Calgro M3 Developments (Proprietary) Limited

(Registration number 1996/017246/07)

Financial Statements for the year ended 28 February 2011

Calgro M3 Developments (Proprietary) Limited

(Registration number 1996/017246/07)
Financial Statements for the period ended 28 February 2011
(All amounts Stated in Rand unless otherwise stated)

General information

Calgro M3 Developments (Proprietary) Limited

Incorporated in the Republic of South Africa

Registration number 1996/017246/07

Registered Office

Cedarwood House

Ballyclare Office Park

33 Ballyclare Drive

Bryanston

2196

Business Address

Cedarwood House

Ballyclare Office Park

33 Ballyclare Drive

Bryanston

2196

Postal Address

Private Bag X33

Craighall

2024

Bankers

First National Bank

Auditors

PricewaterhouseCoopers Inc.

Secretary

WJ Lategan

Directors

FJ Steyn	Executive
WJ Lategan	Executive
DN Steyn	Executive

Holding Company

Calgro M3 Holdings Ltd

Calgro M3 Developments (Proprietary) Limited

(Registration number 1996/017246/07)
Financial Statements for the period ended 28 February 2011
(All amounts Stated in Rand unless otherwise stated)

Index

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

Index	Page
Directors' Responsibilities and Approval	3
Report of independent Auditors	4
Statement of financial position	5
Statement of comprehensive income	6
Statement of changes in equity	7
Statement of cash flows	8
Notes to the Financial Statements	9 - 47

A report of the directors has not been prepared as the company is a wholly owned subsidiary of Calgro M3 Holdings Limited which is incorporated in the Republic of South Africa.

Directors' Responsibilities and Approval

The directors are required by the Companies Act of South Africa, to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

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

The 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 financial statements. However, any system of internal controls can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company's cash flow forecast for the year to 29 February 2012 and, in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the company's financial statements. The financial statements have been examined by the company's external auditors and their report is presented on page 4.

The company is classified as a widely held company in terms of the Companies Act, but has not appointed an audit committee since the functions in terms of S 270A (1) of the Act are performed on its behalf by the audit committee of its holding company. The audit committee of the holding company has confirmed to the directors of the company that these functions have been performed without any exceptions noted in relation to the financial statements and that they are satisfied that the auditors were independent of the company.

The financial statements set out on pages 5-47, which have been prepared on the going concern basis, were approved by the board of directors on 19 AUGUST 2011 and were signed on its behalf by:

WJ Lategan

DN Steyn

pwc

Independent Auditors' Report

to the member of Calgro M3 Developments (Proprietary) Limited

We have audited the annual financial statements of Calgro M3 Developments (Proprietary) Limited, which comprise the statement of financial position as at 28 February 2011, and the statements of comprehensive income, changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 5 to 47.

Directors' Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Calgro M3 Developments (Proprietary) Limited as at 28 February 2011, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa.

PricewaterhouseCoopers Inc

PricewaterhouseCoopers Inc
Director: L. Loots
Registered Auditor
Sunninghill
19 AUGUST 2011

Calgro M3 Developments (Proprietary) Limited

(Registration number 1996/017246/07)
Financial Statements for the period ended 28 February 2011
(All amounts Stated in Rand unless otherwise stated)

Statement of financial position

	Notes	2011	2010 Reclassified	2009 Reclassified
Assets				
Non-Current Assets				
Investment property	5	**4,239,303**	5,492,558	7,492,601
Property plant and equipment	6	**4,405,150**	6,573,399	7,234,590
Intangible assets	7	**15,819**	76,388	350,519
Investment in subsidiaries	8	**300**	500	600
		8,660,572	12,142,845	15,078,310
Current Assets				
Loans to group companies	9	**161,773,021**	161,865,498	148,195,742
Inventories	10	**18,098,502**	17,011,099	22,822,054
Loans and receivables	11	**5,756,677**	7,566,187	7,749,659
Construction contracts	12	**29,417,761**	4,763,343	8,740,338
Trade and other receivables	13	**7,971,239**	5,299,868	2,428,174
Prepayments	14	**-**	245,645	1,312,668
Cash and cash equivalents	15	**9,877,516**	1,354,250	1,516,072
		232,894,716	198,105,890	192,764,707
Total Assets		**241,555,288**	210,248,735	207,843,017
Equity and Liabilities				
Equity				
Ordinary shares	16	**88,561,467**	88,561,467	88,561,467
Retained income		**14,957,256**	6,639,346	3,496,197
		103,518,723	95,200,813	92,057,664
Liabilities				
Non-current Liabilities				
Finance Lease obligations	17	**984,111**	1,998,804	1,842,872
Deferred income tax liability	18	**2,209,692**	2,024,936	726,995
		3,193,803	4,023,740	2,569,866
Current Liabilities				
Loans from group companies*	9	**38,167,734**	33,471,120	33,149,870
Borrowings*	19	**62,369,102**	48,452,648	51,293,067
Current income tax liabilities		**2,152,277**	-	396,857
Finance lease obligations	17	**1,036,271**	1,541,148	1,204,642
Trade and other payables	20	**31,117,378**	26,889,971	21,093,630
Bank overdraft	15	**-**	669,294	6,077,420
		134,842,762	111,024,181	113,215,486
Total Liabilities		**138,036,565**	115,047,921	115,785,352
Total Equity and Liabilities		**241,555,288**	210,248,735	207,843,017

* Liabilities relating to inventory have been reclassified as current to better align the classification of it's assets and liabilities to its operating cycle per IAS 1. Please refer to note 2.1 and 36 for more detail.

Calgro M3 Developments (Proprietary) Limited

(Registration number 1996/017246/07)
Financial Statements for the period ended **28** February 2011
(All amounts Stated in Rand unless otherwise stated)

Statement of comprehensive income

	Notes	2011	2010 Reclassified	2009 Reclassified
Revenue	21	**184,099,279**	118,743,386	64,939,861
Cost of sales	22/24	**(163,800,522)**	(99,013,561)	(56,551,692)
Gross profit		**20,298,757**	19,729,825	8,388,169
Other income*	23	**27,018,817**	30,915,891	31,683,114
Administrative expenses*	24	**(43,000,910)**	(44,777,526)	(45,184,278)
Other expenses	24	**(273,041)**	(6,026,740)	(7,602,576)
Operating loss		**4,043,623**	(158,550)	(12,715,571)
Finance income	25	**21,173,773**	15,357,435	15,452,059
Finance costs	26	**(14,318,480)**	(10,757,794)	(1,557,015)
Profit before tax		**10,898,916**	4,441,091	1,179,473
Taxation	27	**(2,581,006)**	(1,297,942)	(458,566)
Profit after taxation		**8,317,910**	3,143,149	720,907
Other comprehensive income		-	-	-
Total comprehensive income		**8,317,910**	3,143,149	720,907

* Certain expenses have been reclassified in the prior years as a result of an incorrect classification. Please refer to note 36 for more detail.

Statement of changes in equity

	Share capital	Share premium	Total share capital	Retained income	Total equity
Balance at 1 March 2008	**100**	-	**100**	**2,775,290**	**2,775,390**
Comprehensive income					
Profit for the year					
Other comprehensive income	-	-	-	720,907	720,907
Total comprehensive income	-	-	-	720,907	720,907
Transactions with owners					
Proceeds from shares issued	1	88,561,366	88,561,367	-	88,561,367
Total transactions with owners	1	88,561,366	88,561,367	-	88,561,367
Balance at 01 March 2009	**101**	**88,561,366**	**88,561,467**	**3,496,197**	**92,057,664**
Comprehensive income					
Profit for the year	-	-	-	3,143,149	3,143,149
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	3,143,149	3,143,149
Balance at 01 March 2010	**101**	**88,561,366**	**88,561,467**	**6,639,346**	**95,200,813**
Comprehensive income					
Profit for the year	-	-	-	8,317,910	8,317,910
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	8,317,910	8,317,910
Balance at 28 February 2011	**101**	**88,561,366**	**88,561,467**	**14,957,256**	**103,518,723**
Note	16				

