *Revenue is recognised over time on a percentage of completion method for the units based on the estimated cost to construct the units vs the cost incurred on the units. All costs incurred are expensed to cost of sales when incurred.*
Community Residential Units ("CRU")	
Individual contract with revenue recognised based on % completion (IAS 11)* *Estimated revenue is determined on the gazetted price per unit and the number of units ordered by Government.* *Revenue is recognised on a "percentage of completion" of the units based on the estimated cost to construct the units vs the cost incurred on the units. All costs incurred are expensed to cost of sales when incurred.*	**Individual contract treatment with revenue recognised over time#** *Estimated revenue is determined on the gazetted price per unit and the number of units ordered by Government.* *Revenue is recognised over time on a percentage of completion method for the units based on the estimated cost to construct the units vs the cost incurred on the units. All costs incurred are expensed to cost of sales when incurred.*

19. Revenue (continued)

Revenue recognised for each type of contract is set out below: (continued)

Treatment under IAS 11/IAS 18	Accounting policy under IFRS 15
Social Housing	
Individual contract with revenue recognised based on % completion (IAS 11)* *Estimated revenue determined on the contract price per unit.* *Revenue is recognised on a "percentage of completion" of the units based on the estimated cost to construct the units vs the cost incurred on the units. All costs incurred are expensed to cost of sales when incurred.*	**Individual contract treatment with revenue recognised either at a point in time or over time#** *Estimated revenue determined on the contract price per unit.* *Revenue is recognised either over time on a percentage of completion method basis if control is transferred during the development and handover of units; or revenue is recognised at a point in time basis if control is determined to transfer only upon completion of the units and there is no right to payment for work completed.* *Should revenue be accounted for over time, cost incurred is expensed to cost of sales as incurred. Should revenue be accounted for at a point in time, cost is capitalised to contract assets and recognised in cost of sales upon transfer of the units.*
Bulk Purchaser	
Individual contract with revenue recognised based on % completion (IAS 11)* *Estimated revenue determined on the contract price per unit.* *Revenue is recognised on a "percentage of completion" of the units based on the estimated cost to construct the units vs the cost incurred on the units. All costs incurred are expensed to cost of sales when incurred.*	**Individual contract treatment with revenue recognised either at a point in time or over time#** *Estimated revenue determined on the contract price per unit.* *Revenue is recognised either over time on a percentage of completion method basis if control is transferred during the development and handover of units; or revenue is recognised at a point in time basis if control is determined to transfer only upon completion of the units and there is no right to payment for work completed.* *Should revenue be accounted for over time, cost incurred is expensed to cost of sales as incurred. Should revenue be accounted for at a point in time, cost is capitalised to contract assets and recognised in cost of sales upon transfer of the units.*

19. Revenue (continued)

Revenue recognised for each type of contract is set out below: (continued)

Treatment under IAS 11/IAS 18	Accounting policy under IFRS 15
Grassroots Affordable Peoples' Homes ("GAP")/Finance Linked Individual Subsidy Programme ("FLISP")	
Individual contract per customer with revenue recognised on transfer of completed unit (IAS 18)* *Sales price determined based on the agreement between parties.* *Revenue recognised upon transfer of the unit to the client.* *Cost incurred is capitalised to inventory and expensed to cost of sales upon transfer of the unit.*	**Individual contract per customer with revenue recognised on transfer of completed unit – revenue recognised at a point in time** *Sales price determined based on the agreement between parties.* *Revenue recognised at a point in time upon transfer of the unit to the customer.* *Cost incurred is capitalised to inventory and expensed to cost of sales upon transfer of the unit.*
Affordable Housing	
Individual contract per customer with revenue recognised on transfer for the land to the customer (IAS 18) and based on % completion for the construction of the unit (IAS 11)* ***Sale of land*** *Sales price of property/land determined based on the agreement between parties.* *Revenue recognised upon transfer of the property/land to the customer.* *Cost incurred is capitalised to inventory and expensed to cost of sales upon transfer of the property.* ***Construction of unit*** *Estimated revenue for the construction of the dwelling based on the agreement between the parties.* *Revenue is recognised on a percentage of completion based on the estimated cost to construct the dwelling vs the cost incurred on the dwelling. All cost incurred is expensed to cost of sales when incurred.*	**Individual contract per customer with two performance obligations. Revenue recognised on transfer of the land to the customer at a point in time. Revenue on construction of the unit to be recognised over time** ***Sale of land – First performance obligation*** *Sales price of property/land determined based on the agreement between parties.* *Revenue is recognised at a point in time upon transfer of the property/land to the customer.* *Cost incurred is capitalised to inventory and expensed to cost of sales upon transfer of the property/land.* ***Construction of unit – Second performance obligation*** *Estimated revenue for the construction of the dwelling based on the agreement between the parties.* *Revenue of the dwelling is recognised over time on a percentage of completion method basis if control is handed over during the construction phase based on the estimated cost to construct the dwelling vs the cost incurred on the dwelling; or at a point in time if the property and dwelling transfers as a completed unit.* **Single performance obligation** *Or revenue is recognised at a point in time if control is determined to transfer upon completion of the unit/dwelling when the property/land and dwelling is transferred as a completed unit. This is applicable if the customer can only except transfer due to their funding arrangement with a financial institution or requirements of the contract.* *All cost incurred is either expensed to cost of sales if revenue is accounted for over time or capitalised to contract assets and expensed to cost of sales upon transfer of the property.*

19. Revenue (continued)

Revenue recognised for each type of contract is set out below: (continued)

Treatment under IAS 11/IAS 18	Accounting policy under IFRS 15
High-end units	
Individual contract per customer with revenue recognised on transfer for the land to the customer (IAS 18) and based on % completion for the construction of the unit (IAS 11)*	**Individual contract per customer with two performance obligations. Revenue recognised on transfer of the land to the customer at a point in time. Revenue on construction of the unit to be recognised over time**
Sale of land *Sales price of property determined based on the agreement between parties.* *Revenue recognised at a point in time upon transfer of the property/land to the customer.* *Cost incurred is capitalised to inventory and expensed to cost of sales upon transfer of the property/unit.*	***Sale of land – First performance obligation*** *Sales price of property/land determined based on the agreement between parties.* *Revenue recognised at a point in time upon transfer of the property/land to the customer.* *Cost incurred is capitalised to inventory and expensed to cost of sales upon transfer of the property/land.*
Construction of unit *Estimated revenue for the construction of the dwelling based on the agreement between the parties.* *Revenue is recognised on a percentage of completion based on the estimated cost to construct the dwelling vs the cost incurred on the dwelling. All cost incurred is expensed to cost of sales when incurred.*	***Construction of unit – Second performance obligation*** *Estimated revenue for the construction of the dwelling based on the agreement between the parties.* *Revenue for the construction of the dwelling is recognised over time on a percentage of completion method basis if control is handed over during the construction phase based on the estimated cost to construct the dwelling vs the cost incurred on the dwelling; or at a point in time if the property and dwelling transfers as a completed unit.* ***Single performance obligation*** *Revenue is recognised at a point in time if control is determined to transfer upon completion of the unit/ dwelling when the property/land and dwelling is transferred as a completed unit. This is applicable if the customer can only except transfer due to their funding arrangement with a financial institution or requirements of the contract.* *All cost incurred is either expensed to cost of sales if revenue is accounted for over time or capitalised to contract assets and expensed to cost of sales upon transfer of the property/unit.*

19. Revenue (continued)

Revenue recognised for each type of contract is set out below: (continued)