Statement of cash flows

	Notes	2011	2010	2009
Cash flows from operating activities				
Cash (used in)/generated from operations	28	(17,827,107)	18,663,208	(4,408,504)
Interest received		21,173,773	15,357,435	15,452,059
Interest paid		(14,318,480)	(10,757,794)	(1,557,015)
Tax paid	29	(243,974)	(396,857)	(185,329)
Net cash from operating activities		**(11,215,788)**	22,865,992	9,301,211
Cash flows from investing activities				
Purchase of property plant and equipment		(6,750)	(1,508,442)	(2,308,763)
Proceeds from the sale of property plant and equipment		-	93,439	6,837
Purchase of investment property		-	(616,535)	(6,099,430)
Proceeds from the sale of investment property		1,419,413	-	-
Purchase of intangible assets		-	(75,236)	(147,797)
Proceeds from the sale of intangible assets		-	-	1,014
Movement in investments in subsidiaries		200	100	(200)
Loans and receivables (advanced)/repaid		1,809,510	183,472	(1,017,072)
Net cash from investing activities		3,222,373	(1,923,202)	(9,565,411)
Cash flows from financing activites				
Proceeds on share issue		-	-	1
Share premium		-	-	88,561,366
Proceeds from borrowings		17,326,698	2,143,163	51,224,677
Repayment of borrowings		(4,929,814)	(4,491,143)	(8,358,083)
Loans advanced to group companies		4,789,091	(13,348,506)	(126,556,355)
Net cash from financing activities		**17,185,975**	(15,696,486)	4,871,606
Net increase in cash and cash equivalents and bank overdraft		**9,192,560**	5,246,304	4,607,406
Cash and cash equivalents and bank overdraft at the beginning of the year		684,956	(4,561,348)	(9,168,754)
Cash and cash equivalents and bank overdraft at end of the year	15	**9,877,516**	684,956	(4,561,348)

Notes to the Financial Statements

1. General Information

Calgro M3 Developments (Proprietary) Limited is a company engaged in construction and residential land development.

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

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

2. Summary of significant accounting policies

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

2.1 Basis of preparation

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

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

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

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

(a) New standards and interpretations

(i) Standards and interpretations effective and adopted:

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

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

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

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

- **IAS 39 (amendment), Financial Instruments: Recognition and Measurement Eligible Hedged Items**

  The amendment makes two significant changes. It prohibits designating inflation as a hedgeable component of a fixed rate debt. It also prohibits including time value in the one-sided hedged risk when designating options as hedges
  The amendment will not result in a material impact on the company's financial statements.

Notes to the Financial Statements

(a) New standards and interpretations (continued)

(i) Standards and interpretations effective and adopted: (continued)

- **IFRS 2 (amendment), Group cash-settled share-based payment transactions**

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

- **IAS 12 (Revised) , Income Taxes – Deferred Tax: Recovery of Underlying Assets**

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

- **IAS 32 , Financial Instruments: Presentation Amendment: Classification of Rights Issues**

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

- **2009 Annual Improvements Projects: Amendments to IFRS 5, Non-current Assets Held for Sale and Discontinued Operations**

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

- **2009 Annual Improvements Projects: Amendments to IAS 17, Leases**

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

- **2009 Annual Improvements Projects: Amendments to IAS 39, Financial Instruments: Recognition and Measurement**

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

Notes to the Financial Statements

(a) New standards and interpretations (Continued)

(i) Standards and interpretations effective and adopted: (continued)

- **2009 Annual Improvements Projects: Amendments to IAS 1, Presentation of Financial Statements**

  The amendment clarifies that a liability which could, at the option of the counterparty, result in its settlement by the issue equity instruments, does not affect its classification as current or non-current.
  The amendment will not result in a material impact on the company's financial statements.

- **2009 Annual Improvements Projects: Amendments to IFRS 2, Share-based Payment**

  The amendment excludes common control transactions and the formation of joint ventures from the scope of IFRS 2 (AC 139) Share-based Payment
  The amendment will not result in a material impact on the company's financial statements.

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

- **IFRIC 16, Hedges of a net investment in a foreign operation**

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

- **IFRS 1 (amendment), Additional Exemptions for First Time Adopters**

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

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

- **IFRIC 9, Reassessment of embedded derivatives and IAS 39, Financial instruments: Recognition and measurement**

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

Notes to the Financial Statements

(a) New standards and interpretations (Continued)

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

- **IAS 39, Financial Instruments: Recognition and Measurement - Amendments for eligible hedged items**

  The amendment provides clarification on two hedge accounting issues, Inflation in a financial hedged item and A one sided risk in a hedged item.
  It is expected to have no impact on the company's financial statements.

- **IFRIC 19, Extinguishing financial liabilities with equity instruments**

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

- **Amendment to IAS 32, Classification of rights issues**

  The amendment applies to periods beginning on or after 1 February 2010. Earlier application is permitted.
  The amendment addresses the accounting for rights issues that are denominated in a currency other than the functional currency of the issuer. Provided certain conditions are met, such rights issues are now classified as equity regardless of the currency in which the exercise price is denominated. Previously, these issues had to be accounted for as derivative liabilities. The amendment applies retrospectively in accordance with IAS 8 'Accounting policies, changes in accounting estimates and errors'. It is expected to have no impact on the company's financial statements.

- **Amendments to IFRIC 14, Prepayments of a minimum funding requirement**

  The amendments correct an unintended consequence of IFRIC 14, 'IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction'. Without the amendments, entities are not permitted to recognise as an asset some voluntary prepayments for minimum funding contributions. This was not intended when IFRIC 14 was issued, and the amendments correct this. The amendments are effective for periods beginning 1 January 2011. Earlier application is permitted. The amendments should be applied retrospectively to the earliest comparative period presented. It is expected to have no impact on the company's financial statements.

- **IFRIC 18, Transfers of assets from customers**

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

- **2009 Annual Improvements Projects: Amendments to IFRIC 9, Reassessment of Embedded Derivatives**

  The amendment excludes form the scope of the Interpretation all embedded derivatives acquired in a business combination, in the combination of entities under common control or the formation of joint ventures.
  It is expected to have no impact on the company's financial statements.

Notes to the Financial Statements

(a) New standards and interpretations (Continued)

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

- **2009 Annual Improvements Projects: Amendments to IFRIC 16, Hedges of a Net Investment in a Foreign Operation**

  The amendment now provides that the hedging instrument in a hedge of a net investment in a foreign operation may be held by the entity which is being hedged.
  It is expected to have no impact on the company's financial statements.

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

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after 01 March 2011 or later periods:

- **IFRS 7 (Amendment), Financial Instruments: Disclosures – Transfer of Financial Assets**

  The amendment will allow users of financial statements to improve their understanding of transfer transactions of financial assets, including understanding the possible effects of any risks that may remain with the entity that transferred the assets. It will also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of the reporting period
  It is not expected to have a material impact on the company's financial statements.

- **IFRS 9, Financial instruments**

  This standard is the first step in the process to replace IAS 39, 'Financial instruments: recognition and measurement'. IFRS 9 introduces new requirements for classifying and measuring financial assets and is likely to affect the company's accounting for its financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption.
  It is not expected to have a material impact on the company's financial statements.

- **2010 Annual Improvements Projects: Amendments to IAS 1, Presentation of Financial Statements**

  The amendment now requires that an entity must present, either in the statement of changes in equity or in the notes, an analysis of other comprehensive income by item.
  It is not expected to have a material impact on the company's financial statements.

- **2010 Annual Improvements Projects: Amendments to IFRS 7 Financial Instruments: Disclosures**

  Additional clarification is provided on the requirements for risk disclosures.
  It is not expected to have a material impact on the company's financial statements.

- **2010 Annual Improvements Project: Amendments to IAS 34 Interim Financial Reporting**

  The amendment provides additional examples of events and transactions which would be considered significant and therefore required to be disclosed in the interim financial report. In addition, the amendment removes references to only reporting certain items when they are material. Therefore, the list of items to be presented in addition to significant transactions and events are required irrespective of whether they are material.
  It is not expected to have a material impact on the company's financial statements.

Notes to the Financial Statements

(a) New standards and interpretations (Continued)

(iii) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the company: (continued)

- **2010 Annual Improvements Project: Amendments to IAS 28 Investments in Associates**

The amendment provides transitional provisions as a result of changes to IAS 27 (AC 132) Consolidated and Separate Financial Statements.
It is not expected to have a material impact on the company's financial statements.

- **2010 Annual Improvements Project: Amendments to IAS 31 Interests in Joint Ventures**

The amendment provides transitional provisions as a result of changes to IAS 27 (AC 132) Consolidated and Separate Financial Statements.
It is not expected to have a material impact on the company's financial statements.