Treatment under IAS 11/IAS 18	Accounting policy under IFRS 15
Integrated residential developments (consisting of a mix of bulk, link and internal infrastructure together with a mix in unit typologies)	
Accounted for as a single, combined contract on % completion basis (IAS 11) *The revenue is based on the percentage of completion for the total project as a whole.* *All cost incurred on the project is expensed as cost of sales when incurred.* *Project estimates for revenue and cost of sales is based on the overall project feasibility.*	**Every contract with a customer to be recognised and accounted for individually (as per above)#** *Revenue is recognised at a point in time or over time depending on the terms and conditions contained in each of the contracts with each individual customer.* *Non-unit specific costs are allocated to each unit as and when the Group enters into a contract with the customer. The relevant cost incurred is expensed or capitalised based on the revenue recognition which is either at a specific point in time or over time.* *Subsidised infrastructure revenue is based on the estimated revenue for the work to be completed on the project.* *Cost incurred on subsidised infrastructure is expensed to cost of sales when incurred.*
Memorial Parks burial rights	
The sale of burial rights relates to revenue generated from the reservation of a grave site. Individual contract per customer with revenue recognised on transfer of burial right to the customer once full payment has been received (IAS 18).	*Individual contract treatment with revenue recognised at a point in time when the burial right has transferred to the customer.*
Memorial Parks burial services	
The burial services relates to the revenue generated from the interment services provided by the Group. Individual contract per customer with revenue recognised on transfer of burial services rendered to the customer (IAS 18).	*Individual contract treatment with revenue recognised at a point in time when the burial service has rendered to the customer.*
Memorial Parks maintenance services	
The maintenance services relate to the revenue generated from the memorial park maintenance provided by the Group for the reserved graves. Individual contract per customer with revenue recognised over the year of maintenance being provided (IAS 18)	*Individual contract treatment with revenue recognised over time as the maintenance services are being rendered for the customer.*

* *Based on an individual contract basis as if treated as a separate engagement and not part of an integrated development.*

\# *Exact treatment will be assessed based on the individual contract with the customer and the underlying terms and conditions that are unique to each contract. Revenue may in certain cases be recognised at a point in time rather than over time and may have more than one performance obligation as determined by IFRS 15. Each will be assessed on its own set of underlying facts and recognised according to the guidance contained in IFRS 15.*

19. Revenue (continued)

	2019	2018
Sale of completed units	**4 866 583**	9 505 586
Construction contracts	**939 778 202**	1 720 492 629
Sale of developed land	**31 500 000**	–
Memorial parks burial rights	**16 325 193**	9 783 805
Memorial parks maintenance	**2 044 624**	1 142 070
Memorial parks burial services	**2 549 926**	1 678 072
	997 064 528	1 742 602 162
Disaggregated revenue		
Residential Property Development Segment		
Infrastructure	**440 224 268**	–
Fully and partially subsidised units	**452 065 209**	–
Non-subsidised units	**33 621 990**	–
Serviced land sales	**50 233 318**	–
	976 144 785	–
Memorial Parks Segment		
Memorial parks burial rights	**16 325 193**	–
Memorial parks maintenance	**2 044 624**	–
Memorial parks burial services	**2 549 926**	–
	20 919 743	–
Total revenue	**997 064 528**	–

20. Cost of sales

Cost of completed units	**5 145 185**	9 085 174
Net realisable value adjustment on inventories	**54 452 744**	–
Sale of developed land	**32 817 095**	–
Construction contracts	**768 981 469**	1 455 980 473
Memorial parks burial rights	**4 980 954**	6 418 773
Memorial parks maintenance	**548 134**	111 689
Memorial parks burial services	**1 448 900**	916 778
	868 374 481	1 472 512 887
Disaggregated cost of sales		
Residential Property Development Segment		
Infrastructure	**288 917 076**	–
Fully and partially subsidised units	**429 750 752**	–
Non-subsidised units	**89 090 979**	–
Serviced land sales	**53 637 686**	–
	861 396 493	–
Memorial Parks Segment		
Memorial parks burial rights	**4 980 954**	–
Memorial parks maintenance	**548 134**	–
Memorial parks burial services	**1 448 900**	–
	6 977 988	–
Total cost of sales	**868 374 481**	–

21. Other income

	2019	2018
Bond commissions	**1 289 302**	872 190
Gain on bargain purchase	**27 600 377**	–
Insurance refunds	**–**	27 200
Profit on sale of investment in joint venture	**–**	5 999 965
Rental income from investment properties	**3 892 305**	1 702 872
Other rental income	**1 001 825**	310 375
Fair value adjustments on assets held at fair value	**482 930**	–
Fair value adjustments on Investment properties	**1 655 587**	–
SETA refunds and other income	**616 154**	4 009 025
	36 538 480	12 921 627

22. Expense by nature

Advertising	**11 567 239**	10 477 811
Auditor's remuneration	**4 462 100**	4 537 074
Bank charges	**2 045 052**	1 190 210
Completed unit costs	**5 145 185**	9 085 174
Computer expenses	**4 542 368**	3 224 212
Net construction costs	**856 251 308**	1 455 980 473
Depreciation on property, plant and equipment and amortisation on computer software	**1 350 363**	1 183 428
Donations	**1 699 277**	652 250
Insurance	**1 618 975**	839 353
(Profit)/loss on disposal/write-off of property, plant and equipment and computer software	**–**	(170 024)
Memorial park costs	**6 977 988**	7 447 240
Motor vehicle expenses	**1 006 463**	1 125 738
Lease rentals on operating leases	**5 916 325**	6 186 401
Legal fees	**1 051 422**	343 552
Printing and stationery	**711 346**	710 257
Professional fees	**3 045 959**	6 576 042
Social corporate responsibilities	**3 662 642**	5 675 068
Total employee and related fee costs	**132 050 562**	77 176 633
Directors' fees – non-executive*	**2 950 750**	2 600 497
Executive share scheme expense*	**43 992 366**	23 794 152
Employee costs*	**85 749 104**	49 604 953
Share appreciation rights expense*	**(641 658)**	(569 902)
Share appreciation rights settlement expense*	**–**	1 746 933
Telephone and fax	**1 343 885**	1 183 441
Deferred tax asset not recognised	**929 221**	–
Write-down of work in progress	**–**	3 889 550
Other	**9 939 881**	8 283 910
Total cost of sales, administration expenses and other expenses	**1 055 317 561**	1 605 597 793

* *Refer to notes 32, 33, 34 and 35 for further explanation of the relevant expenses.*

23. Impairment losses on financial and contract assets

Trade receivables	**3 237 489**	–
Contract assets	**962 078**	–
Loans to joint ventures	**2 989 945**	–
	7 189 512	–

Refer to note 2.11.1 for the reconciliation of the impairment losses on financial and contract assets balances.

24. 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.

	2019	2018
Bank	**7 439 812**	6 176 180
Trade receivables	**846 234**	5 984 445
SARS	**637 283**	273 399
Related parties (SAR vendor finance)	**424 968**	731 240
Related parties (interest from joint ventures and associates)	**40 656 735**	15 791 302
	50 005 032	28 956 566

25. 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 year in which they are incurred.

	2019	2018
Bank	**4 086 235**	2 961 524
Other	**6 170 258**	1 103 561
Interest-bearing borrowings	**125 566 511**	79 255 049
Finance cost	**135 823 004**	83 320 134
Less: Amounts capitalised on qualifying assets (inventory)	**(22 165 556)**	(24 567 250)
Less: Amounts capitalised on qualifying assets (construction contracts)	**(54 291 729)**	(42 065 456)
Total finance cost recognised in statement of comprehensive income	**59 365 719**	16 687 428

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

26. Taxation

Accounting policy

All 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 year 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 year for tax and accounting purposes (deferred tax).

	2019	2018
Major components of the income tax expense		
Current		
Local income tax – current year	**7 346 325**	2 667 183
Local income tax – recognised in current tax for prior years	**–**	828 283
	7 346 325	3 495 466
Deferred		
Current year	**(34 874 094)**	47 208 838
Under/(over) provision for prior year	**2 223 358**	244 660
	(32 650 736)	47 453 498
	(25 304 411)	50 948 964

	2019 %	2018 %
Reconciliation of the income tax expense		
Applicable tax rate	**(28.00)**	28.00
Disallowable charges	**16.88**	1.58
Empowerment expenses	**13.28**	0.99
Fines and penalties – SARS	**0.06**	0.03
Professional fees	**3.54**	0.56
IFRS rate adjustments	**(107.45)**	(1.29)
Calgro M3 Executive Share Scheme	**(57.29)**	(0.47)
IFRS 9 – Net impairment losses on financial assets – loans	**3.48**	0.00
Bargain purchase	**(35.03)**	0.13
Fair value adjustment on Investment properties	**(2.11)**	0.00
Impairment of goodwill	**(0.00)**	0.61
Share of profit of joint ventures and associates – net of tax	**(16.50)**	(1.56)
Underprovision for current tax prior year	**0.00**	0.48
Under/(over) provision for deferred tax prior year	**9.23**	0.14
Losses for which no deferred tax was accounted	**4.24**	0.00
Capital gains tax	**0.00**	0.74
Effective tax rate	**(105.10)**	29.66

The estimated tax losses available for set off against future taxable income within the Group is R304 204 654 (2018: R473 707 722).

27. Cash generated from/(utilised in) operations

	2019	2018
(Loss)/profit before taxation	**(24 076 699)**	171 755 639
Adjustments for:		
Depreciation and amortisation	**1 350 363**	1 183 428
(Profit)/loss on disposal/write-off of property, plant and equipment and computer software	**–**	(170 024)
Executive share scheme expense	**43 992 366**	23 794 152
Share appreciation rights settlement expense	**–**	1 746 933
Finance income	**(50 005 032)**	(28 956 566)
Finance cost	**59 365 719**	16 687 428
Impairment of goodwill	**–**	1 310 074
Write-down of work in progress	**–**	3 889 550
Fair value adjustments on assets held at fair value	**(482 930)**	–
Fair value adjustments on investment properties	**(1 655 587)**	–
Net realisable value adjustment on inventories	**54 452 744**	–
Gain on bargain purchase	**(27 600 377)**	–
Share of profit of joint ventures and associates – net of tax	**(14 188 054)**	(9 560 505)
Other	**–**	(89 421)
Changes in working capital:		
Inventories	**(9 021 461)**	67 555 724
Trade and other receivables	**71 616 076**	1 414 017
Construction contracts	**147 365 664**	(395 260 932)
Trade and other payables	**47 177 520**	(61 138 038)
	298 290 312	(205 838 542)

28. Tax paid

Balance at the beginning of the year	**16 576 854**	18 594 042
Current tax for the year	**(7 346 325)**	(3 495 466)
Balance at the end of the year	**(625 750)**	(16 576 854)
	8 604 779	(1 478 278)

29. Business combinations

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 assets 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 the 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.

29. Business combinations (continued)

2019

Durbanville Memorial Park business

On 1 March 2018 (acquisition date), the Group acquired 100% of the Durbanville Private Memorial Park business through the purchase of all assets and liabilities from Durbanville Private Memorial Park (Pty) Ltd, an unlisted South African private memorial parks property company. The total deemed consideration for the acquisition was R18 000 000. The consideration amount is paid in instalments as determined by the contract, with the final instalment payable on 1 February 2020. The transaction was entered into to benefit from synergies between the Durbanville Private Memorial Park project as well as current and future private memorial park developments across South Africa. The business combination comprises the indivisible acquisition of the integrated set of business activities of Durbanville Memorial Parks (Pty) Ltd and the adjoining commercial property situated on Erf 1691 Fisantekraal and Erf 1965 Fisantekraal. The transaction resulted in a bargain purchase being recognised. None of the bargain purchase is expected to be taxable for tax purposes.

The following table summarises the consideration paid for Durbanville Private Memorial Park business, and the assets acquired and liabilities assumed at the acquisition date:

	Consideration at 1 March 2018
Fair value of the purchase price liability for the business	18 000 000
Total deemed consideration for 100%	18 000 000
Identifiable assets acquired and liabilities assumed at fair value	
Investment property	4 322 880
Investment in NPC	10 606 678
Property, plant and equipment	2 541 250
Fair value of inventory and vacant land	27 759 910
Deferred revenue	(5 089 076)
Total identifiable net assets	40 141 642
Gain on bargain purchase	(22 141 642)
Total deemed consideration	18 000 000
Total purchase consideration	18 000 000
Less: Balance of purchase price for the acquisition of Durbanville Memorial Parks business	(13 500 000)
Net cash outflow on acquisition date	4 500 000

Refer to note 18 for the remaining balance on the purchase price payable at year-end.

Bloemfontein Memorial Park business

On 1 June 2018 (acquisition date), the Group acquired 100% of the Bloemfontein Private Memorial Park business through the purchase of all assets and liabilities from Reunion (Pty) Ltd CC, an unlisted South African private memorial parks property close corporation. The total deemed consideration for the acquisition was R5 250 193. The consideration amount is paid in instalments as determined by the contract, with the final instalment payable on 1 June 2020. The transaction was entered into to benefit from synergies between the Bloemfontein Private Memorial Park project as well as current and future private memorial park developments across South Africa. The business combination comprises the indivisible acquisition of the integrated set of business activities of Reunion (Pty) Ltd situated on Section 1 and 2 of Portion 21 of 8 of the farm Mooivlakte 1047. None of the bargain purchase is expected to be taxable for tax purposes.

29. Business combinations (continued)

2019 (continued)

Bloemfontein Memorial Park business (continued)

The following table summarises the consideration paid for Bloemfontein Private Memorial Park business, and the assets acquired and liabilities assumed at the acquisition date:

	Consideration at 1 June 2018
Fair value of the purchase price liability for the business	**5 250 193**
Total deemed consideration for 100%	**5 250 193**
Identifiable assets acquired and liabilities assumed at fair value	
Investment property	**191 520**
Property, plant and equipment	**911 088**
Fair value of inventory and vacant land	**9 606 320**
Total identifiable net assets	**10 708 928**
Gain on bargain purchase	**(5 458 735)**
Total deemed consideration	**5 250 193**
Total purchase consideration	**5 250 193**
Less: Balance of purchase price for the acquisition of Bloemfontein Memorial Parks business	**(4 250 193)**
Net cash outflow on acquisition date	**1 000 000**

Refer to note 18 for the remaining balance on the purchase price payable at year end.

Fourways Memorial Park

The Group paid R9 million in the current year related to the business acquisition of the Fourways Memorial Park which was acquired in November 2016. A remaining amount of R6 million will be paid during the 2020 financial year.

30. Non-controlling interest

The following table summarises the non-controlling interest where the Group owns less than 100% of shareholding:

	2019	2018
Calgro M3 Memorial Parks (Pty) Ltd	**–**	(1 195 748)
Procurement companies (Calgro M3 Procurement Services (Pty) Ltd and Calgro M3 Contractors (Pty) Ltd)	**301 401**	609 620
Belhar Calgro M3 Development Company (Pty) Ltd	**51**	51
Holm Jordaan GWA (Pty) Ltd	**(23 814)**	941 088
	277 638	355 011

30. Non-controlling interest (continued)

The following table summarises the financial information of subsidiary companies with non-controlling interest:

	Calgro M3 Memorial Parks Nasrec (Pty) Ltd		Holm Jordaan GWA (Pty) Ltd		Procurement companies	
	2019	2018	**2019**	2018	**2019**	2018
Total assets	**120 024 682**	125 274 348	**3 473 592**	1 969 226	**27 272 817**	97 080 995
Total liabilities	**127 266 853**	128 550 369	**3 522 029**	55 005	**26 114 027**	94 737 204
Total equity	**(5 303 149)**	(3 276 021)	**(48 438)**	1 914 221	**1 158 790**	2 343 791
Non-controlling interest relating to equity	**–**	(1 195 747)	**(23 814)**	941 088	**301 401**	609 620
Current year charge						
Dividend distributed	**–**	–	**–**	–	**(2 343 791)**	–
IFRS 9 adjustments to equity	**–**	–	**(7 365)**	–	**(407 143)**	–
Comprehensive income	**(2 026 906)**	(930 640)	**(1 955 294)**	379 133	**1 565 933**	2 586 920
Net distributable equity	**–**	–	**(1 962 659)**	–	**(1 185 001)**	–
Non-controlling interest relating to equity	**(739 902)**	(339 721)	**(964 902)**	186 393	**(308 219)**	609 620

Acquisition of remaining 36.5% shareholding Calgro M3 Memorial Parks (Pty) Ltd

The Group entered into an agreement to obtain the remaining 36.5% shareholding in Calgro M3 Memorials Parks Nasrec (Pty) Ltd for R63 600 000. By the year-end, the Group had paid R15 900 000 of the R63 600 000. The Group obtains 100% of the economic benefits of the company, shares are transferred to the Group upon payment of each of the tranches.

No non-controlling interest is accounted for relating to Belhar Calgro M3 Development Company (Pty) Ltd. In terms of the shareholders' agreement the Group has a preferential right to a share of the profits before any distributions may be made to the other shareholder.