- **IFRS 9, Financial Instruments**

This new standard is the first phase of a three phase project to replace IAS 39 Financial Instruments: Recognition and Measurement. Phase one deals with the classification and measurement of financial assets.
The following are changes from the classification and measurement rules of IAS 39;

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

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

- **2010 Annual Improvements Projects: Amendments to IFRS 3 Business Combinations**

The amendment clarifies the initial measurement of non-controlling interests. Only those interests which represent a present ownership interest shall be measured at either fair value or the present ownership's proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interest shall be measured at their acquisition date fair values, unless otherwise required by IFRS.
It further provides transitional provisions for dealing with contingent consideration arrangements in a business combination that occurred before the effective date of the revised IFRS 3.
For equity settled share based payment transactions of the acquiree that the acquirer does not exchange for its share based payment transactions, vested transactions shall be measured as part of non-controlling interest at market based measure. Unvested transactions shall be measured at market based measure as if acquisition date were grant date. This measure is then allocated to non-controlling interest based on the ratio of vesting period completed to greater of total vesting period or original vesting period.
It is not expected to have a material impact on the company's financial statements.

Notes to the Financial Statements

(a) New standards and interpretations (Continued)

(iii) Standards, amendments and interpretations to existing standards that are not yet effective and are not relevant to the company: (continued)

- **IFRS 1 (Amendment), First-time Adoption of International Financial Reporting Standards**

  The amendment replaces references to a fixed date of '1 January 2004' with 'the date of transition to IFRSs', thus eliminating the need for companies adopting IFRS's for the first time to restate derecognition transactions that occurred before the date of transition to IFRS's.
  It is expected to have no impact on the company's financial statements.

- **IFRS 1 (Amendment), First-time Adoption of International Financial Reporting Standards – Guidance on Severe Hyperinflation**

  The amendment provides guidance on how an entity should resume presenting financial statements in accordance with IFRS's after a period when the entity was unable to comply with IFRS's because its functional currency was subject to severe hyperinflation.
  It is expected to have no impact on the company's financial statements.

- **2010 Annual Improvements Projects: Amendments to IFRS 1, First-time Adoption of International Financial Reporting Standards**

  The amendment provides that if an entity changes its accounting policy or its use of IFRS 1 exemptions in the first IFRS financial statements, it shall explain the changes between its first IFRS interim financial report and its first IFRS financial statements and shall update the reconciliations accordingly. Such explanations are also required in each interim report where changes are made.
  Additional exemptions are provided for first time adopters who have established a deemed cost under previous GAAP for assets and liabilities by measuring them at fair value at a particular date because of an event such as a privatisation. If such measurement date is in the first reporting period covered by the first IFRS financial statements, then the event driven fair value measurements may be applied. The adjustment shall be recognised directly in retained earnings. Entities who hold assets in operations subject to rate regulation may apply the previous GAAP carrying amount for such items on first time adoption of IFRS. However, the entity shall test for impairment when the exemption is applied.
  It is expected to have no impact on the company's financial statements.

- **2010 Annual Improvements Projects: Amendments to IAS 21 The Effects of Changes in Foreign Exchange rates**

  The amendment provides transitional provisions as a result of changes to IAS 27 (AC 132) Consolidated and Separate Financial Statements.
  It is expected to have no impact on the company's financial statements.

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

  The amendment clarifies the guidance on determining the fair value of award credits.
  It is expected to have no impact on the company's financial statements.

Notes to the Financial Statements

2.2 Property, plant and equipment

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

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

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

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

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

2.3 Investment property

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

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

Item	Average useful life
- Land	Indefinite
- Buildings	20 years

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

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

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

Notes to the Financial Statements

2.4 Intangible assets

(a) *Computer software*

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

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

Item	Average useful life
- Computer software	2 years

2.5 Impairment of non-financial assets

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

2.6 Financial assets

2.6.1 Classification

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

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

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

(b) *Loans and receivables*

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

2.6.2 Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and the income transaction costs are expensed in the statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Notes to the Financial Statements

2.6 Financial assets (continued)

2.6.3 Offsetting financial instruments

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

2.6.4 Impairment of financial assets

(a) *Assets carried at amortised cost*

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

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

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- the company, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- it becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties;

The company first assesses whether objective evidence of impairment exists.

2.7 Inventories

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

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

2.8 Loans to/(from) group companies

These include loans to and from holding companies, fellow subsidiaries, fellow associates/joint ventures and subsidiaries and are recognised initially at fair value plus direct transaction costs.

Loans to group companies are classified as loans and receivables.

Loans from group companies are classified as financial liabilities measured at amortised cost.

Notes to the Financial Statements

2.9 Construction contracts

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

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

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

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

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

The company uses the 'percentage-of-completion method' to determine the appropriate amount to recognise in a given period. The stage of completion is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. They are presented as inventories, prepayments or other assets, depending on their nature.

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

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

2.10 Trade and other receivables

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

2.11 Cash and cash equivalents

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

Notes to the Financial Statements

2.12 Share capital and equity

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

2.13 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

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

2.14 Borrowings

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

Borrowings are classified as current or non-current in accordance with the operating cycle of the company.

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

2.15 Borrowing costs

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

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.
- General borrowings that are used for the purpose of obtaining a qualifying asset, calculated by applying a capitalisation rate to the expenditure on the applicable asset

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

The capitalisation of borrowing costs commences when:

- expenditures for the asset have occurred;
- borrowing costs have been incurred, and
- activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation is suspended during extended periods in which active development is interrupted.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

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

Notes to the Financial Statements

2.16 Current and deferred income tax

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

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

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

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

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

Secondary tax on companies (STC)

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

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

Notes to the Financial Statements

2.17 Employee benefits

(a) *Pension obligations*

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

(b) *Short-term benefits*

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

(c) *Other post-employment obligations*

The company has no post-employment obligations

(d) *Bonus plans*

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

2.18 Share-based payments

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

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

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

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

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

Notes to the Financial Statements

2.19 Revenue recognition

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

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

(a) *Sale of developed land*

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

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

(b) *Rendering of services*

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

(c) *Construction contracts*

Contract revenue comprises:

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

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

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

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

(d) *Finance income*

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

(e) *Dividend income*

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

(f) *Rental income*

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

(g) Management fees

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

Notes to the Financial Statements

2.20 Leased assets

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

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

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

3 Financial risk management

3.1 Financial risk factors

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

(a) *Market risk*

(i) Foreign currency and commodity price risks

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

(ii) Cash flow and fair value interest rate risk

The company's interest rate risk arises from non-current borrowings. Borrowings issued at variable rates expose the company to cash flow interest rate risk. The company maintains its borrowings at variable interest rates.

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

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

Based on the simulations performed, the impact on post-tax profit of a 2% shift would be a maximum increase/decrease of R849,693 (2010: R1,099,079 - 2009: R808,470).

(b) *Credit risk*

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

Details of financial assets are set out in note 34.

Notes to the Financial Statements

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(c) *Liquidity risk*

Prudent liquidity risk management implies maintaining sufficient cash and availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the company management committee maintains flexibility in funding by maintaining availability under committed credit lines.

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

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

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

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

at 28 February 2011	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Borrowings	60,935,924	5,731,238	-	-
Bank overdraft	-	-	-	-
Loans from group companies	38,167,734	-	-	-
Finance lease obligations	1,170,202	1,003,521	-	-
Trade and other payables	28,897,812	-	-	-

at 28 February 2010	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Borrowings	48,452,648	51,750,000	-	-
Bank overdraft	669,294	-	-	-
Loans from group companies	33,471,120	-	-	-
Finance lease obligations	1,541,148	1,129,164	869,640	-
Trade and other payables	23,422,907	-	-	-

at 28 February 2009	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Borrowings	51,293,067	-	-	-
Bank overdraft	33,149,870	-	-	-
Loans from group companies	6,077,420	-	-	-
Finance lease obligations	1,204,642	665,860	1,177,012	-
Trade and other payables	19,175,056	-	-	-

Notes to the Financial Statements

3.2 Capital risk management

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

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

3.3 Fair value estimation

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the company for similar financial instruments.

4 Critical accounting estimates and judgements

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

(a) Share based payments

These calculations require the use of estimates (note 30).

(b) Construction contracts revenue recognition and profit taking

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

(c) Impairment of debtors

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

(d) Income taxes

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The company recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the company to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the company to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

(e) Land under development held for sale

The net realisable value of land under development held for sale is based on histrical prices of similar land in similar areas. Judgement is required in determining these values.