31. Commitments

Operating lease

The Group has bound itself to a rental agreement for the head office in Bryanston, Gauteng until August 2025. The amount payable in the following 12 months is R3 921 018, with an amount of R18 853 791 payable within two to five years. The lease agreement has an escalation clause of 7.5% per annum effective in the month of September.

32. Share-based payments

Accounting policy

Share-based compensation benefits are provided to employees via the share appreciation rights scheme and the Calgro M3 Executive Share Scheme. The share appreciation rights scheme is 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.

The fair value of shares granted to Directors and employees under the Calgro M3 Executive Share Scheme is recognised as an expense over the relevant service year. The fair value is measured at the grant date of the shares and is recognised in equity in the share-based payment reserve.

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

32. Share-based payments (continued)

Accounting policy (continued)
When a cash-settled share scheme is modified to an equity-settled share scheme, the liability at the date of modification is reclassified directly in equity. The valuation of the equity-settled scheme is performed at grant date, and the difference between the valuation and the liability reclassified in equity is recognised as an expense over the relevant service year of each participant.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

Significant judgement and source of estimation uncertainty
Management used generally accepted valuation methods to determine the value of the share-based payment schemes.

Share appreciation rights

The share appreciation rights ("SARs") which are granted to Directors and selected employees were 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 year. In the situation that the hurdle price is not achieved at the vesting date, 25% of the possible vested SARs will roll over to the next vesting date. During the prior years, all Directors and selected employees who were previously granted SARs were given the option to either continue on the SAR scheme, agree a settlement value for their unvested SARS with the Group or modify their unvested SAR's to the Calgro M3 Executive Share Scheme.

The cash-settled share appreciation rights scheme was amended following the respective elections of the participants which has been outlined below:

(1) One individual cancelled 50% of his unvested SARs and agreed new settlement terms. The remaining 50% of his unvested SARs is still on the scheme (Category 2: Issue 4);
(2) Eight individuals converted 100% of the unvested SARs from the SAR scheme to the executive share scheme;
(3) Four individuals cancelled 100% of their unvested SARs and agreed new settlement terms.

The details of the arrangement is described below:

	Category 2 Issue 4
Date of grant	30 September 2014
Number of instruments granted	600 000
Number of options settled	(300 000)
Strike price at grant date	7.78
Contractual life (option life)	53 months
Vesting conditions	If the price at each vesting date exceeds the hurdle price
Settlement	Cash

32. Share-based payments (continued)

Share appreciation rights ("SAR") reconciliation

	2019	2018
SARs not vested	**300 000**	300 000

No SARs were exercised or vested during the year. The price at the last vesting date did not exceed the hurdle price.

Share appreciation rights ("SAR") exercised reconciliation

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

	2019	2018
Expense		
Share appreciation rights (credit)/expense	**(641 658)**	(569 902)
Liability		
Share appreciation rights liabilities	**–**	1 406 351
Cash-settled share-based payment liability		
Reconciliation of SAR liability		
Opening balance	**1 406 351**	1 976 253
Participant remaining on SAR scheme		
Share-based payment charge for the year recognised in statement of comprehensive income	**(641 658)**	(569 902)
Payment made to the remaining employee on scheme	**(764 693)**	–
Closing balance at the end of the year	**–**	1 406 351

Calgro M3 Executive Share Scheme

The executive share scheme was approved by shareholders in July 2015 whereby 10 215 572 shares were made available to participants of the Scheme at a subscription price of R4.08. Only individuals who were currently allocated SARs and elected to convert at least 75% of their unvested SARs into the new scheme were eligible to participate in the new scheme. 9 518 700 shares were granted to individuals and 696 872 shares were not taken up. The Calgro M3 Executive Share Scheme was considered to be a modification of the SAR scheme. Under the executive share scheme, participants were allocated shares in line with the scheme rules and were required to subscribe for these shares at R4.08 per share. There were no performance conditions related to this scheme other than the service years as outlined below.

Shares issued under the scheme may not be sold by participants until the completion of service years and release dates stipulated in the scheme rules as outlined below.

The shares were considered to be deeply in the money, resulting in the equity-settled shares being valued at intrinsic value based on the 30-day volume weighted average market price of R19.27 at the grant date of 29 July 2015.

During the prior year, the following amendments were approved with respect to the Category 1 shares:

(1) Trading restriction 1 – 20 February 2017 (previously 1 March 2017);
(2) Trading restriction 2 – 20 February 2017 (previously 1 March 2018);
(3) Service year – two years (previously – three years).

These amendments resulted in the final release date of all Category 1 shares being amended to 20 February 2017.

In the current financial year the participants of the scheme and the Board of Directors took the decision to cancel the scheme effective 31 August 2018. All related financing of the scheme was cancelled with all participants who contributed towards the scheme being refunded. This also led to the acceleration of the share-based payment expense as per the requirements of IFRS 2. Subsequently the share-based payment reserve was allocated to retained earnings.

32. Share-based payments (continued)

Calgro M3 Executive Share Scheme (continued)

	2019	2018
Reconciliation of subscription price for shares issued:		
Opening balance receivable from participants	**7 706 659**	7 001 288
Cash received	**–**	–
Additional vendor finance provided	**–**	1 000 000
Interest paid	**(72 000)**	(319 321)
Interest written off	**(1 463 308)**	–
Cancellation of executive share scheme vendor finance	**(6 596 320)**	–
Finance income on receivable	**424 969**	772 438
Subscription cancelled	**–**	(747 746)
Balance receivable by Group included under trade and other receivables	**–**	7 706 659

	Number of shares granted	Service commence-ment date	50% trading restriction – release date 1	50% trading restriction – release date 2	Service year	Final release date	Value
Category 1	1 050 069	01 Mar 15	20 Feb 17	20 Feb 17	2 years	20 Feb 17	15 949 968
Category 2	2 787 490	01 Mar 15	01 Mar 19	01 Mar 20	5 years	01 Mar 20	31 755 326
Category 3	5 681 140	01 Mar 15	01 Mar 20	01 Mar 21	6 years	01 Mar 21	96 878 460
Total	9 518 699						144 583 754

	2019	2018
Opening balance of share-based payment reserve	**74 056 311**	60 847 268
Share-based payment expense recognised in equity#	**43 992 366**	23 794 152
Shares release to retained income on cancellation by participant*	**–**	(10 585 109)
Share-based payment reserve released to retained income due to scheme cancellation	**(118 048 677)**	–
Closing balance of share-based payment reserve	**–**	74 056 311

* *An executive share scheme participant resigned during the prior year, which resulted in the acceleration of the participant's share-based payment expense and subsequent allocation to retained earnings.*

\# *The expense was accelerated in the current year due to the cancellation of the scheme.*

33. 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 years.

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.

	2019	2018
Salary and wages	**98 270 452**	84 188 828
Executive share scheme expense	**43 992 366**	23 794 152
Directors' share-based payment expense	**38 801 335**	15 807 951
Employees' share-based payment expense	**5 191 031**	7 986 201
Share appreciation rights expense	**(641 658)**	(569 902)
Share appreciation rights settlement expense	**–**	1 746 933
Directors' emoluments	**41 665 522**	14 558 028
Executive Directors*	**38 714 772**	11 957 531
Non-Executive Directors	**2 950 750**	2 600 497
Salary and wages	**183 286 682**	123 718 039
Less: Amounts allocated to qualifying assets (construction contracts)	**(51 236 120)**	(46 541 406)
Total employee costs and share appreciation rights settlement	**132 050 562**	77 176 633

* *The Executive Directors' emoluments includes only the guaranteed remuneration, cash-settled long-term incentive and the short-term incentive.*

34. 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 year loans have been issued to joint ventures and associates, refer to note 11 for details.

(ii) Receivables from joint ventures and associates

During the year, the Group obtained receivables from joint ventures and associates, refer to note 14.

34. Related parties (continued)

(a) Related-party balances (continued)

(iii) Receivables from prescribed officers/Directors relating to the executive share scheme

	2019	2018
MN Nkuhlu – vendor finance loan*	–	5 063 386
	–	5 063 386

* *This loan is unsecured, repayable in terms of a vendor finance agreement and bears interest at prime. The loan was cancelled during the year due to the cancellation of the scheme.*

Mr MN Nkuhlu became an Executive Director from 1 March 2017.