Notes to the Financial Statements

5 Investment Property

	2011			2010		
	Cost	Accumulated depreciation	Carrying amount	Cost	Accumulated depreciation	Carrying amount
Investment property	4,239,303	-	4,239,303	5,692,603	(200,045)	5,492,558

	2009		
	Cost	Accumulated depreciation	Carrying amount
Investment property	7,492,601	-	7,492,601

Reconciliation of investment property - February 2011

	Opening balance	Additions	Depreciation	Disposals	Total
Investment Property	10,146,340	-	166,158	(1,419,413)	8,893,085

Reconciliation of investment property - February 2010

	Opening balance	Transfer from inventory/ Construction contracts	Additions	Depreciation	Disposal	Total
Investment Property	7,492,601	2,237,249	616,535	(200,045)	(4,653,782)	10,146,340

Reconciliation of investment property - February 2009

	Opening balance	Transfer from inventory/ Construction contracts	Total
Investment Property	1,393,171	6,099,430	7,492,601

	2011	2010	2009
Details of properties			
Land and building situated on stand 2334 Northriding Ext 82			
Land - At cost	307,017	307,018	-
Building	1,769,869	1,769,869	684,177
	2,076,886	**2,076,887**	**684,177**
Land and building situated on stand 2336 Northriding Ext 82			
Land - At cost	307,017	307,017	-
Building	1,855,400	1,855,400	708,995
	2,162,417	**2,162,417**	**708,995**
Land and building situated on stand 1810 Witkoppen Ext 131			
Land - At cost	-	713,952	711,452
Building	-	739,347	734,195
	-	**1,453,299**	**1,445,647**
Land situated on stand 1849 Witkoppen Ext 87			
Land - At Cost	-	-	582,794
Building - Transfer from inventory - At Cost	-	-	169,067
	-	**-**	**751,861**
Land situated on stand 1858 Witkoppen Ext 87			
Land - At Cost	-	-	582,794
Building - Transfer from inventory - At Cost	-	-	170,171
	-	**-**	**752,965**

Notes to the Financial Statements

5 Investment Property (continued)

Land situated on stand 2032 Witkoppen Ext 136			
Land - At Cost	-	-	517,042
Land situated on stand 2033 Witkoppen Ext 136			
Land - At Cost	-	-	517,043
Building - Transfer from inventory - At Cost	-	-	562,748
	-	-	**1,079,791**
Land situated on stand 2034 Witkoppen Ext 136			
Land - At Cost	-	-	517,043
Building - Transfer from inventory - At Cost	-	-	406,402
	-	-	**923,445**
Building situated on stand 2020 Witkoppen Ext 136			
Building - Transfer from inventory - At Cost	-	-	36,671
Building situated on stand 1999 Witkoppen Ext 136			
Building - Transfer from inventory - At Cost	-	-	592,007
	4,239,303	**5,692,603**	**7,492,601**

Land and building under investment property have a fair value of R5,500,000 (2010 - R6,000,000 - 2009 - R7,500,000). The fair value is based on a valuation by an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued.

Investment properties with a carrying value of R4,239,303 (2010 - R5,692,603 - 2009 - R7,492,601) is secured by mortgage bonds to Rand Merchant Bank Ltd held in the name of Calgro M3 Land (Pty) Ltd. (a fellow subsidiary)

Levies paid to the amount of R61,870 (2010 - R 21,092) relating to investment properties are included in sundry expenses in note 24.

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

6 Property, plant and equipment

	2011			2010		
	Cost	**Accumulated depreciation**	**Net book amount**	**Cost**	**Accumulated depreciation**	**Net book amount**
Plant and machinery	3,792,175	(2,424,364)	1,367,811	3,785,425	(1,658,214)	2,127,211
Furniture and fixtures	3,276,786	(1,838,608)	1,438,178	3,276,786	(1,292,368)	1,984,418
Motor vehicles	1,502,474	(548,852)	953,622	1,832,096	(538,586)	1,293,510
Office equipment	31,774	(15,108)	16,666	31,774	(9,811)	21,963
IT equipment	958,723	(832,963)	125,760	958,723	(594,779)	363,944
Leasehold Improvements	1,396,200	(893,087)	503,113	1,396,200	(613,847)	782,353
Total	10,958,132	(6,552,982)	4,405,150	11,281,004	(4,707,605)	6,573,399

	2009		
	Cost	**Accumulated depreciation**	**Net book amount**
Plant and machinery	2,640,629	(923,169)	1,717,460
Furniture and fixtures	3,281,229	(769,230)	2,511,999
Motor vehicles	1,810,261	(336,794)	1,473,467
Office equipment	31,774	(4,515)	27,259
IT equipment	731,912	(289,100)	442,812
Leasehold Improvements	1,396,200	(334,607)	1,061,593
Total	9,892,005	(2,657,415)	7,234,590

Notes to the Financial Statements

6 Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2011

	Opening Balance	Additions	Disposals	Depreciation	Closing net book amount
Plant and machinery	2,127,211	6,750	-	(766,150)	1,367,811
Furniture and fixtures	1,984,418	-	-	(546,240)	1,438,178
Motor vehicles	1,293,510	-	(170,943)	(168,945)	953,622
Office equipment	21,963	-	-	(5,297)	16,666
IT equipment	363,944	-	-	(238,184)	125,760
Leasehold Improvements	782,353	-	-	(279,240)	503,113
	6,573,399	6,750	(170,943)	(2,004,056)	4,405,150

Reconciliation of property, plant and equipment - 2010

	Opening Balance	Additions	Disposals	Depreciation	Closing net book amount
Plant and machinery	1,717,460	1,144,796	-	(735,045)	2,127,211
Furniture and fixtures	2,511,999	-	(3,703)	(523,878)	1,984,418
Motor vehicles	1,473,467	136,835	(88,389)	(228,403)	1,293,510
Office equipment	27,259	-	-	(5,296)	21,963
IT equipment	442,812	226,811	-	(305,679)	363,944
Leasehold Improvements	1,061,593	-	-	(279,240)	782,353
	7,234,590	1,508,442	(92,092)	(2,077,541)	6,573,399

Reconciliation of property, plant and equipment - 2009

	Opening Balance	Additions	Disposals	Depreciation	Closing net book amount
Plant and machinery	948,508	1,327,620	-	(558,668)	1,717,460
Furniture and fixtures	3,040,823	27,160	-	(555,984)	2,511,999
Motor vehicles	989,182	676,166	-	(191,881)	1,473,467
Office equipment	13,144	18,324	-	(4,209)	27,259
IT equipment	537,499	110,438	(6,837)	(198,288)	442,812
Leasehold Improvements	1,178,892	149,056	-	(266,355)	1,061,593
	6,708,048	2,308,764	(6,837)	(1,775,385)	7,234,590

Pledged as security	**2011**	2010	2009
Carrying value of assets pledged as security under finance lease obligations			
Plant and machinery	1,198,548	1,842,019	1,377,316
IT Equipment	83,405	176,808	-
Motor vehicles	737,753	866,793	942,786
	2,019,706	**2,885,620**	**2,320,102**

Refer to note 17 for details of finance lease obligations.

Depreciation expense of R2,004,056 (2010 - R2,077,541 - 2009 - R1,775,385) has been charged in 'administrative expenses.'

The insured value of property plant and equipment is R12,738,791 (2010 - R13,121,271 - 2009 - R12,848,947)

Notes to the Financial Statements

7 Intangible assets

	2011			2010		
	Cost	Accumulated Amortisation	Carrying amount	Cost	Accumulated Amortisation	Carrying amount
Computer software	275,348	(259,529)	15,819	275,348	(198,960)	76,388
	275,348	**(259,529)**	**15,819**	275,348	(198,960)	76,388

	2009		
	Cost	Accumulated Amortisation	Carrying amount
Computer software	1,003,516	(652,997)	350,519
	1,003,516	(652,997)	350,519

Reconciliation of intangible assets - 2011

	Opening Balance	Additions	Amortisation	Disposals	Total
Computer software	76,388	-	(60,569)	-	15,819
	76,388	-	(60,569)	-	15,819

Reconciliation of intangible assets - 2010

	Opening Balance	Additions	Amortisation	Disposals	Total
Computer software	350,519	75,235	(344,632)	(4,734)	76,388
	350,519	75,235	(344,632)	(4,734)	76,388

Reconciliation of intangible assets - 2009

	Opening Balance	Additions	Amortisation	Disposals	Total
Computer software	719,118	147,797	(515,382)	(1,014)	350,519
	719,118	147,797	(515,382)	(1,014)	350,519

8 Investment in subsidiaries

Name of company	% Holding 2011	% Holding 2010	% Holding 2009	Carrying amount 2011	Carrying amount 2010	Carrying amount 2009
Direct						
CM3 Northriding Ext 94 - Cherrywood Estate (Pty) Ltd	**0.00%**	100.00%	100.00%	-	100	100
CM3 Northriding Ext 86 - Mio Bella (Pty) Ltd	**0.00%**	100.00%	100.00%	-	100	100
CM3 Randpark Ridge Ext 120 (Pty) Ltd	**100.00%**	100.00%	100.00%	**100**	100	100
Neoprop (Pty) Ltd	**0.00%**	0.00%	100.00%	-	-	100
MS5 Pennyville (Pty) Ltd	**100.00%**	100.00%	100.00%	**100**	100	100
MS5 Projects (Pty) Ltd	**100.00%**	100.00%	100.00%	**100**	100	100
				300	**500**	**600**
In-direct						
PZR Pennyville Zamamphilo Relocation (Pty) Ltd	**100.00%**	100.00%	100.00%	**100**	100	100
PZR Fleurhof (Pty) Ltd	**100.00%**	100.00%	0.00%	**100**	100	-
				200	**200**	**100**

Notes to the Financial Statements

	2011	2010	2009

8 Investment in subsidiaries (continued)

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

The following companies were voluntarily deregistered in the year due to the fact that they were dormant and no longer required:

CM3 Northriding Ext 94 - Cherrywood Estate (Pty) Ltd
CM3 Northriding Ext 86 - Mio Bella (Pty) Ltd

The following company was voluntarily deregistered in the February 2010 year due to the fact that it was dormant and no longer required:

Neoprop (Pty) Ltd

Application of consolidation exemption

The financial statements presented are not consolidated annual financial statements as the entity qualifies for the consolidation exemption in IAS 27 Separate and Consolidated Financial Statements.

The exemption is allowed provided that all of the following criteria are complied with:

- The entity is wholly owned or partially owned, where non of the other shareholder's object to the fact that consolidated financial statements are not prepared,
- The entity's debt or equity instruments are not traded in a public market,
- The entity did not file, and is not in the process of filing its financial statements with a securities commission or other regulatory organisation for the purpose of issuing any class of instrument in a public market, and
- The entity's ultimate or intermediary parent produces consolidated financial statements available for public use which comply with International Financial Reporting Standards.

Calgro M3 Holdings Ltd, incorporated in South Africa, produces consolidated financial statements available for public use. These financial statements can be obtained from Cedarwood House, Ballyclare Office Park, 33 Ballyclare Drive,Bryanston.

9 Loans to/(from) group companies	**2011**	2010 Reclassified	2009 Reclassified
Holding company			
Calgro M3 Holdings Ltd	136,730,815	142,282,911	(5,663,344)
The loan is unsecured, bears interest at prime plus 2% and is repayable on demand.			
Subsidiaries			
MS5 Pennyville (Pty) Ltd	16,681,322	13,846,039	6,176,250
The loan is unsecured, bears interest at prime plus 2% and is repayable on demand.			
CM3 Randpark Ridge Ext 120 (Pty) Ltd	(168,241)	1,695,716	2,223,850
The loan is unsecured, bears interest at prime plus 2% and is repayable on demand.			

Notes to the Financial Statements

	2011	2010 Reclassified	2009 Reclassified
9 Loans to/(from) group companies (continued)			
PZR Pennyville Zamimphilo Relocation (Pty) Ltd	(36,213,664)	(33,354,878)	(27,486,526)
The loan is unsecured, bears interest at prime plus 2% and is repayable on demand.			
MS5 Projects (Pty) Ltd	(1,785,829)	(116,242)	3,897,006
The loan is unsecured, bears interest at prime plus 2% and is repayable on demand.			
CM3 Witkoppen Ext 86 - Mio Bella (Pty) Ltd	-	102,111	182,087
The loan is unsecured, bears interest at prime plus 2% and is repayable on demand.			
CM3 Witkoppen Ext 94 - Cherrywood Estate (Pty) Ltd	-	24,827	146,444
The loan is unsecured, bears interest at prime plus 2% and is repayable on demand.			
Fellow subsidiaries			
CTE Consulting (Pty) Ltd	3,776,325	3,913,894	2,709,098
The loan is unsecured, bears interest at prime plus 2% and is repayable on demand.			
Calgro M3 Land (Pty) Ltd	4,488,928	-	132,861,007
The loan is unsecured, bears interest at prime plus 2% and is repayable on demand.			
Fellow associates/joint venture			
Fleurhof Ext 2 (Pty) Ltd	95,631	-	-
The loan is unsecured, bears interest at prime plus 2 % and is repayable on demand.			
Loans to group companies	161,773,021	161,865,498	148,195,742
Loans from group companies	(38,167,734)	(33,471,120)	(33,149,870)
	123,605,287	**128,394,378**	**115,045,872**

The carrying value of of loans to/(from) group companies approximates their fair value.

Notes to the Financial Statements

	2011	2010	2009
10 Inventories			
Land under development held for sale	18,098,502	17,011,099	22,822,054
	18,098,502	**17,011,099**	**22,822,054**

Please refer to note 23 for the reversal of inventories previosly written down.

Please refer to note 24 for inventories written down in terms of IAS 2.

Inventory pledged as security

Inventory with a carrying value of R18,098,502 (2010 - R17,011,099 - 2009 - R22,822,054) is secured by mortgage bonds to Rand Merchant Bank Ltd held in the name of Calgro M3 Land (Pty) Ltd. (a fellow subsidiary)

Inventories to the value of R7,270,055 (2010 - R3,392,831 - 2009 - R1,543,406) are stated at net realisable value.

11 Loans and receivables			
Autumn Star Trading 910 (Pty) Ltd	5,756,677	5,756,677	5,756,677
The loan is unsecured, interest free and is payable on demand.			
Other loans and receivables	-	1,809,510	1,992,982
The loan is unsecured, interest free and is payable on demand.			
Subtotal	**5,756,677**	**7,566,187**	**7,749,659**
Current assets	**5,756,677**	**7,566,187**	**7,749,659**

Other loans and receivables are fully performing

Autumn Star Trading 910 (Pty) Ltd loan of R5,756,677 is past due but not impaired. Management expects settlement within 12 months.

12 Construction contracts			
Contracts in progress at statement of financial position date			
The aggregate costs incurred and recognised profits to date	202,276,161	118,377,957	77,634,083
Less: Progress billings	(172,858,400)	(113,614,614)	(68,893,745)
Construction contracts	**29,417,761**	**4,763,343**	**8,740,338**

13 Trade and other receivables			
Trade receivables - Customers	4,194,731	4,880,824	2,219,226
Trade receivables - Related parties	960,390	-	-
Retention debtors - Related parties	2,061,185	-	-
Securing deposits	546,446	419,044	208,948
Other receivables	208,486	-	-
	7,971,239	**5,299,868**	**2,428,174**
Financial Instruments	7,971,239	4,880,824	2,219,226
Non-financial Instruments	-	419,044	208,948
	7,971,239	**5,299,868**	**2,428,174**

Notes to the Financial Statements

	2011	2010	2009

13 Trade and other receivables (continued)

Fair value of trade and other receivables
The carrying amount of trade and other receivables approximates their fair values.

Trade receivables fully performing
At 28 February 2011, trade receivables of R1,244,819 (2010: R440,271) were fully performing.

Trade receivables past due but not impaired
As at 28 February 2011, trade receivables of R3,764,399 (2010: R 4,440,553) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

	2011	2010
Up to 3 months	(11,078)	885,105
3 to 6 months	3,775,477	3,555,448
	3,764,399	**4,440,553**

Trade receivables impaired
As of 28 February 2011, trade receivables of R145,904 (2010: R nil) were impaired and provided for. The amount of the provision was R145,904 (2010: Rnil)

No other classes of trade and other receivables contain impaired amounts

The ageing of these amounts is as follows:

	2011	2010
Over 6 months		

Reconciliation of provision for impairment of trade receivables

As at 1 March 2010	-	-
Provision for receivables impairment	145,904	-
As at 28 February 2011	**145,904**	**-**

The creation and release of the provision for impaired receivables have been included in administrative expenses in the statement of comprehensive income (note 24). Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

The other classes within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The company does not hold any collateral as security.