(iv) Payables to Directors and prescribed officers with respect to the shares issued in terms of the Calgro M3 Executive Share Scheme (repayable only if these individuals do not complete their service year in terms of the scheme rules). The scheme was cancelled with amounts payable being repaid during the year

	2019	2018
WJ Lategan	–	(9 360 393)
W Williams	–	(4 426 047)
WA Joubert	–	(3 886 454)
MN Nkuhlu	–	(8 349 396)
	–	(26 022 290)

(v) Amounts repaid to Directors who obtained personal funding to fund their portion of the executive share scheme including interest on the financed portion

	2019	2018
WJ Lategan	**13 561 811**	–
W Williams	**6 412 678**	–
WA Joubert	**5 630 890**	–
MN Nkuhlu	**6 192 344**	–
	31 797 723	–

The above payments were made due to the cancellation of the executive share scheme.

(vi) Trade and other payables to related parties

	2019	2018
Trade payable – Aquarella Investments 265 (Pty) Ltd	**9 965 355**	9 965 355
Deposits received – Afhco Calgro M3 Consortium (Pty) Ltd	**155 135 133**	177 027 026
Table View Properties (Pty) Ltd	**–**	10 000 000
Other payables – HB Malherbe	**9 842 916**	9 849 030
	174 943 404	206 841 411

34. Related parties (continued)

(b) Related-party transactions

(i) Key management personnel compensation

	2019	2018
Employee expenses – Directors and prescribed officers (including cash and non-cash)	**47 258 856**	34 409 378
	47 258 856	34 409 378

(ii) Other transactions with joint ventures and associates

	Finance income received/(paid)		Contract revenue received	
	2019	2018	**2019**	2018
Table View (Pty) Ltd	**4 104**	–	**–**	–
Calgro M3 Educational Trust	**70 772**	–	**–**	–
Sabre Homes Projects (Pty) Ltd	**–**	39 291	**–**	–
Calgro KuumBA Planning and Design (Pty) Ltd	**–**	–	**–**	4 263 295
Calgro M3 JCO Holdings (Pty) Ltd	**504 528**	–	**–**	–
Witpoortjie Calgro M3 Development Company (Pty) Ltd	**14 011 582**	10 298 636	**30 813 037**	47 342 527
South Hills Development Company (Pty) Ltd	**2 908 243**	2 176 694	**311 934 682**	433 560 555
Safdev Tanganani (Pty) Ltd	**4 004 370**	3 276 681	**–**	–
Afhco Calgro M3 Consortium (Pty) Ltd	**19 153 136**	–	**–**	–
	40 656 735	15 791 302	**342 747 719**	485 166 377

(iii) Shares issued and expense recognised for directors and prescribed officers with respect to the Calgro M3 Executive Share scheme – Not considered cash remuneration

Directors	**Share-based payment expense for 2019***	Share-based payment expense for 2018*	Number of shares granted	Service commence-ment date	50% trading restriction – release date 1	50% trading restriction – release date 2
WJ Lategan	**13 295 749**	5 416 787	2 294 214	1 Mar 15	1 Mar 20	1 Mar 21
W Williams	**6 533 060**	2 661 617	1 084 815	1 Mar 15	1 Mar 20	1 Mar 21
WA Joubert	**5 341 492**	2 176 164	952 562	1 Mar 15	1 Mar 20	1 Mar 21
MN Nkuhlu#	**13 631 034**	5 553 384	2 046 421	1 Mar 15	1 Mar 20	1 Mar 21
	38 801 335	15 807 951	6 378 012			

 # MN Nkuhlu was appointed as an Executive Director on 1 March 2017.

** This amount relates to the share-based payment expense recognised in the statement of comprehensive income and is not a cash consideration paid to Directors. Refer to note 32 for further details of share-based compensation benefits.*

35. 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, joint ventures and associates.

	Remuneration and other benefits		
	Guaranteed remuneration	**Once-off payment***	**Total**
2019			
WJ Lategan	**3 294 504**	**9 064 000**	**12 358 504**
FJ Steyn	**2 805 533**	**–**	**2 805 533**
WA Joubert	**2 331 460**	**4 180 000**	**6 511 460**
W Williams	**2 434 120**	**4 180 000**	**6 614 120**
MN Nkuhlu	**2 505 155**	**7 920 000**	**10 425 155**
Total Executive Directors	**13 370 772**	**25 344 000**	**38 714 772**
2018			
WJ Lategan	3 024 523	–	3 024 523
FJ Steyn	2 658 248	–	2 658 248
WA Joubert	2 063 279	–	2 063 279
W Williams	2 151 057	–	2 151 057
MN Nkuhlu	2 060 425	–	2 060 425
Total Executive Directors	11 957 531	–	11 957 531

* *This amount will be paid out to the executives as a once-off payment. Refer to note 18 for the liability raised.*

Independent Non-Executive Directors

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

	2019	2018
PF Radebe	**530 333**	458 000
BP Malherbe	**367 333**	308 167
H Ntene	**419 833**	332 667
RB Patmore	**493 000**	407 164
ME Gama	**485 833**	403 167
HC Cameron	**13 127**	401 667
VJ Klein	**295 833**	289 666
GS Hauptfleisch	**345 458**	–
Total Non-Executive Directors	**2 950 750**	2 600 497
Summary		
Executive Directors	**38 714 772**	11 957 531
Non-Executive Directors	**2 950 750**	2 600 497
Total Directors	**41 665 522**	14 558 028

35. Directors' emoluments

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
DN Steyn	1 June 2016	3 month notice
UK Kissoon Singh	8 August 2017	3 month notice
AJ Langson	1 March 2018	3 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.

	Remuneration and other benefits		
	Guaranteed remuneration	**Short-term incentive**	**Total**
2019			
DN Steyn	**2 637 081**	**–**	**2 637 081**
UK Kissoon Singh	**1 562 653**	**277 500**	**1 840 153**
AJ Langson	**1 116 101**	**–**	**1 116 101**
	5 315 835	**277 500**	**5 593 335**
2018			
DN Steyn	2 493 483	–	2 493 483
UK Kissoon Singh	1 249 916	300 000	1 549 916
AJ Langson	–	–	–
	3 743 399	300 000	4 043 399

36. Earnings per share (and other performance indicators)

Accounting policy

Basic earnings per share

Earnings per share is calculated using the weighted average number of ordinary shares in issue during the year 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 year and is based on the earnings attributable to ordinary shareholders, after excluding those items as required by Circular 2/2018 issued by the South African Institute of Chartered Accountants ("SAICA").

36. Earnings per share (and other performance indicators) (continued)

		2019	2018
(a)	**Basic**		
	Profit attributable to shareholders	**3 240 735**	120 350 383
	Weighted average number of ordinary shares in issue	**128 150 069**	128 150 069
	Basic earnings per share (cents per share)	**2.53**	93.91
(b)	**Diluted**		
	Profit attributable to shareholders	**3 240 735**	120 350 383
	Weighted average number of ordinary shares in issue	**128 150 069**	128 150 069
	Calgro M3 Executive Scheme	**2 277 657**	2 663 181
	Fully diluted weighted average number of ordinary shares in issue	**130 427 726**	130 813 250
	Fully diluted earnings per share (cents per share)	**2.48**	92.00
(c)	**Headline**		
	Headline earnings is calculated as follows:		
	Profit attributable to shareholders	**3 240 735**	120 350 383
	(Profit)/loss on disposal of property, plant and equipment and computer software	**–**	(170 024)
	Gain on deemed disposal of interest in joint venture*	**–**	(5 999 965)
	Impairment of goodwill		1 310 074
	Gain on bargain purchase	**(27 600 377)**	–
	(Loss)/profit used to determine headline earnings per share	**(24 359 642)**	115 490 468
	Weighted average number of ordinary shares in issue	**128 150 069**	128 150 069
	Headline earnings per share (cents per share)	**(19.01)**	90.12
(d)	**Diluted headline**		
	Diluted headline earnings is calculated as follows:		
	(Loss)/profit used to determine headline earnings per share	**(24 359 642)**	115 490 468
	Fully diluted weighted average number of ordinary shares in issue	**128 150 069**	130 813 250
	Fully diluted headline earnings per share (cents per share)	**(19.01)**	88.29
(e)	**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 shares in issue.		
	Total assets	**2 911 274 487**	3 226 468 526
	Less: Total liabilities	**(2 104 686 776)**	(2 058 786 268)
	Net assets	**806 587 711**	1 167 682 258
	Number of ordinary shares in issue	**128 150 069**	128 150 069
	Net asset value per share (cents per share)	**629.41**	911.18
(f)	**Other key performance indicators ("KPIs")**		
	Assets	**2 911 274 487**	3 226 468 526
	Non-current assets	**393 320 488**	240 613 270
	Intangible assets	**159 676 781**	159 663 860
	Property, plant and equipment	**12 173 346**	6 162 697
	Other non-current assets	**221 470 361**	74 786 713
	Current assets	**2 517 953 999**	2 985 855 256