14 Prepayments

Prepayments listed on the face of the statement of financial position, are expenses incurred on land under development that have not yet transferred into the company's name.	-	**245,645**	**1,312,668**

Notes to the Financial Statements

	2011	2010	2009
15 Cash and cash equivalents			
Cash and cash equivalents consist of:			
Cash on hand	15	2,068	200
Bank balances	9,877,500	1,352,182	1,515,872
Bank overdraft	-	(669,294)	(6,077,420)
	9,877,516	**684,956**	**(4,561,348)**
Current assets	9,877,516	1,354,250	1,516,072
Current liabilities	-	(669,294)	(6,077,420)
	9,877,516	684,956	(4,561,348)

Guarantees and suretyships

The bank holds guarantees and suretyships to the value of R506,340 (2010 - R506,340).

16 Ordinary shares			
Authorised			
1,000 Ordinary shares of R1 each	1,000	1,000	1,000
Reconciliation of number of shares issued:			
Reported as at the beginning of the year	101	101	100
Issue of shares - ordinary shares	-	-	1
	101	101	101
Issued			
101 Ordinary shares of R1 each	101	101	101
Share premium	88,561,366	88,561,366	88,561,366
	88,561,467	**88,561,467**	**88,561,467**

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 Finance lease obligations			
Minimum lease payments due			
- within one year	1,170,202	1,849,193	1,546,020
- in second to fifth year inclusive	1,003,521	2,077,387	2,191,644
	2,173,723	3,926,580	3,737,664
Less: future finance charges	(153,341)	(386,628)	(690,150)
Present value of minimum lease payments	**2,020,382**	**3,539,952**	**3,047,514**
Present value of minimum lease payments due			
- within one year	1,036,271	1,541,148	1,204,642
- in second to fifth year inclusive	984,111	1,998,804	1,842,872
	2,020,382	**3,539,952**	**3,047,514**
Non-current liabilities	984,111	1,998,804	1,842,872
Current liabilities	1,036,271	1,541,148	1,204,642
	2,020,382	**3,539,952**	**3,047,514**

It is company policy to lease certain equipment under finance leases.
The average lease term is 3 -5 years and the average effective borrowing rate is prime.

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

Notes to the Financial Statements

	2011	2010	2009
18 Deferred income tax assets/(liabilities)			
Deferred tax (liability)/asset			
Construction contracts	(2,258,621)	1,815,473	(3,123,369)
Accelerated capital allowances for tax purposes	(235,895)	(279,000)	2,644,437
Tax losses available for set off against future taxable income	-	(3,561,409)	(248,063)
Provisions	94,583	-	-
Operating leases	190,241	-	-
	(2,209,692)	**(2,024,936)**	**(726,995)**
Reconciliation of deferred tax (liability)/asset			
At beginning of the year - originating temporary difference on construction contracts	(2,024,937)	(4,482,210)	(1,557,479)
Construction contracts	-	2,294,404	(2,676,668)
Capital allowances	-	(30,936)	(248,063)
Statement of comprehensive income charge	(184,755)	-	-
Tax losses available for set off against future taxable income	-	193,806	3,755,215
	(2,209,692)	**(2,024,936)**	**(726,995)**

Recognition of deferred tax asset

A deferred tax asset has been raised as management expects future taxable profits in the subsidiaries concerned will be in excess of the losses incurred to date, based on future developments planned and the profit forecasts thereon.

19 Borrowings	2011	2010 Reclassified	2009 Reclassified
Current borrowings			
Nedbank	9,800,689	-	-
The loan is secured over the work in progress on the Jabulani Hostel Project situated on the land registered in the name of City of Johannesburg, bears interest at prime and is repayable on payment or receipt from the Gauteng Department of Housing at the expected date of 15 August 2011.			
Yield-X Bond	50,000,000	45,000,000	-
This liability consist of 2 listed instruments, a R 45 mil 24 months instrument and a R 5 mil 24 months instrument. The R45 mil listed note, is unsecured, bears interest at jibar plus 8 % and expires on 25 July 2011. Subsequent to the year end a commitment was received to extend 50 % of the R 45 mil note to 25 July 2014 and 50 % to 25 July 2015. The R5 mil listed note, is unsecured, bears interest at jibar plus 6,5 % and expires on 18 February 2013.			
Barnards	42,404	42,404	-
The loan is unsecured, interest free and is payable on demand.			
Barnards	2,526,009	-	-
The loan is unsecured, bears interest at 20% and and is repayable on demand.			

Notes to the Financial Statements

	2011	2010 Reclassified	2009 Reclassified
19 Borrowings (continued)			
Current borrowings (continued)			
Capricorn Finance (Pty) Ltd	-	3,410,244	1,224,677
The loan is unsecured, interest free and has been repaid			
Yield-X Bond	-	-	45,000,000
This is a 3 month listed note and bears interest at a jibar related rate determined every 3 months. This bond has been repaid.			
Thomas Henry Walter Priday	-	-	5,000,000
The loan is secured over land under development included in inventory and bears interest at 20 % and has been repaid.			
Holdgro Projects (Pty) Ltd	-	-	68,390
The loan is unsecured, interest free and has been repaid.			
Total current borrowings	**62,369,102**	**48,452,648**	**51,293,067**
Total borrowings	**62,369,102**	**48,452,648**	**51,293,067**
Non-current liabilities			
At amortised cost	-	-	-
Current liabilities			
At amortised cost	62,369,102	48,452,648	51,293,067
	62,369,102	**48,452,648**	**51,293,067**

Securities

Rand Merchant Bank Ltd

The company provided gurantees for repayment of a Rand Merchant Bank Ltd loan which is registered in the name of the following companies:

Fellow Subsidiary			
Calgro M3 Land (Pty) Ltd	82,769,606	95,034,922	94,648,843
Associate/Joint venture of the holding company			
Clidet No 1014 (Pty) Ltd	5,768,023	-	-

Notes to the Financial Statements

	2011	2010	2009
20 Trade and other payables			
Trade payables	26,751,668	23,422,907	19,175,056
Retention Creditors	850,819	-	-
Accrued expenses	2,584,695	-	-
Value Added Tax	533,400	2,996,336	1,284,666
Accrual for leave pay	237,796	460,728	623,908
Deposits received	159,000	10,000	10,000
	31,117,378	**26,889,971**	**21,093,630**
Financial instruments	28,897,812	23,422,907	19,175,056
Non-financial instruments	2,219,566	3,467,064	1,918,574
	31,117,378	**26,889,971**	**21,093,630**

Trade and other payables are unsecured, and are repayable within the operating cycle of the company. The carrying amounts of trade and other payables approximate their fair value.

21 Revenue			
Sale of developed land	1,644,737	1,918,441	453,754
Construction contracts	182,454,542	116,824,945	64,486,107
	184,099,279	118,743,386	64,939,861
22 Cost of sales			
Sale of developed land			
Development of land	1,651,112	2,850,561	-
Construction contracts			
Construction costs	162,149,410	96,163,000	56,093,930
Rendering of services			
Land infrastructure	-	-	457,762
	163,800,522	**99,013,561**	**56,551,692**

23 Other income	**2011**	2010 Reclassified	2009 Reclassified
Bond commissions	36,055	4,100	-
Insurance refunds	508,419	-	38,541
Administration and management fees	24,172,306	30,827,991	31,623,925
Other income	395,726	104,448	-
Rental income	363,342	(20,648)	20,648
Reversal of write-down of inventory	1,542,969	-	-
	27,018,817	**30,915,891**	**31,683,114**

Rental income received relates to investment properties as stated in note 5.