36. Earnings per share (and other performance indicators) (continued)

		2019	2018
(f)	**Other key performance indicators ("KPIs")** (continued)		
	Equity	**806 587 711**	1 167 682 258
	Liabilities	**2 104 686 776**	2 058 786 268
	Non-current liabilities	**214 300 153**	354 283 263
	Current liabilities	**1 890 386 623**	1 704 503 005
	Net assets	**806 587 711**	1 167 682 258
	Net tangible assets	**646 910 930**	1 008 018 398
	Net working capital	**627 567 376**	1 281 352 251
	Revenue	**997 064 528**	1 742 602 162
	– % growth/(decline) since prior year	**(42.78%)**	12.09%
	Gross profit	**128 690 047**	270 089 275
	– % growth/(decline) since prior year	**(52.35%)**	(19.17%)
	Operating profit	**(28 904 065)**	149 925 996
	– % growth (decline) since prior year	**(119.28%)**	(34.52%)
	Profit before tax	**(24 076 699)**	171 755 639
	– % growth/(decline) since prior year	**(114.02%)**	(26.38%)
	Profit after tax	**1 227 712**	120 806 675
	– % growth/(decline) since prior year	**(98.98%)**	(28.99%)
	Number of ordinary shares in issue	**128 150 069**	128 150 069
	Net asset value per share (cents per share)	**629.41**	911.18
	* *calculated by dividing the net asset value (calculated by reducing the total assets by total liabilities) by the number of shares in issue*		
	Tangible net asset value per share (cents per share)	**504.81**	786.59
	* *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*		
	Return on net assets	**0.15%**	10.35%
	* *calculated by dividing the profit after tax by net assets*		
	Return on net tangible assets	**0.19%**	11.98%
	* *calculated by dividing the profit after tax by net tangible assets*		
	Return on capital employed	**(0.77%)**	8.73%
	* *calculated by dividing the earnings before finance cost and tax by the sum of average debt and average equity*		
	Current ratio	**1.33**	1.75
	* *calculated by dividing current assets by current liabilities*		
	Return on equity	**0.33%**	10.99%
	* *calculated by dividing the earnings attributable to the parent by average total equity*		
	Gross profit %	**12.91%**	15.50%
	* *calculated by dividing the gross profit by revenue*		

37. Going concern

The Directors believe that the Company and Group have 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 Company and Group, any material non-compliance with statutory or regulatory requirements or any pending changes in litigation that may affect the Company or Group.

38. Events after the reporting year

On 15 March 2019, the final conditions were met to effect a transaction between the Calgro M3 Group of companies and Afhco Calgro M3 Consortium (Pty) Ltd, Afhco Holdings (Pty) Ltd, SA Retail Properties (Pty) Ltd and SA Corporate Real Estate Limited where the following was agreed between the parties:

	Cash inflow/ (outflow) impact for Calgro
1. Cancellation of the sale and development agreements for Scottsdene, Fleurhof and Belhar	–
2. The repurchase of units handed over to Afhco Calgro M3 Consortium (Pty) Ltd for Scottsdene and Fleurhof	**(159 962 337)**
3. Purchase of 152 freestanding units from Afhco Calgro M3 Consortium (Pty) Ltd on the South Hills Development	**(163 551 707)**
4. Repayment of the loan granted by the Calgro Group to Afhco Calgro M3 Consortium (Pty) Ltd to purchase units	**252 172 253**
5. Repayment of deposits received from Afhco Calgro M3 Consortium (Pty) Ltd for units being constructed	**(155 135 133)**
6. Sale of La Vie Nouvelle Frail Care Building to SA Retail Properties (Pty) Ltd	**98 544 614**
7. Sale of Shares held by the Calgro Group in Afhco Calgro M3 Consortium (Pty) Ltd to Afhco Holdings (Pty) Ltd	**23 944 027**
8. Cash Settlement from Calgro for fees	**(11 717)**
9. Listed Bond issued by Calgro M3 Developments for the remaining balance owing to the SA Corporate Group	**(104 000 000)**

This transaction is only effective in the 2020 financial year and has no impact on the 2019 financial statements.

39. Shareholders' analysis

Please refer to Directors' Report on pages 7 to 11 and note 16.

STATEMENT OF FINANCIAL POSITION

for the year ended 28 February 2019

	Notes	2019	2018
ASSETS			
Non-current assets			
Investment in subsidiaries	41	**291 008 869**	288 420 698
Deferred income tax asset	42	**524 515**	–
		291 533 384	288 420 698
Current assets			
Loans to group companies	43	**–**	563 363 002
Current tax receivable		**276 311**	83 211
Trade and other receivables	44	**24 405**	23 493
Cash and cash equivalents	45	**571 844**	1 000 205
		872 560	564 469 911
Total assets		**292 405 944**	852 890 609
EQUITY AND LIABILITIES			
Equity			
Equity attributable to owners of the parent			
Stated capital	46	**279 441 769**	279 441 769
Retained income		**7 714 067**	9 962 943
Total equity		**287 155 836**	289 404 712
Liabilities			
Current liabilities			
Loans from group companies	43	**3 861 241**	561 747 912
Trade and other payables	47	**1 388 867**	1 737 985
		5 250 108	563 485 897
Total liabilities		**5 250 108**	563 485 897
Total equity and liabilities		**292 405 944**	852 890 609

The notes on pages 100 to 108 are an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 28 February 2019

	Notes	2019	2018
Revenue*	48	**3 175 000**	4 696 992
Administrative expenses	49	**(4 498 941)**	(4 339 650)
Impairment gain on financial and contract assets	50	**3 436 514**	–
Operating profit		**2 112 573**	357 342
Finance income	51	**2 483 087**	55 145 743
Finance costs	52	**(3 932 537)**	(55 047 998)
Profit before tax		**663 123**	455 085
Taxation	53	**524 515**	(259 846)
Profit after taxation		**1 187 638**	195 239
Other comprehensive income		**–**	–
Total comprehensive income		**1 187 638**	195 239

* *Restated the amount for the 2018 financial year was previously disclosed as other income. Refer to note 48.*

The notes on pages 100 to 108 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

for the year ended 28 February 2019

	Stated capital	Retained income	Total equity
Balance at 1 March 2017	279 441 769	9 767 704	289 209 473
Comprehensive income			
Profit for the year	–	195 239	195 239
Other comprehensive income	–	–	–
Total comprehensive income	–	195 239	195 239
Balance at 28 February 2018	279 441 769	9 962 943	289 404 712
Balance at 1 March 2018	**279 441 769**	**9 962 943**	**289 404 712**
IFRS 9 opening balance adjustment to equity*	**–**	**(3 436 514)**	**(3 436 514)**
Comprehensive income			
Profit for the year	**–**	**1 187 638**	**1 187 638**
Other comprehensive income	**–**	**–**	**–**
Total comprehensive income	**–**	**1 187 638**	**1 187 638**
Balance at 28 February 2019	**279 441 769**	**7 714 067**	**287 155 836**
Note	46		

** This relates to the adjustment for the adoption of IFRS 9 standard in the current year. Refer to note 43.*

The notes on pages 100 to 108 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

for the year ended 28 February 2019

	Notes	2019	2018
Cash (utilised in)/generated from operations			
Cash (utilised in)/generated from operations	54	**(1 673 972)**	1 166 681
Finance income received		**2 483 088**	6 299
Finance cost paid		**(3 932 537)**	(2)
Tax paid	55	**(193 100)**	(182 909)
Net cash (utilised in)/generated from operations		**(3 316 521)**	990 068
Cash generated from investing activities			
Loans to group companies repaid		**809 913 701**	–
Net cash generated from investing activities		**809 913 701**	–
Cash utilised in financing activities			
Loans from group companies repaid		**(807 025 541)**	–
Net cash utilised in financing activities		**(807 025 541)**	–
Net (decrease)/increase in cash and cash equivalents		**(428 361)**	990 068
Cash and cash equivalents at the beginning of the year		**1 000 205**	10 137
Cash and cash equivalents at the end of the year	45	**571 844**	1 000 205

The notes on pages 100 to 108 are an integral part of these financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

for the year ended 28 February 2019

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.

40. 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 (refer to note 41).

41. 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 2019**	% voting power 2018	**% holding 2019**	% holding 2018	**Carrying amount 2019**	Carrying amount 2018
Direct subsidiaries						
Calgro M3 Developments Ltd	**100.00**	100.00	**100.00**	100.00	**291 008 869**	95 774 364
Calgro M3 Land (Pty) Ltd	**0.00**	100.00	**0.00**	100.00	**–**	188 146 234
Calgro M3 Project Management (Pty) Ltd	**0.00**	100.00	**0.00**	100.00	**–**	4 500 100
Calgro M3 Real Estate (Pty) Ltd#	**100.00**	100.00	**100.00**	100.00	**–**	–
Calgro M3 Memorial Parks Holding (Pty) Ltd#	**100.00**	100.00	**100.00**	100.00	**–**	–
					291 008 869	288 420 698
Indirect subsidiaries						
Subsidiaries of Calgro M3 Developments Ltd						
Calgro M3 Land (Pty) Ltd	**100.00**	0.00	**100.00**	0.00	**188 146 234**	–
Calgro M3 Project Management (Pty) Ltd	**100.00**	0.00	**100.00**	0.00	**4 500 100**	–
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	**–**	–
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	**–**	–
Calgro M3 Procurement Management (Pty) Ltd#*	**100.00**	100.00	**49.00**	49.00	**–**	–

41. Investment in subsidiaries (continued)

Name of Company	% voting power 2019	% voting power 2018	% holding 2019	% holding 2018	Carrying amount 2019	Carrying amount 2018
Subsidiaries of Calgro M3 Land (Pty) Ltd						
Fleurhof Ext 2 (Pty) Ltd	**100.00**	100.00	**100.00**	100.00	**243 000 000**	243 000 000
Clidet No 1014 (Pty) Ltd	**100.00**	100.00	**100.00**	100.00	**1 964 829**	1 964 829
Belhar Calgro M3 Development Company (Pty) Ltd	**51.00**	51.00	**49.00**	49.00	**49**	49
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 Jabulani (Pty) Ltd#	**100.00**	100.00	**100.00**	100.00	**–**	–
Calgro M3 Memorial Parks Nasrec (Pty) Ltd	**100.00**	63.50	**72.60**	63.50	**726**	635
Sabre Homes Projects (Pty) Ltd○	**100.00**	50.00	**100.00**	60.00	**1 002**	1 002
Subsidiaries 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
Holm Jordaan GWA (Pty) Ltd	**66.67**	66.67	**50.837**	50.837	**–**	–
Subsidiaries of Calgro M3 Procurement Management (Pty) Ltd						
Calgro M3 Procurement Services (Pty) Ltd#	**100.00**	100.00	**100.00**	100.00	**–**	–
Calgro M3 Contractors (Pty) Ltd#	**100.00**	100.00	**100.00**	100.00	**–**	–
Subsidiaries of Calgro M3 Memorial Park Holding (Pty) Ltd						
Calgro M3 Memorial Park Bloemfontein (Pty) Ltd#	**100.00**	0.00	**100.00**	0.00	**–**	–
Calgro M3 Municipal Memorial Parks (Pty) Ltd#	**100.00**	0.00	**100.00**	0.00	**–**	–
					442 113 740	249 467 315

 # These companies have been incorporated under the new Companies Act 71 of 2008. The value of the shares are stated at no par value.

** Calgro M3 Developments has all the voting rights in the Company with 51% of the profits in the Company being allocated to the other shareholder.*

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

On 12 February 2016, the Company founded the Calgro M3 Empowerment Trust and the Calgro M3 Employment Benefit Trust. In accordance with the principles of IFRS, both the trusts are controlled by the Company and are considered to be agents of the Company. There is no financial impact on transactions between the Company and the trusts. Both trusts are registered in South Africa and their year-ends are consistent with the Group.

41. Investment in subsidiaries (continued)

All subsidiaries are incorporated in South Africa. The year-ends of all the direct and indirect subsidiaries are consistent with those of the Group.

On 1 March 2018, the Group restructured with Calgro M3 Developments Limited acquiring the Calgro M3 Land (Pty) Ltd and Calgro M3 Project Management (Pty) Ltd investment from Calgro M3 Holdings Limited at its carrying value. The restructuring aligns the Group structure with the operating segments within the Group. Calgro M3 Holdings further increased its investment into Calgro M3 Developments Limited as part of the restructure.

Predecessor accounting will be applied for the restructuring in the Group.

42. Deferred income tax assets

Accounting policy

Refer to note 10 of the consolidated financial statements for the applicable accounting policy.

	2019	2018
Reconciliation of deferred tax asset		
Opening balance	–	–
Tax losses available for set off against future taxable income	(524 515)	–
Closing balance	(524 515)	–
Reconciliation of deferred tax asset movement in the statement of comprehensive income		
Opening balance	–	–
Statement of comprehensive income charge	524 515	–
Closing balance	524 515	–
The analyses of deferred tax assets are as follows:		
Deferred tax assets		
Tax losses available for set off against future taxable income	524 515	–
Deferred tax assets	524 515	–
Deferred tax assets		
Deferred tax asset to be recovered within 12 months	524 515	–
Deferred tax asset to be recovered after more than 12 months	–	–
	524 515	–

43. Loans to/(from) Group companies

Accounting policy

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

The loans are unsecured, interest is charged at a rate as agreed to between the parties from time to time and is repayable on demand.

43. Loans to/(from) Group companies (continued)

Loans to/(from) direct and indirect subsidiaries

		Interest rate	Repayment terms	Security	2019	2018
Loans from subsidiaries						
Calgro M3 Developments Ltd		Prime (2019: prime)	On demand	Unsecured	**(3 861 242)**	(561 747 912)
					(3 861 242)	(561 747 912)
Loans to subsidiaries						
Calgro M3 Land (Pty) Ltd		Prime (2019: prime)	Repaid	Unsecured	**–**	563 363 002
					–	563 363 002
Loans from Group companies					**(3 861 242)**	(561 747 912)
Loans to Group companies					**–**	563 363 002
					(3 861 242)	1 615 090

IFRS 9 replaces IAS 39: *Financial Instruments: Recognition and Measurement* ("IAS 39") for annual years beginning on or after 1 January 2019. IFRS 9 brings together all aspects of accounting for financial instruments that relate to the recognition, classification and measurement, derecognition, impairment and hedge accounting.

The adoption of IFRS 9 from 1 March 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. The new accounting policies are set out in note 2.6.5. Comparative information has not been restated in accordance with the transitional requirements of IFRS 9 which requires comparative information not to be restated (with an exception where it is possible to restate without the use of hindsight) but for disclosures to be made concerning the reclassifications and measurements as set out below.

Refer to note 2.6.4 for a further explanation on the adoption of IFRS 9 and 2.6.5 for the accounting policies.

A breakdown of the opening balance effect on retained earnings relating to the adoption is given below:

	2018
Opening balance of the provision for credit losses on loan balances at 1 March 2018 (before IFRS 9 restatement)	–
Adjustments from the adoption of IFRS 9 (ECL adjustments)	(3 436 514)
Opening retained earnings at 1 March 2018 (after IFRS 9 adoption)	(3 436 514)

	1 March 2018 opening balance*	Decrease in loss allowance recognised in profit or loss during the year	2019
Expected credit losses			
Loans to Group companies	3 436 514	(3 436 514)	**–**
	3 436 514	(3 436 514)	**–**

** Opening balances were adjusted according to the modified retrospective approach on 1 March 2018 and adjustments included in retained earnings.*

NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

for the year ended 28 February 2019

44. Trade and other receivables

Accounting policy

Refer to note 14 of the consolidated financial statements for the applicable accounting policy.