Notes to the Financial Statements

	2011	2010 Reclassified	2009 Reclassified
24 Expense by nature			
Administration and management fees	9,404,451	5,605,227	587,405
Advertising	1,055,520	175,573	1,666,782
Auditors remuneration	1,703,536	2,092,145	2,881,849
Bad debts	1,547,625	-	-
Changes in inventories	(1,087,403)	5,810,955	887,386
Changes in construction contracts	(24,654,418)	-	-
Computer expenses	611,067	679,011	593,024
Construction contract costs	186,803,828	-	-
Deficit on disposal of property, plant and equipment	180,549	3,388	-
Depreciation on property, plant and equipment and amortisation on computer software	1,898,467	2,622,218	2,290,767
Donations	14,373	19,325	356,444
Salaries and wages	21,094,074	25,636,866	25,563,001
Post retirement benefits	-	1,358,510	1,721,398
Fines, penalties and interest	(99,473)	372,995	101,822
Insurance	577,679	465,756	970,029
Lease rentals on operating leases	2,201,636	2,380,858	3,127,151
Legal fees	165,085	565,192	336,851
Profit on share appreciation scheme revalued	-	-	(963,141)
Purchase of inventory and work in progress	-	93,202,606	55,664,306
Land development cost	2,738,515	-	-
Motor vehicle expenses	203,599	182,912	246,661
Printing and stationery	328,167	383,473	577,485
Professional fees	227,437	276,560	2,111,086
Telephone and fax	685,065	402,075	592,644
Reimbursive expenses	-	79,999	-
Sundry expenses	1,202,054	1,475,442	2,423,020
Write-down of inventory	145,904	6,026,740	5,412,136
Impairment of loans	127,136	-	2,190,440
Total cost of sales, administration expenses and other expenses	**207,074,473**	**149,817,827**	**109,338,546**
25 Finance income			
Interest revenue			
Bank	82,018	66,360	877,235
Group companies	21,091,755	15,291,075	14,574,824
	21,173,773	**15,357,435**	**15,452,059**
26 Finance cost			
Bank	-	5,843,327	590,779
Trade payables	-	50,164	-
Finance leases	297,712	-	-
Group companies	6,995,970	-	-
Interest bearing borrowings	7,019,140	4,864,303	966,236
Other	5,658	-	-
	14,318,480	**10,757,794**	**1,557,015**

Notes to the Financial Statements

	2011	2010	2009
27 Taxation			
Major components of the tax expense			
Current tax			
Local income tax - current period	2,396,251	-	-
	2,396,251	-	-
Deferred			
Current year	184,755	1,028,262	458,566
Prior year adjustments	-	269,680	-
	184,755	**1,297,942**	458,566
	2,581,006	**1,297,942**	**458,566**
Reconciliation of tax expense			
Applicable tax rate	28.00%	28.00%	28.00%
Non-deductable expenses	0.11%	7.30%	10.88%
Non-taxable income	-%	-%	-%
Adjustment in respect of prior years	-%	(6.07)%	-%
Exempt income	(4.42)%	-%	
Effective tax rate	**23.68%**	**29.23%**	**38.88%**
28 Cash (used in)/generated from operations			
Profit before taxation	10,898,916	4,441,091	1,179,473
Adjustments for:			
Depreciation	1,837,898	2,277,586	1,775,385
Loss on sale of assets	170,943	3,388	-
Finance income	(21,173,773)	(15,357,435)	(15,452,059)
Finance cost	14,318,480	10,757,794	1,557,015
Amortisation of intangible assets	60,569	344,632	515,382
Share based payments	-	-	(963,141)
Changes in working capital:			
Inventories	(1,087,403)	8,227,488	(7,327,675)
Trade and other receivables	(2,671,371)	(2,871,693)	5,103,448
Prepayments	245,645	1,067,023	(1,300,891)
Construction contracts	(24,654,418)	3,976,995	4,881,639
Trade and other payables	4,227,407	5,796,339	5,622,919
	(17,827,107)	**18,663,208**	**(4,408,504)**
29 Tax paid			
Balance at beginning of the year	-	(396,857)	(582,186)
Current tax for the year	(2,396,251)	-	
Balance at end of the year	2,152,277	-	396,857
	(243,974)	**(396,857)**	**(185,329)**

Notes to the Financial Statements

	2011	2010	2009

30 Share-based payments

Outstanding rights

Number of rights with an exercise price of R3.75			4,704,000

Information on options granted during the year

Share rights in Calgro M3 Holdings Ltd are granted to directors and to selected employees. The exercise price of the granted options is equal to the market price of the shares plus 25 % on the date of the grant. Options are conditional on the employee completing three years of service the vesting period). The following assumptions were used in determining the expense for the year :

- Exercise price - R 3.75,
- Expected volatility - 40 %,
- Option life - 5 years,
- Expected dividend yield - 0 %,
- The risk-free interest rate - 9.03%,
- Method of valuation - Black Scholes.

No expense was incurred in the 2011, 2010 or 2009 financial year. Because of non-market vesting conditions in that it did not achieve a group profit increase of Cpix plus 8%, the rights issue is not expected to be fulfilled so therefore the expenses of R963,141 previously expensed were reversed in 2009. The share scheme is equity-settled.

The options will expire in November 2012.

31 Commitments

Operating leases – as lessee (expense)

Minimum lease payments due			
- within one year	3,261,729	3,097,697	2,841,924
- in second to fifth year inclusive	2,033,751	6,076,030	9,173,727
	5,295,480	**9,173,727**	**12,015,651**

Operating lease payments represent rentals payable by the company for certain of its office properties and equipment. Leases are negotiated for an average term of five years. No contingent rent is payable.

32 Employee costs

Salary and wages	32,236,456	35,228,653	31,359,838
Directors' emoluments	4,995,000	4,215,429	4,455,757
Salary and wages	**37,231,456**	**39,444,082**	**35,815,595**
Less: amounts capitalised on qualifying assets (construction contracts)	(16,137,382)	(12,448,706)	(8,531,196)
Total employee costs	**21,094,074**	**26,995,376**	**27,284,399**

33 Related parties

The following entities are related parties of the company:

Holding company:

- Calgro M3 Holdings Ltd

Subsidiaries:

- MS5 Projects (Pty) Ltd
- MS5 Pennyville (Pty) Ltd
- CM3 Randpark Ridge Ext 120 (Pty) Ltd

Directors of the company:

- FJ Steyn - Executive
- WJ Lategan - Executive
- DN Steyn - Executive

Notes to the Financial Statements

	2011	2010	2009

33 Related parties (continued)

Indirect subsidiaries:

- PZR Pennyville Zamimphilo Relocations (Pty) Ltd
- PZR Fleurhof (Pty) Ltd

Fellow subsidiaries:

- Calgro M3 Land (Pty) Ltd
- CTE Consulting (Pty) Ltd

Associates/joint ventures

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

Subsidiaries and fellow subsidiaries deregistered during the financial year

- CM3 Northriding Ext 94 - Cherrywood Estate (Pty) Ltd
- CM3 Northriding Ext 86 - Mio Bella (Pty) Ltd
- Midfield Estate (Pty) Ltd

For intercompany balances with group companies refer to note 9.

Interest received from related parties

MS5 Projects (Pty) Ltd	(57,177)	(1,284,858)	(576,323)
MS5 Pennyville (Pty) Ltd	(1,854,210)	(942,074)	(89,838)
CTE Consulting (Pty) Ltd	(480,875)	(418,824)	(71,918)
CM3 Northriding Ext 86 - Mio Bella (Pty) Ltd	-	(13,684)	(25,255)
CM3 Northriding Ext 94 - Cherrywood Estates (Pty) Ltd	-	(9,644)	(13,441)
Calgro M3 Holdings Ltd	(18,399,813)	(12,428,386)	-
CM3 Randpark Ridge Ext 120 (Pty) Ltd	(200,382)	(193,605)	(287,344)
Fleurhof Ext 2 (Pty) Ltd	(95,631)	-	-
Aquarella Investments 265 (Pty) Ltd	(3,667)	-	-
Calgro M3 Land (Pty) Ltd	-	-	(11,264,317)
PZR Pennyville Zamimphilo Relocation (Pty) Ltd	-	-	(2,246,388)
	(21,091,755)	**(15,291,075)**	**(14,574,824)**

Interest paid to related parties

PZR Pennyville Zamimphilo Relocation (Pty) Ltd	6,828,751	4,864,303	561,593
MS5 Projects (Pty) Ltd	165,553	-	-
CM3 Randpark Ridge Ext 120 (Pty) Ltd	1,666	-	-
Calgro M3 Holdings Ltd	-	-	404,643
	6,995,970	**4,864,303**	**966,236**

Administration fees received from related parties

MS5 Projects (Pty) Ltd	(6,044,262)	(6,716,299)	(11,502,224)
PZR Pennyville Zamimphilo Relocation (Pty) Ltd	(16,019,556)	(14,641,679)	(14,032,642)
Calgro M3 Land (Pty) Ltd	-	(6,296,523)	-
Fleurhof Ext 2 (Pty) Ltd	-	(1,094,508)	(2,113,887)
CTE Consulting (Pty) Ltd	(2,108,488)	(2,078,982)	(1,861,285)
Midfield Estates (Pty) Ltd	-	-	(2,113,887)
	(24,172,306)	**(30,827,991)**	**(31,623,925)**