	2019	2018
Other receivables	**24 405**	23 493
	24 405	23 493

45. Cash and cash equivalents

Accounting policy

Refer to note 15 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:

	2019	2018
Cash on hand	**330**	330
Bank balances	**571 514**	999 875
	571 844	1 000 205

46. Stated capital

Accounting policy and note

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

	Number of shares		Rand amount	
	2019	2018	**2019**	2018
Authorised				
Ordinary no par value shares	**500 000 000**	500 000 000	**–**	–
Issued				
Balance at the beginning of the year	**128 150 069**	128 150 069	**96 021 721**	96 021 721
Shares issued to Calgro M3 Employee Benefit Trust	**5 212 909**	5 212 909	**104 239 627**	104 239 627
Shares issued to Calgro M3 Empowerment Trust	**5 212 909**	5 212 909	**104 239 627**	104 239 627
Shares issued with respect to the Calgro M3 Executive Share Scheme	**8 468 631**	8 468 631	**183 420 048**	183 420 048
Equity share scheme – trading restrictions released (refer to note 30)	**–**	–	**–**	–
Treasury shares in issue*	**(10 425 818)**	(10 425 818)	**(208 479 254)**	(208 479 254)
Balance at the end of the year	**136 618 700**	136 618 700	**279 441 769**	279 441 769

* *These shares relate to the shares issued to the Calgro M3 Empowerment Trust and the Calgro M3 Employee Benefit Trust. In accordance with the principles of IFRS, the trusts are controlled by the Company and are considered agents of the Company. These shares are therefore considered to be treasury shares.*

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.

47. Trade and other payables

Accounting policy

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

	2019	2018
Trade payables	**472 223**	451 118
Accrued expenses	**905 669**	1 075 837
Value added tax	**10 975**	211 030
	1 388 867	1 737 985

48. Revenue

Accounting policy

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

	2019	2018
Management fees	**3 175 000**	4 696 992
	3 175 000	4 696 992

Restatement

IFRS 15: *Revenue from Contracts with Customers*, defines revenue as being the income arising in the course of an entity's ordinary activities. During the year the company reconsidered the definition in the context of the Company not engaging directly in any operating activities itself. The Company concluded that items such as management fees should be regarded as revenue for the Company.

The following prior year financial statement lines have been updated to reflect the new disclosure of revenue:

	Previously 2018	Changed 2018	Restated 2018
Other income	4 696 992	(4 696 992)	–
Revenue	–	4 696 992	4 696 992
	4 696 992	–	4 696 992

49. Expense by nature

	2019	2018
Auditor's remuneration	**113 026**	209 041
Bank charges	**78 290**	81 987
Donations	**1 100**	50 000
Directors' fees – Non-Executive	**2 950 750**	2 600 497
Professional fees	**494 028**	884 574
Sundry expenses	**151 468**	207 865
Transaction costs – trusts	**710 279**	305 686
Total cost of sales, administration expenses and other expenses	**4 498 941**	4 339 650

50. Impairment gain on financial and contract assets

	2019	2018
Loans to joint ventures	**3 436 514**	–
	3 436 514	–

51. Finance income

Accounting policy

Refer to note 24 of the consolidated financial statements for the applicable accounting policy.

	2019	2018
Bank	**1 442 413**	1 307
SARS	**–**	4 991
Interest on Group loans	**1 040 674**	55 139 445
Finance income	**2 483 087**	55 145 743

52. Finance cost

Accounting policy

Refer to note 25 of the consolidated financial statements for the applicable accounting policy.

	2019	2018
Interest on Group loans	**3 932 537**	55 047 998
Finance cost	**3 932 537**	55 047 998

53. Taxation

Accounting policy

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

Major components of the income tax expense

	2019	2018
Current		
Local income tax – current year	**–**	259 846
	–	259 846
Deferred		
Current year	**(524 515)**	–
	(524 515)	–
	(524 515)	259 846

53. Taxation (continued)

Major components of the income tax expense (continued)

	2019 %	2018 %
Reconciliation of the income tax expense		
Applicable tax rate	**28.00**	28.00
Disallowable charges	**38.01**	29.11
IFRS 9 tax impact	**(145.11)**	–
Effective tax rate	**(79.10)**	57.11

The estimated tax loss available for set off against future taxable income is R1 873 268 (2018: R nil).

54. Cash generated from/(utilised in) operations

	2019	2018
Profit before taxation	**663 123**	455 085
Adjustments for:		
Finance income	**(2 483 088)**	(55 145 743)
Finance cost	**3 932 537**	55 047 998
Impairment gain on financial and contract assets	**(3 436 514)**	–
Trade and other receivables	**(912)**	195 622
Trade and other payables	**(349 118)**	613 719
	(1 673 972)	1 166 681

55. Taxation paid

Balance at the beginning of the year	**83 211**	160 148
Current tax for the year	**–**	(259 846)
Balance at the end of the year	**(276 311)**	(83 211)
	(193 100)	(182 909)

56. Related-parties

Subsidiaries

Refer to note 41 for a detailed list of all subsidiaries of the Company.

Related-party balance

Refer to note 43 for loans (from)/to Group companies.

Related-party transactions

	Administration fees received		Finance income received		Finance costs paid	
	2019	2018	**2019**	2018	**2019**	2018
Calgro M3 Developments Ltd	**3 175 000**	4 696 992	**–**	–	**3 740 717**	55 047 996
Calgro M3 Land (Pty) Ltd	**–**	–	**1 040 674**	55 139 445	**191 820**	–
	3 175 000	4 696 992	**1 040 674**	55 139 445	**3 932 537**	55 047 996

57. Financial assets and liabilities by category

	Financial assets at amortised cost		Financial liabilities at amortised cost		Fair values	
	2019	2018	**2019**	2018	**2019**	2018
Loans to Group companies	**–**	563 363 002	**–**	–	**–**	563 363 002
Cash and cash equivalents	**571 844**	1 000 205	**–**	–	**571 844**	1 000 205
Loans from Group companies	**–**	–	**(3 861 242)**	(561 747 912)	**(3 861 242)**	(561 747 912)
Trade and other payables	**–**	–	**(1 377 892)**	(1 526 955)	**(1 377 892)**	(1 526 955)
	571 844	564 363 207	**(5 239 134)**	(563 274 867)	**(4 667 290)**	1 088 340

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 (refer to note 51) and finance cost (refer to note 52) notes for the interest received/paid.

(ii) Credit risk

Credit risk consists mainly of loans to Group companies, cash deposits and cash equivalents.

The Company only deposits cash with major banks with a minimum rating of "BB-" and limits the exposure to any one counterparty. No credit risk is associated to other receivables as this consists of prepayments.

The Company considers its credit risk relating to the loans owing by Group companies on a case by case basis. Any credit risk related to loans to Group companies is mitigated by the fact that management has insight into the financial position of the Group companies as a result of the relationship.

For loans to Group companies and cash and cash equivalents, the maximum exposure to credit risk is limited to what is disclosed in the statement of financial position.

(iii) 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 43) and trade payables (refer to note 47) are repayable within one year.

The Company had no overdraft facilities with major banks in the current or prior year.

59. Directors' emoluments

Please refer to note 35 of the consolidated financials for the emoluments paid to Directors.

GENERAL INFORMATION

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

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Transfer secretaries
Computershare Investor Services

Bankers
First National Bank
Standard Bank
Nedbank

Auditors
PricewaterhouseCoopers Inc.

Sponsors
Grindrod Bank Limited

Secretary
I April

Directors

FJ Steyn	Executive
MN Nkuhlu	Executive
W Williams	Executive
WA Joubert	Executive
WJ Lategan	Executive
BP Malherbe	Non-Executive
GS Hauptfleisch	Independent Non-Executive
H Ntene	Independent Non-Executive
ME Gama	Independent Non-Executive
PF Radebe	Independent Non-Executive
RB Patmore	Independent Non-Executive

Preparer
The financial statements were internally compiled by M Esterhuizen CA(SA) under the supervision of WA Joubert CA(SA).

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



CALGRO M3

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