Notes to the Financial Statements

	2011	2010	2009
33 Related parties (continued)			
Administration fees paid to related parties			
Calgro M3 Holdings Ltd	1,320,000	1,200,000	587,405
Calgro M3 Land (Pty) Ltd	8,084,451	4,405,227	-
	9,404,451	**5,605,227**	**587,405**
Professional fees paid to related parties and capitalised to Inventories			
CTE Consulting (Pty) Ltd	-	18,210	29,000
	-	**18,210**	**29,000**
Construction contract fees received from related parties			
PZR Pennyville Zamimphilo Relocation (Pty) Ltd	(34,434,006)	(47,712,814)	-
Fleurhof Ext 2 (Pty) Ltd	(115,151,015)	-	-
Aquarella Investments (Pty) Ltd	(5,208,637)	-	-
Clidet No 1014 (Pty) Ltd	(527,998)	-	-
Sabre Homes Projects (Pty) Ltd	(4,997,383)	-	-
MS5 Projects (Pty) Ltd	(6,919,223)	-	-
	(167,238,262)	**(47,712,814)**	**-**
Construction contract and marketing fees paid to related parties			
CM3 Randpark Ridge Ext 120 (Pty) Ltd	1,844,822	-	-
	1,844,822	**-**	**-**
Commission fees paid to related parties			
MS5 Projects (Pty) Ltd	4,947,321	-	-
	4,947,321	-	-
Marketing fees paid to related parties			
MS5 Projects (Pty) Ltd	5,462,202	-	-
	5,462,202	-	-
Receivables from related parties			
Fleurhof Ext 2 (Pty) Ltd	2,061,185	(235,917)	-
Aquarella Investments 265 (Pty) Ltd	59,713	(15,672)	-
Sabre Homes Projects (Pty) Ltd	849,025	-	-
Clidet No 1014 (Pty) Ltd	52,192	-	-
	3,022,115	**(251,589)**	**-**

Notes to the Financial Statements

34 Financial assets by category

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

2011

	Loans and receivables	Total
Loans and receivables	5,756,677	5,756,677
Loans to group companies	161,773,021	161,773,021
Trade and other receivables	7,971,239	7,971,239
Cash and cash equivalents	9,877,516	9,877,516
	185,378,453	**185,378,453**

2010

	Loans and receivables	Total
Loans and receivables	7,566,187	7,566,187
Loans to group companies	161,865,498	161,865,498
Trade and other receivables	4,880,824	4,880,824
Cash and cash equivalents	1,354,250	1,354,250
	175,666,759	**175,666,759**

2009

	Loans and receivables	Total
Loans and receivables	7,749,659	7,749,659
Loans to group companies	148,195,742	148,195,742
Trade and other receivables	2,219,226	2,219,226
Cash and cash equivalents	1,516,072	1,516,072
	159,680,699	**159,680,699**

Notes to the Financial Statements

35 Financial liabilities by category

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

2011

	Financial liabilities at amortised cost	Total
Borrowings	62,369,102	62,369,102
Finance Lease obligations	2,020,382	2,020,382
Loans from group companies	38,167,734	38,167,734
Trade and other payables	28,897,812	28,897,812
Bank overdraft	-	-
	131,455,030	**131,455,030**

2010

	Financial liabilities at amortised cost	Total
Borrowings	64,998,903	64,998,903
Finance Lease obligations	3,539,952	3,539,952
Loans from group companies	33,471,120	33,471,120
Trade and other payables	23,422,907	23,422,907
Bank overdraft	669,294	669,294
	126,102,176	**126,102,176**

2009

	Financial liabilities at amortised cost	Total
Borrowings	51,293,067	51,293,067
Finance Lease obligations	3,047,514	3,047,514
Loans from group companies	33,149,870	33,149,870
Trade and other payables	19,175,056	19,175,056
Bank overdraft	6,077,420	6,077,420
	112,742,927	**112,742,927**

Notes to the Financial Statements

36 Reclassification

	2010 As previously stated	2010 Reclassification	2010 Reclassified	2009 As previously stated	2009 Reclassification	2009 Reclassified
Liabilities						
Non-current Liabilities						
Loans from group companies#	33,471,120	(33,471,120)	-	33,149,870	(33,149,870)	-
PZR Pennyville Zamimphilo						
Relocation (Pty) Ltd		(33,354,878)			(27,486,526)	
MS5 Projects (Pty) Ltd		(116,242)			-	
Calgro M3 Holdings Ltd		-			(5,663,344)	
Borrowings*	45,000,000	(45,000,000)	-	-	-	-
Nedbank Corporate		(45,000,000)				
Barnards						
Capricorn Finance (Pty) Ltd						
Thomas Henry Walter Priday		-				
Holdgro Projects (Pty) Ltd		-				
Current Liabilities						
Loans from group companies#	-	33,471,120	33,471,120	-	33,149,870	33,149,870
PZR Pennyville Zamimphilo						
Relocation (Pty) Ltd		33,354,878			27,486,526	
MS5 Projects (Pty) Ltd		116,242			-	
Calgro M3 Holdings Ltd		-			5,663,344	
Borrowings*	3,452,648	45,000,000	48,452,648	51,293,067	-	51,293,067
Nedbank Corporate		45,000,000		45,000,000		
Barnards	42,404					
Capricorn Finance (Pty) Ltd	3,410,244			1,224,677		
Thomas Henry Walter Priday				5,000,000		
Holdgro Projects (Pty) Ltd				68,390		

* - The borrowings have been reclassified in terms of the operating cycle of the company. Refer to note 19 for the terms and conditions of these loans.

- The Loans from group companies are repayable on demand and were therefore incorrectly classified as non-current in the prior years. This reclassification is to correct this. Refer to note 9 for the terms and conditions of these loans.

Notes to the Financial Statements

36 Reclassification (continued)

Assets

Non-current Assets

Loans to group companies*	161,865,498	(161,865,498)	-	148,195,742	(148,195,742)	-
Calgro M3 Holdings Ltd		(142,282,911)			-	
MS5 Pennyville (Pty) Ltd		(13,846,039)			(6,176,250)	
CM3 Randpark Ridge Ext 120 (Pty) Ltd		(1,695,716)			(2,223,850)	
MS5 Projects (Pty) Ltd		-			(3,897,006)	
CM3 Witkoppen Ext 86 -						
Mio Bella (Pty) Ltd		(102,111)			(182,087)	
CM3 Witkoppen Ext 94 -						
Cherrywood Estate (Pty) Ltd		(24,827)			(146,444)	
CTE Consulting (Pty) Ltd		(3,913,894)			(2,709,098)	
Calgro M3 Land (Pty) Ltd		-			(132,861,007)	

Current Assets

Loans to group companies*	-	161,865,498	161,865,498	-	148,195,742	148,195,742
Calgro M3 Holdings Ltd		142,282,911			-	
MS5 Pennyville (Pty) Ltd		13,846,039			6,176,250	
CM3 Randpark Ridge Ext 120 (Pty) Ltd		1,695,716			2,223,850	
MS5 Projects (Pty) Ltd		-			3,897,006	
CM3 Witkoppen Ext 86 -						
Mio Bella (Pty) Ltd		102,111			182,087	
CM3 Witkoppen Ext 94 -						
Cherrywood Estate (Pty) Ltd		24,827			146,444	
CTE Consulting (Pty) Ltd		3,913,894			2,709,098	
Calgro M3 Land (Pty) Ltd		-			132,861,007	

* - The Loans to group companies are repayable on demand and were therefore incorrectly classified as non-current in the prior years. This reclassification is to correct this. Refer to note for the terms and conditions of this loan.

Certain comparative figures in the Statement of Comprehensive Income have been reclassified as a result of an incorrect classification in the prior years.

The effects of the reclassification are as follows:

Statement of comprehensive income

	2010 As previously stated	2010 Reclassification	2010 Reclassified	2009 As previously stated	2009 Reclassification	2009 Reclassified
Other income	35,222,926	(4,307,035)	30,915,891	39,852,227	(8,169,113)	31,683,114
Administrative expenses	(49,084,561)	4,307,035	(44,777,526)	(53,353,391)	8,169,113	(45,184,278)

37 Directors' emoluments

2011

	Salary as director	Expense allowance	Performance Bonus	Total
Executive	4,188,000	432,000	375,000	4,995,000
	4,188,000	**432,000**	**375,000**	**4,995,000**